

Final Submission to

# **CENTRAL COAST COUNCIL PUBLIC INQUIRY**

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Position: Councillor (currently suspended)  
Central Coast Council

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(Amended – 5 July 2021)

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## 1 Introduction

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I was elected to Central Coast Council on 9 September 2017. On 25 September 2017, I was then elected as Mayor via a majority of votes of the 15 elected Councillors. I served in that role until September 2019. At that time, Clr Lisa Matthews was elected as Mayor and I was elected Deputy Mayor.

I have been a resident of the Central Coast for over 30 years. Although initially I commuted to either Newcastle or Sydney, in 1997 I secured a local job. This afforded me the opportunity to become more involved in my local community – and increasingly an active participant in local organisations, committees and Boards that interacted with Council (former Gosford and Wyong Councils). During the last 20 years, as a community member, I have attended the majority of Gosford Council meetings, participated in Council committees, projects, community engagement activities and made submissions to Council. This has given me a strong sense of the role and importance of local government within our community. (Appendix 2 provides a brief outline of relevant skills and experience).

**This submission aims to address the Terms of Reference for the Public Inquiry into Central Coast Council.**

In preparing this submission I note some of the challenges in accessing relevant information. The terms of reference focus on the decision-making functions of the governing body. Other than public agendas and minutes, Councillors initially did not have access to any other information that may have informed their decision making. Councillors had to surrender laptops, phones and ipads at the time of suspension.

Although initially Council indicated that Councillors would need to submit a GIPA application in order access any materials, I appreciate that the Office of Local Government facilitated some limited access from 7 June 2021. This was beneficial however was still restrictive in terms of available time and access. As a result, my submission is an Interim submission and I will be forwarding a Supplementary submission to the Public Inquiry.

The current financial situation at Central Coast Council is devastating for everybody – our community, Council staff and Councillors. I make my submission to assist with the Public Inquiry and request the opportunity to speak at a Public Hearing to address key points and answer any questions.

## 2 TOR 1a

1. In exercising its functions pursuant to sections 21, 22, 23, 23A and 24 of the LG Act, the governing body met its obligations in a manner consistent with sections 8A(1)(b), 8B(a), 8B(c) and 8B(d) of the LG Act, particularly in relation to:
  - a. Whether the governing body acted in a manner that maximised the success of gaining efficiencies and financial savings from the merger process,

### 2.1 Background to Mergers in NSW

In March 2012, the Minister for Local Government announced the establishment of an Independent Local Government Review Panel (ILGRP) to develop options to improve the strength and effectiveness of local government in NSW<sup>1</sup>. Included under the Review Panel's Terms of Reference, the financial sustainability of each Local Government Area (LGA) was to be considered.

TCorp was requested to prepare reports for all 152 NSW Councils (excluding the 14 County Councils) in respect to financial sustainability.

TCorp created a Financial Sustainability Rating (FSR) and Outlook methodology<sup>2</sup>, for the purpose of rating each individual Council. The FSR provided TCorp's assessment of each Council's long term rating. The FSR methodology is used to individually assess Councils and categorise them into seven rating bands ranging from Very Strong to Distressed.

From page 6 of the TCorp Report:

*TCorp considers that a Council needs to be assessed at a Moderate or higher level to be acceptable in terms of their sustainability. A Moderate level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process.*

*TCorp's assessment of the likely movement in a Council's FSR over the short term, being the next three years, is the Outlook. Councils were assigned an Outlook rating of Positive, Neutral or Negative. A Positive Outlook indicates that a Council's FSR is likely to improve in the short term, whilst a Neutral Outlook indicates that the FSR is likely to remain unchanged. A Negative Outlook indicates that a Council's FSR is more likely to deteriorate, and is a sign of a general weakening in performance and sustainability.*

The TCorp Report made the following conclusions for Gosford and Wyong Councils<sup>3</sup>:

Council	FSR	Outlook
Gosford	Moderate	Neutral
Wyong	Moderate	Neutral

In relation to the merger of Gosford and Wyong Councils, the ILGRP report<sup>4</sup> recommended that:

*Options for the Central Coast are a full amalgamation or a multi-purpose Joint Organisation. The Panel does not believe a separate water corporation should proceed before those options have been properly evaluated. The potential for an amalgamation warrants further investigation, but if that option is rejected or deferred indefinitely, then a Joint Organisation*

<sup>1</sup> TCorp – Financial Sustainability of Local Government Sector – April 2013

<sup>2</sup> TCorp – Financial Sustainability of Local Government Sector – April 2013 – (page 6)

<sup>3</sup> TCorp – Financial Sustainability of Local Government Sector – April 2013 – (page 17: Table 3 - FSRs and Outlooks for 152 Councils)

<sup>4</sup> Revitalising Local Government ILGRP – page 109

*should be established and should assume responsibility for water along with other strategic functions.*

In September 2014, the Government established four criteria it considered necessary for a council to be 'Fit for the Future' (FFTF)<sup>5</sup>. They were developed by the Government based on the work of Destination 2036, the assessments of the sector by the ILGRP and the NSW Treasury Corporation (TCorp), as well as input from the local government sector and IPART.

From IPART Fact Sheet – Fit for the Future – 1 July 2015<sup>6</sup>:

IPART has been appointed by the NSW Government to assess if local councils are Fit for the Future. All 144 councils requested to submit Fit for the Future proposals with IPART have done so

The NSW Government has indicated that councils that are Fit for the Future will have access to:

- a streamlined rate variation process and a State Government borrowing facility
- priority for other government funding and grants, and
- eligibility for additional devolved planning powers.

After consultation and in line with our published [final methodology](#), we will assess council proposals against the criteria set by the NSW Government, including:

- scale and capacity
- financial sustainability
- effective infrastructure and service management, and
- efficiency.

We will provide our recommendations to the NSW Government in October 2015.

Both the former Gosford and Wyong Councils submitted Fit for the Future proposals. From the IPART Assessment of Council Fit for the Future Proposals<sup>7</sup>

*Gosford noted there were net present value benefits from a merger but ruled it out on the basis of the risks, upfront costs and time lags for benefit realisation. It proposes to stand alone and join a Hunter JO rather than to join a Central Coast JO with Wyong.*

*Wyong ruled out a merger based on its consultant's report and proposes to stand alone with 'business improvements'. It notes that it is open to exploring shared services with Gosford similar to a JO, but does not propose to form a Central Coast JO with Gosford.*

The IPART Assessment<sup>8</sup> of Gosford and Wyong Councils against the Fit for the Future criteria:

Criteria	Gosford	Wyong
Scale and Capacity	Does not satisfy	Does not satisfy
Financial Criteria:	Satisfies overall	Satisfies overall
Sustainability	Satisfies	Satisfies
Infrastructure and service management	Satisfies	Satisfies
Efficiency	Satisfies	Satisfies

<sup>5</sup> IPART – Assessment of Council Fit for the Future Proposals – Final Report October 2015 (Executive Summary page 2)

<sup>6</sup> From IPART Fact Sheet – Fit for the Future – 1 July 2015

<sup>7</sup> IPART – Assessment of Council Fit for the Future Proposals – Final Report October 2015

<sup>8</sup> IPART – Assessment of Council Fit for the Future Proposals – Final Report October 2015

The IPART Assessment found that

- *The proposals submitted by Gosford and Wyong are not consistent with the FFTF objectives for stronger and more strategic governance for the Central Coast as the councils propose to stand-alone and not participate in a Central Coast JO.*
- *Based on our indicative analysis, up to \$101 million over 20 years in NPV benefits could be realised from a Gosford and Wyong merger. In addition, Ernst & Young estimated NPV benefits from a merger of Gosford and Wyong is \$196 million over 20 years.*

As noted in a study by Lynsey Blayden<sup>9</sup>, It is somewhat difficult to piece together what occurred next from the public record. At some point, the government engaged the consultancy firm KPMG to conduct an analysis of the financial benefits of council amalgamations. In June 2016, the Sydney Morning Herald reported that this had been done as early as June 2015.

*The Herald report observed '[t]his was well before the government announced the results of the Fit for the Future review' conducted by IPART 'and several months prior to the announcement of the forced merger plans:*

*On 18 December 2015, then Local Government Minister, the Hon Paul Toole, made the announcement about proposed mergers and boundary changes. According to the government, these changes would save NSW ratepayers \$2 billion over 20 years. While the IPART report stated that the possible savings of implementing the Independent Panel's suggested changes to metropolitan council structures could be in the range of \$1.8-2 billion, by January 2016 it was reported that the source of the savings figure for the amalgamations actually being proposed was KPMG.*

## 2.2 Outcomes of the merger process

In 2019, the Audit Office of NSW conducted a performance audit to assess whether three Councils (Inner West, Council, Queanbeyan-Palerang Regional Council and Snowy Monaro Regional Council) are effectively reforming their organisation structures to realise efficiency benefits from amalgamation and managing the impact on staff. The Report "Workforce Reform in Three Amalgamated Councils" was released on 1 May 2019.

Although the findings are not specific to Central Coast Council they are relevant to the Central Coast experience.

**In particular, they have significance when considering the ability of Council to achieve efficiency gains and financial savings from the merger process during the timeframe that is the subject of this public inquiry.**

The Report<sup>10</sup> noted the following:

Page 2:

**Legislative, administrative and logistical issues have impacted progress towards an efficient organisation structure**

Councils did not expect significant efficiencies during the protection period due to staff protections in the *Local Government Act 1993* and a number of logistical and administrative challenges.

<sup>9</sup> Lynsey Blayden 'Council Amalgamations in NSW: A Study in How Not to Tackle Hard Policy' on AUSPUBLAW (13 November 2017)

<sup>10</sup> NSW Audit Office - Workforce Reform in Three Amalgamated Councils – 1 May 2019

All the councils implemented staff protections provided for in the *Local Government Act 1993*. These protections benefited staff and communities and there was very little industrial action related to amalgamations in the councils we audited. Having said this, staff protections limited the pace at which councils could:

- move staff to new locations and co-locate work teams
- divest redundant staff
- bring salaries and working conditions into line with work value
- recruit new skills, due to the requirement to exhaust internal recruitment options before advertising externally.

Administrative and logistical impediments to implementing an efficient structure, some common to any organisational merger, include:

- maintaining duplicated information technology systems and databases until integrated enterprise systems can be implemented
- inconsistent policies, procedures, customs and practices that need to be aligned
- significant staff time devoted to recruitment.

Page 15:

The Act contains protections that help to mitigate the impact of amalgamations upon staff....the protections prevent the amalgamated council from:

- terminating any non-senior staff, other than by agreement
- relocating any non-senior staff from a work base outside the boundaries of their former council area, other than by agreement
- advertising any positions externally until internal applicants have been assessed.

In addition, the council must assess positions in the new organisation structure and identify staff who were performing substantially the same duties in their former council. These staff should be given the opportunity to apply for the position and if successful, are considered to be 'laterally transferred.' .....

Councils are bound by two further enduring protections:

- preserve entitlements (salary and conditions) of non-senior staff
- regional councils must maintain staff numbers at rural locations that have population of 5000 or less at the time of amalgamation.

Page 12:

### **Changes in leadership can disrupt the progress of workforce reform**

Strong leadership with a clear and consistent reform direction assists any amalgamation. At Inner West Council and Snowy Monaro Regional Council, the interim General Managers appointed at Proclamation departed during the protection period. Further, the second interim General Manager at Inner West Council was appointed under a series of short-term contracts. A permanent (third) General Manager was appointed to Inner West Council part-way through this audit. Change and uncertainty at the top of an organisation inevitably disrupts and acts as an impediment to workforce reform and planning.

Changes in leadership have occurred for most of the councils amalgamated in 2016. The Proclamation made on May 12, 2016 included appointments of interim General Managers for all amalgamated councils. Of the 19 interim General Managers appointed, only three remain in their



role at the time of the audit, and the average tenure was just under 18 months. During the 18-month period of administration, five councils experienced a change of interim General Manager. In September 2017, council elections were held and a further eight councils changed their General Manager during the six months after.

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In addition to aligning the frequency of staff pay, councils needed to align salaries and working conditions that may differ between the amalgamated workforces. The Act requires that no staff should be worse off due to amalgamation. This relates not only to the specific salary and working conditions of staff members at the time of amalgamation, but also to future increases provided for in the salary structure.

The NSW Audit Office Report includes correspondence from Tim Hurst, Office of Local Government (dated 29/4/19), in response to recommendations from the Audit Office<sup>11</sup>:

*I have noted the recommendation that OLG develop a suite of efficiency and economy indicators and report on the performance of councils against these indicators. I note that a similar recommendation was made in the report Council Reporting on Service Delivery 2017. In my response that report, I advised the OLG is working on the development of a Performance Measurement Framework for councils in NSW, incorporating appropriate performance measures to assist in consistent sector-wide performance reporting.*

*As you may be aware, work began on the development of a performance measurement framework during 2013 and 2014. The project was placed on hold while other local government reforms were being pursued. The NSW Government has previously committed to the development of a performance measurement framework for NSW councils, and provision for such a framework has been made in previous amendments to the Local Government Act 1993.*

*The timing and development process for this framework will ultimately be a matter for the consideration of the Minister for Local Government, the Hon. Shelley Hancock MP. However, it is currently anticipated that work will recommence later in 2019.*

At the time of the preparing this submission, the OLG website shows no progress on this Performance Measurement Framework<sup>12</sup>

## 2.3 Central Coast Council and the merger process

A number of reports were provided to Council on the amalgamation process including the following:

- Ordinary Council meeting held on **25 November 2019** - Agenda Item 3.2 Response to Council resolutions - Amalgamation process
- Ordinary Council meeting held on **23 March 2020** – Agenda Item 3.10 - Amalgamation Process Update
- Ordinary Council meeting held on **27 July 2020** – Agenda Item 2.3 – Amalgamation Process Update

<sup>11</sup> 2019 05 01 - NSW Audit Office - Workforce reform in three amalgamated councils (page 24)

<sup>12</sup> [Local Government Performance Measurement Framework - Office of Local Government NSW](#)

**Table 1** demonstrates that Councillors and staff were very engaged in the merger process with a number of briefings, events and Council resolutions providing relevant information on progress during the term of this current Council. Notwithstanding this, much of the detailed work of amalgamation was regarded as operational in its nature and therefore at “arm’s length” from Councillors.

It should also be noted that monitoring of amalgamation costs has varied in the reports provided by staff partly due to interpretation of “Business as Usual”. In a Council media release issued on 8 October 2020<sup>13</sup>, it was suggested that financial issues had led to investigations into “*whether the amalgamation in mid-2016 has caused significant and ongoing impacts which we estimate could be in excess of \$100M*”.

The context of the report tabled at the **Ordinary Council meeting held on 27 July 2020** is reproduced below:

### Context

The Local Government (Council Amalgamations) Proclamation 2016 amalgamated the former Wyong Shire Council and former Gosford City Council and constituted a new council, Central Coast Council, in May 2016. Council received \$10 million from the NSW Government under the New Council Implementation Fund upon amalgamation to assist with the costs of amalgamating.

A Program Management Office (PMO) was established to coordinate and manage the consolidation of systems, processes and people. The PMO divided the program of work into twenty work streams, with projects and actions within each work stream. Progress was monitored and reported by the PMO program dashboard, and distinct account codes were allocated to each project to monitor cost.

Council has spent the \$10 million funding on the following, as permitted under the funding agreement:

- 1 Initial work to enable Council to function – business registrations and licences, transfer of assets and liabilities;
- 2 Redundancy payments for staff;
- 3 Replacement signage;
- 4 Change management programs for staff;
- 5 Reviewing business processes and systems to support service delivery; and
- 6 Contributing to the cost of upgrading and aligning Council’s IT systems.

In addition, Council received \$10 million from the NSW Government’s Stronger Communities Fund to kick start the delivery of infrastructure and service projects. Of the ten projects identified as recipients of this grant fund, the following nine have been completed:

- Umina and Niagara park playground upgrades;
- Avoca Beach foreshore protection works;
- Improved accessibility at key local beaches and lake reserves;
- Austin Butler Oval and Woy Woy Tennis amenities redeveloped;
- Starting blocks and electronic timing system at Peninsula Leisure Centre;
- Drainage and irrigation system at Alan Davidson Oval;
- Traffic flow improvements in Terrigal CBD;
- Elfin Hill Road foreshore protection works; and
- San Remo BMX track facilities.

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<sup>13</sup> 2020 10 08 - Media release - Update on review of Council's budget

The remaining project, to improve accessibility at community facilities and other council sites, will be completed by the end of September 2020.

In November 2017 the PMO was disbanded and all remaining consolidation work was returned to be assimilated alongside business as usual (BAU) service delivery. No further corporate project management reporting was undertaken. Each work stream was assigned a single line item in the Operational Plan, but this did not include a list of individual projects and actions.

Operational expenditure which was tracked via the PMO cost centres and projects totaled \$13 million up to when the PMO was disbanded in November 2017. Costs incurred since were subsumed into normal business processes.

In July 2019 a dedicated program coordinator was assigned to track progress. The original documentation was reviewed to determine project scope, provide baselines and assess completion rates. A resource was assigned in each directorate to coordinate activity and liaise with the program coordinator.

A total of 173 projects were identified, comprising of 790 individual actions, all of differing size and complexity. Projects and actions identified as 'consolidation' were those that existed in either or both legacy councils prior to the amalgamation proclamation. Actions that did not exist in either legacy council were determined to be 'innovation' and were closed, so that the focus was solely on consolidating existing items.

A program dashboard was developed, at the CEO's request, to report on progress, including monthly progress trend. Evidence was required to be produced to the program coordinator prior to an action/project being marked as complete. Some projects and actions were closed, as their content was superseded by other projects.

**Table 1: Items related to the amalgamated / merged Central Coast Council**

Please note that this is not an exhaustive list due to limited availability of and access to Council information during the period of Councillor suspension.

Meeting / Event / Update	Date	Item
Council meeting (as noted in Councillor Support Update 17/11/17)	9 October, 2017	<p><b>Resolution of 9 October 2017 – Open and transparent Council</b></p> <p>On 9 October 2017 the Council made the following resolutions:</p> <p><i>“6.1 Open and Transparent Council Resolved</i></p> <p><i>1/17 That having regard to the amalgamation of the former Wyong and Gosford Councils, Council resolve to request that the Chief Executive Officer provide a comprehensive report on the amalgamation project plan and objectives/deliverables clearly articulating and importantly demonstrating what has been achieved to date and what is still required to be completed.</i></p> <p><i>2/17 That Council further resolve to request that the Chief Executive Officer provide a report on what expenditures have been made out of the \$20M State Government Amalgamation Fund, what funds are remaining and what percentage of the amalgamation process has been effectively delivered.”</i></p> <p>It is proposed that a report responding to those resolutions will be considered at the ordinary meeting of the Council on 18 December 2017.</p>
Council meeting	13 August 2018	8.1 Notice of Motion - Success of Amalgamation
Councillor Briefing	10 December, 2018	<p><b>Amalgamation – parameters of projects and research workshop</b></p> <p>Presenter: Roberta Ryan - UTS</p>
Councillor Support Update	22 March 2019	<p><b>New Merged Metropolitan Councils Forum:</b></p> <p>Extract from: “CEO Fortnightly Update for the Period 4 March 2019 to 18 March 2019”</p> <p><i>On Friday 15 March 2019 I hosted a New Merged Metropolitan Councils Forum. We invited several of our neighbouring Councils who have also been subjected to a merger. We had conversations around how things are going, where we are up to in terms of the merger and what’s left to do.</i></p>

		<i>Some good connections were made so there will be some further conversations happening in different areas, such as assets, community services and at CEO level. There are likely to be some issues that we will take back to the Office of Local Government around some improvements that we would like to see as a result of what's happened.</i>
Councillor Support Update	5 April 2019	Report into Costs and Processes of Amalgamation <sup>14</sup>
Council meeting	29 April 2019	5.5 QON - Q137/18 - De-Amalgamation Options and QON - Q138/18 - Costing for De-Merger
Councillor Support Update	10 May 2019	<p><b>CEO Fortnightly Update for the Period 22 April 2019 to 3 May 2019</b>  <i>As from 24 June, we will have for the first time since amalgamation a complete Executive Leadership Team (no acting roles)</i></p> <p><b>Councillor Support Update also noted</b> - NSW Audit Office Report on Amalgamation in three Councils</p>
Councillor Support Update	7 June 2019	<p><b>Introduction of Local Government Amendment Bill 2019</b>  Councillors are provided with a copy of the email from Minister for Local Government Shelley Hancock to the CEO, Gary Murphy, in relation to the Introduction of Local Government Amendments Bill 2019.</p> <p>Correspondence Included following extract:</p> <p><i>The Bill also seeks to provide more time for those councils merged in 2016 to complete their rates harmonisation process. While many councils have been working closely with their communities to prepare for the end of the Rates Freeze period, I appreciate that the process of rates harmonisation presents particular complexities in some local government areas. The Bill seeks to give councils the choice of delaying rates harmonisation for a further 12 months to allow for further community consultation. Those councils that are ready to proceed with harmonisation from 2020 would still be able to do so under these proposals. Those who choose to wait would implement their new rating arrangements from 2021.</i></p>
Event	16-17 September 2019	<b>Merged Councils Forum</b>

<sup>14</sup> Extract - Pages from 6 Councillor Support Update - 5 April 2019 - Report into Costs and Processes of Amalgamation

		As Mayor, I hosted a “Merged Councils Forum” together with Local Government NSW (LGNSW) at Terrigal, NSW. This event brought together Councillors from merged Councils around NSW, together with speakers and experts, to share and reflect on experiences of the Council mergers.
Councillor Support Update	25 October 2019	<p><b>Item on - New Intergovernmental Agreement<sup>15</sup></b></p> <p>The item noted an email received from the Minister for Local Government advising of the launch of a new Intergovernmental Agreement to guide relations on strategic partnerships between the NSW Government and the Local Government sector.</p> <p><i>The new agreement, among other features:</i></p> <ul style="list-style-type: none"> <li>• <i>reaffirms the NSW Government’s commitment to providing funding to assist local councils to deliver infrastructure and services to their communities;</i></li> <li>• <i>supports delivery of the Premier’s priorities;</i></li> <li>• <i>ensures any potential impacts upon local government of State Government decisions are identified and appropriately considered; and</i></li> <li>• <i>reiterates the Government’s policy of no more forced council mergers.</i></li> </ul>
Council meeting	25 November 2019	Item 3.2 Response to Council resolutions - Amalgamation process
Council meeting	23 March 2020	Item 3.10 Amalgamation Process Update
Council meeting	22 June 2020	Item 4.1 Questions with Notice - Money spent on amalgamation of council
Council meeting	27 July 2020	<p>Item 2.3 Amalgamation Process Update</p> <p>Council also resolved:</p> <p><i>699/20 That Council note that the Independent Local Government Review Panel Recommendations in 2013 that led to the amalgamation of Councils recommended that for larger Councils there should be the establishment of Local Boards or similar to ensure local identity and representation. And further to this that the Chief Executive Officer in consultation with Councillors present options in terms of Governance models to assist Council to better meet the needs of our diverse community and the Central Coast. This is to include consultation with Councillors at a workshop, potentially as part of the budget process.</i></p>

<sup>15</sup> Extract - Pages from Councillor Support Update 25 October 2019 - New Intergovernmental Agreement

Councillor Support Update	28 August 2020	<b>Item on Service Review Project<sup>16</sup>:</b>  <i>Council has a function to help build a local community that is strong, healthy and prosperous. Council has an obligation to achieve this through the provision of services that the community wants and needs, at the best possible value, through responsible and sustainable spending. Since merger, Council has not undertaken a review of its services to gain a comprehensive understanding of all of the services being delivered to the community. Undertaking a Service Review is a key requirement for Local Government organisations to understand the mix of services provided to the community.</i>
Councillor Support Update	11 September 2020	Reference to NSW Audit <sup>17</sup> : “Since the amalgamation, Council’s Local Infrastructure Contribution work program has included a review and consolidation of many of the existing Development Contribution Plans of the two (2) former Councils”
Councillor Support Update	25 September 2020	Item 8 – Councillor Engagement – Governance models (Outline of process – in response to Resolution of Council)

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<sup>16</sup> Extract - Pages from Councillor Support Update 28 August 2020 - Service Review

<sup>17</sup> Extract - Pages from Councillor Support Update 11 September 2020 - NSW Audit Contributions

The current financial situation of Central Coast Council highlights a number of key elements:

- In reviewing the **material leading up to the merger**, it appears that the information was not accurate in its assessment of the status of the former Gosford and Wyong Councils at that time and the benefits that were proposed to be gained by a merger.
- The **true financial position of Central Coast Council at the time of merger does not appear to have been well known** by the then Administrator, Mr. Ian Reynolds, and CEO, Mr. Rob Noble. In the **Interim 30 Day Report** by Administrator Dick Persson (2020-2021) the following is noted:
  - total council debt at the time of amalgamation was estimated to be \$317m
  - *“A catastrophic error of the amalgamated Council was their failure to understand that the organisation had less than \$5m in unrestricted cash (excluding Water and Sewer Fund) at the beginning of amalgamation.”*
- The **true financial position of the merged Central Coast Council was not conveyed to the elected body** when taking office in September 2017. There was no handover process from the former Administration that could alert Councillors to the position of Council. It is unclear whether this information was known by Senior Staff and management within the organisation at that time.
- The **restrictions placed on the merged Council’s limited their ability to make savings** in the short-term included:
  - Freeze on staff positions
  - Equalisation of salaries
  - Rate path freeze
  - Timeframes imposed on rates harmonisation
  - Recruitment for vacancies – requirement to hire from within
  - Combining policies and procedures
  - IT expenses
- There was a **lack of funding from the NSW Government to facilitate the merger process** with only \$10million provided. The suggested true cost of Central Coast Council merger thus far is estimated to be over \$100million<sup>18</sup>.
- Suggested savings and efficiencies were touted by those that advocated for mergers however, **timeframes for realising any savings and efficiencies range from 10 years to 20 years**. The current public inquiry is seeking to reflect on a merger process that is in its infancy when initial costs are increased through harmonisation processes and unlikely to deliver efficiencies within that timeframe.

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<sup>18</sup> 2020 10 08 - Media release - Update on review of Council's budget



### 3 TOR 1b

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1. In exercising its functions pursuant to sections 21, 22, 23, 23A and 24 of the LG Act, the governing body met its obligations in a manner consistent with sections 8A(1)(b), 8B(a), 8B(c) and 8B(d) of the LG Act, particularly in relation to:
  - b. Whether the governing body disregarded the financial consequences of its decisions,

Financial considerations are key to the decision making and operation of the Council. This is demonstrated through a number of processes and deliberations of the governing body of Council.

As with any Board, Councillors make decisions based on the information provided to them, predominantly by Council staff. There are a number of players and factors that have contributed to that information not being correct or not reflecting the true financial position of Council.

Key processes in the governing body decision making in relation to financial decisions:

- Reports to Council include financial impacts
- Budgets and Operational Plan
- Quarterly Budget reviews
- Monthly investment reports

In addition, the mechanisms and system that should have identified problems have failed to identify the underlying issues that have contributed to the current financial problems of Central Coast Council.

These include, but are not limited to:

- Council's finance section within Council
- Budget processes
- Annual Financial Audits conducted by external entities
- Audit Risk and Improvement Committee (ARIC)

#### 3.1 Reports to Council include Financial Impacts

Items that were reported to Council generally included a section that identified the financial implications of the item in question. As a result, financial consequences were considered as part of the decision making process.

The Local Government Act 1993 refers specifically to principles of sound financial management in Section 8B:

##### **8B Principles of sound financial management**

The following principles of sound financial management apply to councils—

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following—
  - i. performance management and reporting,
  - ii. asset maintenance and enhancement,

- iii. funding decisions,
  - iv. risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following—
- i. policy decisions are made after considering their financial effects on future generations,
  - ii. the current generation funds the cost of its services.

In addition, it should be noted that under the Local Government Act 1993 that financial impacts are not the only considerations in decision making<sup>19</sup>.

Specifically, Section 8A(2) outlines principles that apply to decision-making

(2) **Decision-making** The following principles apply to decision-making by councils (subject to any other applicable law)—

- (a) Councils should recognise diverse local community needs and interests.
- (b) Councils should consider social justice principles.
- (c) Councils should consider the long term and cumulative effects of actions on future generations.
- (d) Councils should consider the principles of ecologically sustainable development.
- (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

## 3.2 Budgets and Operational Plan

The legislation that governs Councils states that *“a council must have a plan (its operational plan) that is adopted before the beginning of each year”*. Councils would be in breach of legislation if they do not adopt an Operational Plan and Budget by the end of June each year. *(In 2020, all Councils were given an extension due to COVID19)*.

**This process relies almost entirely on the information provided to Councillors by staff.** Councillors discuss at great length the priorities for expenditure in order to implement Council’s Community Strategic Plan and deliver for our residents, ratepayers and the community. Councillors also discuss in great length the merit of various priorities, including where this may leverage funding from other levels of government or be a strategic investment.

Another test for the budget sustainability are the NSW government benchmarks. This is a key component of reviewing the Long Term Financial Plan (LTFP). As a Councillor, where Central Coast Council was not meeting those benchmarks I would look to the information provided by staff as to why this might be and what plans or actions were proposed to work towards achieving those benchmarks.

Below is a brief outline of the process from a Councillor perspective: (A more detailed outline is attached for 2017/18, 2018/19, 2019/20 – Attachment 3). Interspersed amongst these key steps would be a number of Councillor briefings.

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<sup>19</sup> Local Government Act 1993, Chapter 3 – Principles of Local Government

1.	The process is well underway by the end of December the prior year. Staff within the organisation are working behind the scenes to identify priorities, budgets and capital works to be included in the Budget and Operational Plan.
2.	Councillors receive a preliminary briefing in November to outline timeframes and the proposed structure of the Operational Plan.
3.	<p>A key part of the budget process is a Councillor workshop in February or March. This is generally scheduled as a two day workshop where staff present the draft Operational Plan and Councillors provide input and direction.</p> <p>This workshop, and the material provided leading up to the workshop, is the first opportunity for Councillors to see any detail of what staff are proposing for the budget.</p> <p>The information provided is largely the capital works budget with provided with little, or no, opportunity to engage in any discussion regarding operational budgets or priorities.</p> <p>In considering the draft Operational Plan, there are discussions about deficit or surplus, key projects or initiatives and the distribution of services and capital works across the region. Ward Councillors bring local knowledge and local priorities to these discussions—examples include roads or pathways, water and drainage works that are a priority for the community, the need for town centre activation or facilities for tourism.</p>
4.	After the workshop, there may be further briefings and then the draft plan goes on exhibition.
5.	Depending on submissions from the community, the plan may be amended before a final version comes to Council for adoption by the end of June.

### 3.2.1 2018-2019 Budget and Operational Plan

On 25 June 2018, Council adopted the Operational Plan and Budget for 2018-2019.

A summary of the budget is provided in the table below (taken from the Operational Plan and Budget 2018-2019). Council's estimated operating income for the 2018-19 financial year provided for a small operating surplus before capital grants and contributions.

Key Financial Information	2018-19 Budget	2017-18 Q3 Budget
	\$M	\$M
<b>Financial Performance</b>		
Operating Income	561.54	554.74
Operating Expenditure	561.47	547.14
<b>Net Operating Result (before Capital Grants and Contributions)</b>	<b>0.06</b>	<b>7.60</b>
Capital Grants and Contributions	48.39	74.24
<b>Operating Result</b>	<b>48.45</b>	<b>81.84</b>
<b>Capital Expenditure</b>	<b>199.83</b>	<b>180.09</b>

The **Long Term Financial Plan (LTFP)** for 2018-2019 showed that Council's current status against NSW Government benchmarks as provided below:

NSW Government Ratio	2018-2019 Meeting NSW Govt benchmark	Comment
<b>Positive Operating Performance</b>		
Operating Performance Ratio	✗	Forecast to achieve benchmark in 2019-2020
Own Source Operating Revenue	✓	
<b>Strong Liquidity</b>		
Unrestricted Current Ratio	✓	
Cash Expense Coverage Ratio	✓	
Rates and Annual Charges Outstanding Percentage	✗	Forecast to achieve benchmark in 2019-2020
<b>Infrastructure and Service Management</b>		
Infrastructure Backlog Ratio	✗	LTFP forecast that this indicator would remain above the NSW Benchmark during the 10 year forecast.
Asset Maintenance Ratio	✓	
Building and Infrastructure Renewals Ratio	✓	
<b>Debt Management</b>		
Debt Service Cover Ratio	✓	

### 3.2.2 2019/2020 Budget and Operational Plan

On 11 June 2019 Council adopted the Operational Plan and Budget for the 2019-20 financial year.

Council's estimated operating income results in an operating deficit of \$18.6 million before capital grants and contributions. A summary of the budget is provided in the table below (taken from the Final Operational Plan and Budget 2019-2020).

Key Financial Information	2019-20 Proposed Budget \$M	2019-20 Public Exhibition Budget \$M	2019-20 Changes Post Public Exhibition \$M	2018-19 Q3 Budget \$M
<b>Financial Performance</b>				
Operating Income	537.8	560.1	(22.3)	563.0
Operating Expenditure	556.4	567.8	(11.4)	561.3
<b>Net Operating Result (before Capital</b>	<b>(18.6)</b>	<b>(7.7)</b>	<b>(10.9)</b>	<b>1.7</b>
Capital Grants and Contributions	52.4	52.4	0.0	51.6
<b>Operating Result</b>	<b>33.8</b>	<b>44.7</b>	<b>(10.9)</b>	<b>53.3</b>
<b>Capital Expenditure</b>				
	235.6	223.2	12.4	192.3

Of note, is that the impact of the IPART determination on Council's Water Supply Authority as noted in the final Operational Plan 2019-2020 (page 120):

*Council developed the 2019-20 operational plan including operational and capital works budgets based on the submission made to IPART for water, sewer and drainage services which apply from 1 July 2019.*

*In IPART's final determination Council will recover 10.2% less revenue than proposed in Council's submission over the 3 year determination period which equates to \$54.4 million. IPART determines the Notional Revenue Requirement (NRR) is calculated on building blocks which incorporate prudent and efficient operating and capital expenditure.....*

*In setting the prices for water, sewer and stormwater drainage IPART has made a decision for Council to recover the NRR over the 3 year determination period to smooth the impact on customers (IPART final report page 25). This means that Council will recover less income in year one than the calculated NRR which will be recovered in years 2 and 3.*

*The impact on Council's 2019-20 operational budget from the overall reduction in revenue and expenditure is an increase in the operating deficit before capital grants and contributions of \$10.4 million for the Water Supply Authority to \$19.7 million.*

The **Long Term Financial Plan (LTFP)** for 2019-2020 showed that Council's current status against NSW Government benchmarks as provided below:

NSW Government Ratio	2019-2020 Meeting NSW Govt benchmark	Comment
<b>Positive Operating Performance</b>		
Operating Performance Ratio	✗	See comments below provided by staff in the Final Operational Plan
Own Source Operating Revenue	✓	
<b>Strong Liquidity</b>		
Unrestricted Current Ratio	✗	See comments below provided by staff in the Final Operational Plan
Cash Expense Coverage Ratio	✓	
Rates and Annual Charges Outstanding Percentage	✓	
<b>Infrastructure and Service Management</b>		
Infrastructure Backlog Ratio	✗	LTFP forecast that this indicator would remain above the NSW Benchmark during the 10 year forecast.
Asset Maintenance Ratio	✓	
Building and Infrastructure Renewals Ratio	✓	
<b>Debt Management</b>		
Debt Service Cover Ratio	✓	

Comments from Staff in relation to key NSW Government Benchmarks:

- **Operating Performance Ratio** is just under the Office of Local Government (OLG) benchmark of > 0.0%. Whilst Council returns to an operating surplus before Capital Grants and Contributions in 2025-26 Net Gains from the disposal of assets is not included in continuing operating revenue for the purposes of this ratio. Independent Pricing and Regulatory Tribunal's (IPART) final determination for water, sewerage and stormwater drainage services has Council recovering 10.2% less revenue over the 3 year determination period. In the LTFP this impacts the forecasted revenue for subsequent years.

- **Unrestricted Current Ratio** is below the OLG benchmark of >1.5. This is largely due to the significant restricted developer contributions balances. Council has received over \$39 million in developer contributions for the last 2 financial years (reporting periods ended 30 June 2017 and 30 June 2018) and during that time period has not delivered capital works funded by developer contributions to the same level which leads to the increase in the restricted developer contributions balances. Council is developing a strategy and plans to deliver the capital works projects that developer contributions are being collected for. Council will continue to monitor cash and investment balances and restrictions to ensure that Council has sufficient funds available to meet short term obligations.

### 3.2.3 2020/2021 Budget and Operational Plan

The final 2020/2021 Budget and Operation Plan was adopted at the Ordinary Council meeting held on 27 July 2020. This results in an operating deficit before capital grants and contributions of \$13.4 million.

Key Financial Information \$M	2020-21 Exhibited Budget	2020-21 Proposed Budget	2019-20 Q3 Annual Budget
Financial Performance			
Operating Income	551.6	551.0	531.0
Operating Expenditure	584.1	564.4	572.6
Net Operating Result (excluding Capital Grants and Contributions)	(32.5)	(13.4)	(41.6)
Capital Grants and Contributions	45.9	39.3	41.6
Net Operating Result (including Capital Grants and Contributions)	13.4	25.9	(0.1)
Capital Works Program	248.3	225.0	236.2

Special note should be made of the process in developing the 2020 / 2021 Budget and Operational Plan.

The **Draft Operational Plan 2020-21** went to an Extraordinary Council meeting held on 23 March 2020. At this time, it was becoming apparent that the impact of COVID19 may have a material effect on our community and Council's Budget and Operational Plan.

At that meeting<sup>20</sup>, Council adopted a draft Operational Plan for the purpose of exhibition but noted that COVID19 may have an impact on the Operational Plan and that this was currently being assessed.

The process initiated by the CEO, Gary Murphy, involved the engagement of Grant Thornton. This was advised to Councillors as a process of assessing the impact of COVID19 on Council's finances.

It is my understanding that the engagement of Grant Thornton set in train a number of actions that revealed the current financial problems of Central Coast Council.

At a Councillor workshop on 13 June 2020, Grant Thornton presented a number of scenarios<sup>21</sup> about the impact of COVID19 and options to adjust Council's Operational Plan 2020/21. Councillors engaged in active discussion and questioning in order to determine the pathway forward.

<sup>20</sup> Minutes - 2020 03 23 Extraordinary Meeting Minutes – Item 3-3 Exhibition of Draft Operational Plan 2020-2021

<sup>21</sup> 20200612\_Councillor\_Workshop\_13\_June\_2020\_FINAL\_send\_0 - Grant Thornton

At that workshop, representatives from Grant Thornton made a comment that there were some matters that required further investigation. In retrospect, this appears to refer to the unauthorised use of restricted funds. This was the first time that I am aware of any comment that indicated that there may have been an underlying problem. It is unclear if the details of the issues were known by the consultants and /or staff at that time.

As outlined in the document “Operational Plan 2020-21 – Key messages and information for Councillors”<sup>22</sup>, the Operational Plan and Budget were amended to reflect the predicted impacts of COVID19 (see Box 1). These included:

- Reduction in the operating deficit before capital grants and contributions from \$32.5 million to \$13.3 million.
- Reduction in the capital works program from \$248.3 million to \$225.0 million.

Staff advice at that point was that “Council’s cash and investment portfolio totalled \$376.2 million at 31 May 2020” with “Transactional accounts and cash in hand” being \$37,029,000 and that “Council’s financial position is solid”<sup>23</sup>.

The **Long Term Financial Plan (LTFP)** for 2020-2021 showed that Council’s current status against NSW Government benchmarks as provided below:

NSW Government Ratio	2020-2021 Meeting NSW Govt benchmark	Comment
<b>Positive Operating Performance</b>		
Operating Performance Ratio	x	Forecast to achieve benchmark in 2021-2022  See comments below provided by staff in the Final Operational Plan
Own Source Operating Revenue	✓	
<b>Strong Liquidity</b>		
Unrestricted Current Ratio	x	Forecast to achieve benchmark in 2022-2023  See comments below provided by staff in the Final Operational Plan
Cash Expense Coverage Ratio	✓	
Rates and Annual Charges Outstanding Percentage	x	Forecast to achieve benchmark in 2021-2022
<b>Infrastructure and Service Management</b>		
Infrastructure Backlog Ratio	x	LTFP forecast that this indicator would remain above the NSW Benchmark during the 10 year forecast.
Asset Maintenance Ratio	✓	
Building and Infrastructure Renewals Ratio	✓	
<b>Debt Management</b>		
Debt Service Cover Ratio	✓	

<sup>22</sup> 2020 07 22 - Information for Councillors - Operational Plan 2020-21

<sup>23</sup> 2020 07 22 – Information for Councillors – Operational Plan 2020-21

Comments from Staff in relation to key NSW Government Benchmarks:

- *Operating Performance Ratio - It is forecasted that there will be an operating surplus in the 2021-22 and future financial years.*
- *Unrestricted Current Ratio is below the OLG benchmark of >1.5 - largely due to the significant restricted developer contributions balances. Council has received over \$59 million in developer contributions for the last 2 financial years (2017-18 and 2018-19) and during that time period has not delivered capital works funded by developer contributions to the same level which leads to the increase in the restricted developer contributions balances. Included in the 2020-21 capital works program are \$53.3 million of projects funded by developer contributions. Council will continue to monitor cash and investment balances and restrictions to ensure that Council has sufficient funds available to meet short term obligations.*
- *Rates and Annual Charges Outstanding Ratio is within the OLG benchmark of 5% within the 10-year LTFP. Prior to COVID-19 Council was on track to meet this ratio however with COVID-19 and the decline in customer payments the ratio will not be met for the 2019-20 financial year and will impact the ratio for future financial years. With the impact of COVID-19 on businesses and families Council is forecasting that rates and annual charges outstanding will increase in the short term and will be managed back to the benchmark over time.*

### 3.3 Quarterly Budget reviews

Clause 203 of the *Local Government (General) Regulation 2005*, requires that no later than two months after the end of the each quarter (except the June quarter), the Responsible Accounting Officer of Council must prepare and submit to Council a Quarterly Budget Review Statement that shows a revised estimate of the income and expenditure for that year.

Sub-section 404(5) of the *Local Government Act 1993* requires that Council to report as to its progress with respect to its actions and targets against the objectives of the Operational Plan, at least every six months.

Discussion of the Quarterly Budget process will be included in my Supplementary Submission.



## Box 1

### What is the overview of changes from the draft publicly exhibited Operational Plan 2020-21

The draft Operational Plan 2020-21 has been updated as follows:

- Reduction in the operating deficit before capital grants and contributions from \$32.5 million to \$13.3 million. Operational budget changes include:
  - Reduction in income for closed or reduce services – reflects income based on public health orders and assumptions on the utilisation of re-opened services
  - Reduction in interest income from overdue rates and annual charges
  - Increase in operating grant income to recognise the grant from the NSW Government to cover the increase in emergency services levy
  - Increase in other sources of income such as bio-certification scheme and proposed increases in some fees and charges which are outlined in attachment 6
  - Reduction in employee costs as award increase was 1% less than originally forecasted
  - Reduction in overtime expenditure
  - Reduction in employee costs based on a considered approach prioritising recruitment of vacancies
  - Reduction of excess leave
  - Deferral of election costs to 2021-22 financial year as elections will be held in September 2021
  - Reduction in operating expenditure to reflect the deferral of some operating projects into future years
- Reduction in the capital works program from \$248.3 million to \$225.0 million. Capital works program budget changes include:
  - Inclusion of projects delayed in 2019-20 FY
  - Removal of projects from 2020-21 FY where the projects were brought forward into 2019-20 FY for delivery
  - Review of projects to prioritise the delivery of projects which are grant funded, funded by developer contributions or other restricted funds
  - Review proposed projects and prioritise taking into consideration Council's risk management framework
  - Deferral or reduction in project costs to future financial years

## 3. Financial sustainability

### How does the budgeted operating deficit impact Council's financial position

Council is in a strong financial position with our infrastructure, property, plant and equipment portfolio having a gross replacement cost of \$10.2 billion as at 30 June 2019.

Council's cash and investment portfolio totalled \$376.2 million at 31 May 2020. Council's investment portfolio of \$339.1 million is managed in accordance with our regulatory obligations, Ministerial Order and Council's adopted investment policy.

Source of Funds	Value (\$'000)
Investment Portfolio	\$339,134
Transactional accounts and cash in hand	\$37,029
<b>Total</b>	<b>\$376,163</b>

Whilst Council's financial position is solid, Council is taking action to reduce operating costs whilst trying to minimise impacts on delivery of essential services and find other sources of income to reduce the operating deficit.

## 3.4 Monthly investment reports

### 3.4.1 Policy for Investment Management

As stated in the Council Report (27 November 2017)<sup>24</sup>

*Legislation requires Council to maintain an Investment Policy that complies with the Local Government Act 1993, Local Government (General) Regulation 2005, Ministerial Investment Order of 12 January 2011 as advised by way of OLG Circular 11-01 17 February 2011 and Investment Policy Guidelines, issued by the Office of Local Government in relation to comparative benchmarks used in investment decisions as well as Council's current investment strategy.*

*Central Coast Council's Policy for Investment Management and Investment Guidelines are required to establish the mandatory requirements for the management of Council's cash and investment portfolio. The policy is designed to safeguard Council's cash and investments, achieve appropriate earnings and manage cash resources to ensure sufficient liquidity to meet business objectives over the short, medium and long term.*

*The Policy for Investment Management and guidelines was adopted at the April 2017 Council meeting and was referred to the Audit Risk and Improvement Committee (ARIC) for further review and to provide a report to Council.*

*The Policy for Investment Management and Investment Guidelines was presented at the ARIC meeting of the 20 June 2017 and the following changes were recommended..... The recommended changes by ARIC were made to the Investment Guidelines. The Policy for Investment Management and Investment Guidelines was presented at the subsequent ARIC meeting on the 29 August 2017. The Policy for Investment Management and amended Investment Guidelines are now being presented to Council for its review and adoption.*

The Policy for Investment Management was adopted at an Ordinary Council meeting held on 27 November 2017.

A further report came to an Ordinary Meeting of Council held on 28 October, 2019.

*The Policy for Investment Management was presented at the June 2019 Audit Risk and Improvement Committee (ARIC) for review and to provide a report to Council. It was the recommendation of ARIC to seek an external review and to present the finding and any changes to the policy at the next meeting.*

*The external review was conducted by Imperium Markets and a number of their recommendations were introduced in a draft policy presented at the ARIC meeting on 1st October 2019.*

*The draft policy was noted by the committee and was recommended that Council adopt the Policy for Investment Management.*

Council considered and adopted the amended Policy for Investment Management on 28 October, 2019.

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<sup>24</sup> Ordinary Council meeting – 27 November 2017 – Item 3.6 Policy for Investment Management

### 3.4.2 Monthly Investment Reports to Council

A monthly report on the investment portfolio is required to be presented to Council in accordance with clause 212 of the *Local Government (General) Regulation 2005*.

The Monthly Investments Report were tabled as Information Reports with a recommendation that the reports be received. As noted above, Council had adopted a Policy for Investment Management. At no time, did the Investment reports provided by staff raise any matters for consideration by Council or require a decision of Council.

It appears that the October 2019 Investment Report (that was tabled at an Ordinary Council meeting held on 25 November 2019) changed the formatting of the report to replace the breakdown of “Restricted Funds” and “Unrestricted Funds” in the table under **Council’s Portfolio by Source of Funds** with a single category “Cash Restrictions”. This change of format was not explained.

As a Councillor, I noted in each report the statement that *“Council’s investment portfolio includes rolling maturity dates to ensure that Council has sufficient funds at all times to meet its obligations”*. In my view, notwithstanding movement of funds, this gave some confidence that Council had sufficient funds at its disposal to *“pay debts as and when they fall due”*.

The monthly investment report appeared to be highly inaccurate around the time of November 2019. The October 2019 Investment report was tabled at the Ordinary Council meeting held on 25 November, 2019.

The next meeting where Investment Reports would be tabled was not held until 10 February 2020 where both the November 2019 and December 2019 Investment Reports.

Subsequent Investment Reports (Jan, Feb, Mar, Apr, May, June, July and August 2020) all included the assurance that *“Council’s investment portfolio includes rolling maturity dates to ensure that Council has sufficient funds at all times to meet its obligations”*.

It should also be noted that Councillors were advised on 4 April 2020 of the resignation of the Chief Financial Officer (CFO), Mr. Craig Norman, with his last day being 24 April 2020. Mr. Norman commenced in the role on 27 May 2019. It is during this tenure that the format of the Investment Reports changed without any explanation to Councillors.

**In my view, it is important that the Public Inquiry ascertain the circumstances around the changes to the Investment Reporting as it appears to mask the decline in the amount of “Unrestricted Funds”, contrary to the assurance contained within the Investment Report itself.**

## 3.5 Audit, Risk and Improvement Committee (ARIC)

### 3.5.1 ARIC Charter

The Audit Risk and Improvement Committee (ARIC) was established at the Ordinary Council meeting held on 24 January 2017 by the then Administrator, Mr. Ian Reynolds.

The ARIC Charter was adopted in late 2016 and includes:

The Audit, Risk and Improvement Committee (“Committee”) has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council’s audit processes, internal controls, external reporting, risk management activities, compliance of and with Council’s policies and procedures, and performance improvement activities

#### Committee Objectives

1. The objective of the Committee is to provide independent assurance and assistance to the Council on risk management, control, governance, internal audits, organisational performance and external accountability responsibilities.
2. Part 4A of the Local Government Act 1993 (“the LG Act”) will commence after the adoption of this Charter. When Part 4A of the LG Act commences the Committee will be under a statutory obligation to keep under review the following aspects of the Council’s operations:
  - a) compliance,
  - b) risk management,
  - c) fraud control,
  - d) financial management,
  - e) governance,
  - f) implementation of the strategic plan, delivery program and strategies,
  - g) service reviews,
  - h) collection of performance measurement data by the Council, and
  - i) any other matters prescribed by the regulations.

The three independent members of the Central Coast ARIC have been in place since the formation of ARIC in 2017. Combined they have extensive experience in public administration, accounting, governance and auditing. They also serve on a number of Local Government audit committees.

The role of ARIC has included reviewing the Audited Financial Statements, liaising with Council finance staff and auditors and making recommendations to Council.

### 3.5.2 ARIC minutes in relation to External Audit and Financial Statements

As Mayor (2017-2019), I did not formally sit on the ARIC Committee however, attended one of the meetings as an observer at the invitation of the ARIC Chair. I found that the members provided appropriate questioning and commentary on the matters before them.

It is for this reason that I note the failure of the ARIC Committee to identify the issues that have now contributed to Council’s financial crisis. The committee had a role in providing oversight, assurance and recommendations to Council on relevant matters. As shown below in copies of ARIC resolutions, the Committee recommended to Council regarding the acceptance of Audited Financial Statements that have now shown to be inadequate.

**This is a serious systemic failure within the processes of Council, and perhaps Local Government more broadly, in terms of the role of ARIC in the governance framework of Council.**

**It also highlights the circumstances where information coming before ARIC, and by extension Council, was not identifying the underlying and serious issues contributing to Council’s financial crisis.**

## 2.2 Draft Financial Statements for the reporting period 12 May 2016 to 30 June 2017

### RECOMMENDATION

*That the Audit Risk and Improvement Committee provide feedback and any questions regarding the draft 2016-17 Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules and Water Supply Authority Financial Statements to Council's Chief Financial Officer by COB Friday, 24 November 2017.*

*Subject to the amendments received, that the Audit Risk and Improvement Committee recommend that Council make the following resolutions in respect of the draft 2016-17 Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules and Water Supply Authority Financial Statements:*

*1.1 That Council adopt the draft 2016-17 Financial Statements for Central Coast Council.*

*1.2 That Council refer the draft 2016-17 Financial Statements for external audit.*

*1.3 That Council authorise the Mayor, Deputy Mayor, Chief Executive Officer and Responsible Accounting Officer to execute all documents related to the draft 2016-17 Financial Statements as required by legislation.*

## Minutes of ARIC – 19 June 2018<sup>26</sup>

Two resolutions in relation to the Audit of Financial Statements for the Year ending 30 June 2018:

### 2.3 External Audit of Financial Statements for the year ending 30 June 2018

#### Resolution:

*1 That the Committee receive the report on the External Audit of Financial Statements for the year ending 30 June 2018.*

*2 That the Committee recommend that this report and the supporting papers not be made publicly available, as per Clause 6.4 of the Audit, Risk and Improvement Committee Charter.*

### GB3/18 Council's Financial Statements

Discussion was held on possible dates for the committee to review Council's financial statements for the year ended June 2018.

#### Resolution:

*That an extraordinary meeting to review the financial statements be held on 18 October 2018 between 9am and 11am at the Gosford offices in Mann Street.*

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<sup>25</sup> Attachment 2017 11 21 aric-min-21-nov

<sup>26</sup> Attachment 2018 06 19 aric-min-19-june-2018

**Minutes ARIC – 2 Oct 2018<sup>27</sup>** and Supporting paper for Item 1.6<sup>28</sup>

### **1.6 Management Letter on the interim phase of external audit for the year ending 30 June 2018**

Resolution:

- 1 That the Committee receive the Management Letter on the interim phase of the external audit for the year ending 30 June 2018.*
- 2 The Extraordinary meeting to review Financial Statements for the reporting period ended 30 June 2018 to be rescheduled to 8 November 2018, 2pm at Wyong Admin Building.*
- 3 That the supporting papers to this report be made publicly available, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.*

**Minutes - ARIC Extraordinary Meeting - 30 November 2018<sup>29</sup>**

### **1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018**

Resolution

- 1 That the Audit Risk and Improvement Committee recommends that Council adopt the 2017-18 Consolidated Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules, subject to minor amendments.*
- 2 That the Committee note the Independent Members have questioned the accounting treatment of \$35 million charge to operating result relating to operational land and Crown Land adjustments. That the Committee have noted the explanation provided by management and the Independent External Auditors and are satisfied with the current treatment.*
- 3 That the Committee make a recommendation that this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exception, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.*

**Minutes – ARIC Meeting – 4 December 2019<sup>30</sup>**

### **9.2 Update on Financial Audit**

*Craig Norman (Chief Financial Officer) and Cassie Malone (NSW Audit Office) provided a verbal update on the Financial Audit.*

*It was noted the extraordinary meeting to review the draft Financial Statements for 2018-19 has been scheduled for Thursday 20 February 2020.*

Resolution

*That the Committee notes the verbal update on the status of the delayed report on the draft Financial Statements for 2018-19.*

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<sup>27</sup> Attachment - 2018 10 02 minutes-auditriskandimprovementcommitteemeeting-2october2018

<sup>28</sup> Attachment - ARIC Meeting 2018 10 02 - Item 1.6

<sup>29</sup> Attachment - 2018 11 30 minutes - ARIC - 30november2018

<sup>30</sup> Attachment - 2019 12 04 aricminutes-4december2019

## Minutes – Extraordinary ARIC meeting – 20 February 2020<sup>31</sup>

Two Items related to the Audited Financial Statements for end June 2019

### 2.1 Draft Financial Statements for the reporting period 1 July 2018 to 30 June 2019

#### Resolution

*3/2020(ARIC) That the Audit Risk and Improvement Committee recommends that Council adopt the 2018-19 Consolidated Financial Statements for Central Coast Council that includes General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules.*

*4/2020(ARIC) That the Audit Risk and Improvement Committee recommends that Council adopt the 2018-19 Central Coast Council Water Supply Authority General Purpose Financial Statements.*

*5/2020(ARIC) That this report and the supporting papers to this report be made publicly available as the nature or content of the report do not fall within any listed exception, pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter.*

### 3 CONFIDENTIAL ITEMS 3.1 Interim Management Letter from NSW Audit Office - Financial Audit

*Aaron Green from the Audit Office of NSW discussed the Interim Management Letter which outlines matters of interest identified during the current audit, unresolved matters identified during previous audits and matters required to be communicated under Australian Auditing Standards.*

#### Resolution

*6/2020(ARIC) That the Committee receive the Interim Management Letter on financial audit testing for the year ending 30 June 2019.*

*7/2020(ARIC) That an update be provided on the status of actioning the matters raised in the Interim Management Letter at the 17 March 2020 Audit, Risk and Improvement Committee meeting.*

*8/2020(ARIC) That the Committee approve Internal Audit receiving a copy of Interim Management Letters and that they be included in the Audit Tracker.*

*9/2020(ARIC) That the Committee hold an In-Camera meeting with the NSW Audit Office.*

*10/2020(ARIC) That the Committee recommend this report and the supporting papers not be made publicly available:*

*a) pursuant to Clause 6.4 of the Audit, Risk and Improvement Committee Charter, as they contain information about matters affecting the security of Council, Council Officials and/or Council property; and*

*b) as on balance it would not be in the public interest to make this information available as Council does not disclose to the public any information from the NSW Audit Office to ensure the efficacy of its investigating, auditing or reporting functions.*

## 3.6 Audited Financial Statements

Three External Audit Financial Statements were prepared during the current term of Council. The preparation of the Audited Financial Statements was largely a process that involved the external

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<sup>31</sup> Attachment - 2020 02 20 aricminutes-20february2020



auditor, relevant staff and the Audit, Risk and Improvement Committee (ARIC). There were also been briefings provided to Councillors. The Audited Financial statements would then be presented to a Council meeting by the Auditor and form part of the Annual Report.

**Table 2** shows some of the relevant Briefings and meetings (including ARIC) that provided information on Council's finances.

As the Mayor (2017-2019) and then Deputy Mayor (2019-2020), I was required to sign the Audited Financial Statements. With this in mind, I would spend time with the appropriate staff from the Finance Section "walking through" the financial reports. (These meetings are shaded in blue in the table below – however, due to limited access to records, some of these may not be specific to the Audited Financial Statements).

**Table 2: Central Coast Council – Relevant meetings / Councillor Briefings**

*Table 2 show some of the relevant meetings or briefings that were conducted in relation to Financial statements and / processes. This list is not exhaustive due to limited access to information that was available to Councillor for the preparation of submissions*

Date	Meeting
21 Nov 2017	<b>ARIC Extraordinary Meeting</b> – recommended that Council adopt the Audited Financial statements and all documents be executed
27 Nov 2017	Mayor to meet with Acting CFO to discuss financial report on Council agenda
1 Dec 2017	Mayor to meet with Acting CFO to discuss financials
7 Dec 2017	Councillor Briefing – Finance Briefing – Acting CFO
1 Jan 2018	Mayor meeting with Acting CFO
19 Mar 2018	Councillor Briefing – IPART – Water, Sewerage and Drainage Pricing Submission
26 Mar 2018	Mayor & Acting CFO to discuss financial statements and reports
26 Mar 2018	Ordinary Council meeting – 26 March 2018 Annual Report 2016-17
7 May 2018	Mayor meeting with Acting CFO re. Operational Plan Briefing
14 May 2018	Mayor meeting with Acting CFO re. operational plan and budget
19 June 2018	<b>ARIC Meeting</b> – first received a report on the External Audit of Financial Statements for the year ending 30 June 2018
2 Oct 2018	<b>ARIC Meeting</b> – Management Letter on the Interim phase of external audit for the year ending 30 June 2018
12 Nov 2018	Councillor Workshop - Financial Performance for 2018-19 Quarter 1 – Sept 2018
26 Nov 2018	Councillor Briefing – Water and Sewer Strategic Business Plan
26 Nov 2018	Ordinary Council Meeting – 26 November 2018 (Item 3.13) Annual Report 2017-18
30 Nov 2018	<b>ARIC Extraordinary Meeting</b> - 1.2 Draft Financial Statements for the reporting period 1 July 2017 to 30 June 2018 ARIC recommended that Council adopt the Financial Statements, noted accounting treatment related to operational land and Crown Land adjustments
3 Dec 2018	Councillor Briefing – 2017-18 Financial Statements
3 Dec 2018	Mayor meeting with Acting CFO to review and sign off financials
18 Feb 2019	Councillor Briefing – Councillor Request since Weekend Workshop Rates Information and 2019-20 Capex Views



6 Mar 2019	Mayor meeting with Acting CFO – sign Statement by Councillors & Management for the Water Supply
11 Mar 2019	Councillor Briefing – 2019-20 Budget Update
11 Mar 2019	Councillor Briefing – Status Update on the 2019-20 Operational Plan (including Budget)
25 Mar 2019	Councillor Briefing – S7.12 Contributions Plan
1 Apr 2019	Councillor Briefing – Draft Operational Plan 2019-20 Update <ul style="list-style-type: none"> <li>• Council's Financial performance</li> <li>• Long Term Financial Plan</li> <li>• Financial Performance Ratios / Indicators</li> <li>• IPART</li> </ul>
8 Apr 2019	Mayor meeting with Directors & Acting CFO to discuss IPART determination
7 May 2019	Mayor meeting with Acting CFO to discuss budget
13 May 2019	Councillor Workshop – Financial Performance for 2018-19 Q3 – March 2019 – Proposed Budget Amendments
20 May 2019	Councillor Briefing – Operational Plan 2019/20 - Update (after exhibition)
3 June 2019	Councillor Briefing – Final IPART Determination
8 Jun 2019	Postponed: Mayor meeting with Audit Office re. Audit for the 2018-19 financial Year ( <i>*Postponed at request of the Audit Office</i> )
11 Nov 2019	Ordinary Council meeting – 11 November 2019 (Item 3.3) Annual Report 2018-19
4 Dec 2019	<b>ARIC Meeting</b> – 9.2 Update on Financial Audit Noted delayed report on the draft Financial Statements for 2018-19
20 Feb 2020	<b>ARIC Extraordinary Meeting</b> – Draft Financial Statements for the period 1 July 2018 to 30 June 2019 ARIC recommended that Council Adopt the Financial Statements Also CONFIDENTIAL Item – Interim Management Letter from NSW Audit Office – Financial Audit
20 July 2020	Councillor Briefing – 2020/21 Operational Plan
31 Aug 2020	Councillor Briefing – Update on 2020/21 Financial Position
7 Sept 2020	Councillor Briefing - Presentation – Auditor General Reports

### 3.6.1 NSW Audit Office – Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions

Early in 2020, the NSW Audit Office examined “the effectiveness of governance and internal controls over local infrastructure contributions, also known as developer contributions, held by four councils during the 2017–18 and 2018–19 financial years”<sup>32</sup>. Central Coast Council was one of the four Councils involved in the Audit.

Findings from that Audit Process included that:

*Central Coast Council's governance and internal controls over LICs were not fully effective. Between 2001 and 2019, more than \$13.0 million in LICs was misspent on administration costs in breach of the EP&A Act. There is scope for improved oversight of the projected financial status of contributions plans and credit arrangements with developers. Policies and procedures from the two former councils are not aligned.*<sup>33</sup>

<sup>32</sup> NSW Audit Office – Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions – 17 August 2020

<sup>33</sup> NSW Audit Office – Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions – 17 August 2020

Council adjusted its accounts in late 2019 to repay the LIC fund for administration expenses that were not provided for in 40 contributions plans.

On 29 April 2020, Council's CEO responded to the Audit, accepting all the recommendations and outlining how they would be implemented.

Separate to the specific matters raised in the performance audit, it is unclear as to whether there was any follow up or attention given to the broader questions related to the use of restricted funds in subsequent audits of Council's finances.

### 3.6.2 External Audit Issues identified

It is clear that significant issues in financial accounting, policy and practice have contributed to the current financial crisis at Central Coast Council and in particular, the unauthorised use of restricted funds by staff.

These matters pre-dated the current Council. These issues were not identified by Council finance staff, were not detected by Council's ARIC and were not identified as issues in subsequent external audits. The systems put in place to manage and oversight Council's finances failed to detect these matters.

As noted in 3.5.1, the ARIC in particular has a role in "providing Council with independent oversight, objective assurance and monitoring of Council's audit processes" and has clearly failed in this function. In fact, the ARIC has made recommendations that Council accept audited financial statements that misrepresented the true financial position of Council.

This lack of visibility of the financial problems was further demonstrated by the newsletter "LG Debits and Credits – Nov 2020". LG solutions provides specialist Accounting and Financial Management ..to the Australian Local Government Industry and specifically to Councils across NSW, Queensland & the Northern Territory<sup>34</sup>.

LG Solutions wrote in the newsletter<sup>35</sup> the results of "A Desktop Review of Central Coast Council's Financial Dramas". LG Solutions noted that initially "Council's Central Coast's audited financial statements for YE 18/19 suggests nothing untoward".

As a result of more detailed examination of the reporting of Restricted and unrestricted funds LG Solutions found that "It would appear that Central Coast Council did not disclose as externally restricted cash and investments in Note 6(c) the value relating to ALL the unrestricted cash & investments that is held by and within the Water Fund and Sewer Fund."

**The Administrator, Dick Persson, has acknowledged that current Councillors could not have reasonably known about the issues.**

**The matter of the unauthorised use of restricted funds is significant in its overall impact on Council's finances and budgeting process. It inevitably resulted in staff and Councillors understanding that there were more funds available (in the order of \$130 million) to deliver services and infrastructure to our community.**

**Councillors were considering reports and making decisions based on information that did not accurately reflect the true financial position of Council.**

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<sup>34</sup> [www.lgsolutions.net.au/index.php/about-us](http://www.lgsolutions.net.au/index.php/about-us)

<sup>35</sup> LG "Debits & Credits" – Nov 2020

### 3.6.3 Most recent Audited Financial Statements end June 2020

The Audited Financial Reports for the period 1 July 2019 to 30 June 2020 were reported to Council on 11 May 2021.

Note 16(c) is related to the correction of errors relating to a prior period. The item states that

*“For the financial year ended 30 June 2019 and for prior years since the amalgamation of the former Wyong Shire Council and the former Gosford City Council, Council had incorrectly treated unrestricted monies applicable to the Water Supply Authority (WSA) operating business as unrestricted monies in the General Purpose Financial Statements (GPFS).*

*..... Council accessed restricted funds during 2019-2020 without the approval of Council (for internal restrictions) or the Minister (for external restrictions) as required by the Local Government Act 1993.”*

#### (b) Correction of errors relating to a previous reporting period

##### Nature of prior-period error

For the financial year ended 30 June 2019 and for prior years since the amalgamation of the former Wyong Shire Council and the former Gosford City Council, Council had incorrectly treated unrestricted monies applicable to the Water Supply Authority (WSA) operating business as unrestricted monies in the General Purpose Financial Statements (GPFS).

Council is of the view that monies received by the Water Supply Authority under the Water Management Act is within the scope of s.409(3) of the Local Government Act and are therefore externally restricted by s.409(3)(a) of that Act. This means Council accessed restricted funds during 2019 - 2020 without the approval of Council (for internal restrictions) or the Minister (for external restrictions), as required by the *Local Government Act 1993*.

The error identified above has been corrected by restating the prior year comparative of the restricted and unrestricted balances in Note 7(c) of the Financial Statements.

The impact on each line item is shown in the table below.

#### Adjustments to the comparative figures for the year ended 30 June 2019

##### Note 7(c) Restricted cash, cash equivalents and investments

\$ '000	Original Balance 30 June, 2019	Impact Increase/ (decrease)	Restated Balance 30 June, 2019
Water Supply Authority - other	–	93,957	93,957
<b>Total external restrictions</b>	<b>312,882</b>	<b>93,957</b>	<b>406,839</b>
<b>Total unrestricted</b>	<b>50,936</b>	<b>(93,957)</b>	<b>(43,021)</b>

## 4 TOR 2a and 2b

2. In exercising its functions pursuant to section 223 of the LG Act, the governing body ensured:
- a. As far as possible, that decisions taken by it had regard to the financial sustainability of the council, and
  - b. That it kept under review the performance of the council, including that council spending was responsible and sustainable by aligning general revenue and expenses.

### 4.1 Council decision making processes

#### 4.1.1 Voluntary Change to Accounting Practice

In December 2016, the NSW Government appointed administrator (Mr Ian Reynolds) approved a change in accounting policy regarding water and sewerage funding. This policy was applied to the former Wyong Councils for the 2105/16 Financial Year. The notes to those financial statements are as follows:

#### Notes to the Financial Statements

Financial Statements 2016	
The former Wyong Shire Council	
Notes to the Financial Statements for the period 1 July 2015 to 12 May 2016	
Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)	
(d) Voluntary Changes in Accounting Policy	
In the interest of good financial management Council will restrict funds from time-to-time to either meet external statutory obligations, such as (restrictions relating to grant funding or developer contributions), or in order to set aside funding for future commitments.	
Restricted assets that are internally developed by Council to cover commitments or obligations that are expected to arise in the future and where it is prudent for Council to hold cash in restrictions to cover these obligations (despite there being no legislative requirement) are known as internally restricted assets.	
On review of Council's current restrictions for its Water and Sewer operations, Council has derecognised certain cash, receivable and payable restrictions, in line with the current restriction disclosures recorded in the Financial Statements of Wyong Shire Council Water Supply Authority. This change was corrected in the prior period in accordance with AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> .	
As a result of the above disclosure changes:	
<ul style="list-style-type: none"><li>• None of the financial information disclosed in the Financial Statements changed</li><li>• The restricted and unrestricted balances within Note 6(c), Note 7 and Note 10(a) have changed such that all Wyong Water unrestricted amounts are now recorded as Unrestricted in the consolidated results</li><li>• The Unrestricted current ratio in Note 13a(i) has improved</li></ul>	

This change to accounting policy meant that from December 2016 onwards, Central Coast Council reported Restricted Water Funds as Unrestricted and available to be spent From the Consolidated General Fund.

The NSW Crown Solicitor has provided advice to the NSW Auditor General on 13 February 2021 that the decision by Administrator Reynolds enabled the Water Funds to be treated as part of the Consolidated Account and that this was valid. Consequently, the Administrator, Mr. Reynolds, did not act contrary to law in adopting this policy. Then it surely follows that his decision was lawful and

therefore the decision of Council in maintaining that Policy was lawful. Given the advice of the Crown Solicitor it is not reasonable to have expected the elected councillors to do otherwise.

Hence, I request that the Commissioner finds that the policy was a validly made policy, that the Councillors had no knowledge of this policy and that a resolution of the Administrator as council is required to undo the policy. Therefore, if those funds were not unlawfully spent then there was no need for staff to negotiate \$100 million in commercial loans. This suggests that the crisis councillors were made aware of on 6 October 2020 was based on a false premise and incorrect advice.

#### 4.1.2 Financial Processes to inform decision making

As outlined in addressing TOR 1(b), there are a number of processes within Council in relation to council's finances that interact with the governing body of council. The table below (Table 3) briefly notes those processes again and comments on each of these in relation to the decisions taken by Council.

It is important to note that the issue of the unauthorised expenditure of restricted funds, without Councillor knowledge or approval, fundamentally changes the context of Council's decision making and results in information and commentary provided to Councillors that did not accurately reflect the true financial position of Council.

**The overstatement of approximately \$130 million of unrestricted funds has had a material impact on the decisions of Council. It is reasonable to expect that if the true state of Council's financials had been known that there would have been different decisions made in relation to budgets, priorities and expenditure.**

**Table 3: Processes related to the Governing Body of Council in relation to financial management and reporting**

This table provide a brief outline of some of the financial processes that interact with the Governing Body of council. Many of them matters are discussed in more detail in addressing Terms of Reference 1(b)

Process	Frequency	Comment	Reference in this submission
Business paper for Ordinary and Extraordinary Council meetings	Fortnightly	<p>Reports to Council including an assessment of the financial impact. As a result, Councillors made decisions having regard to the matters for consideration, including financial considerations.</p> <p>In addition to the standard practice of including “Financial Impact” in relevant items in the Business Paper, Council reviewed its Code of Meeting Practice in March 2019 to include a range of amendments – both mandatory and non-mandatory. Two non-mandatory amendments specifically addressed and increased the information to be provided to Councillors regarding financial considerations (see Box 2).</p>	3.1
Operational Plan and Budget process	Annually	<p>As noted in Section 3.2 of my Interim Submission, the preparation of Operational Plans and Budgets was a detailed process and began with a draft being provided by staff, including the scope of income and expenditure.</p> <p>The consideration of the Operational Plan and Budget was fundamentally based on the advice provided by staff – including the detailed work for the upcoming financial year, information about NSW State indicators and benchmarks and the long-term financial plan. Councillors contributed knowledge about priorities for their ward based on their knowledge of local communities and local issues as well as a broader perspective for the region and its future.</p> <p>There was a level of frustration with the process whereby Councillors wanted to be more involved in the process. This was something that the CEO acknowledged and staff appeared to be actively seeking to improve the process.</p>	3.2
IPART Decision	2019 / 2020 Budget Process	The IPART decision to not accept Council’s submission on Water, Sewer and Drainage pricing resulted in an impact of less revenue of \$54.4 million over the 3 year determination period. It was noted in the Operational Plan that Council would recover less income in year 1 than the calculated Notional Revenue Requirement (NRR) that would be recovered in years 2 and 3.	3.2.2

Process	Frequency	Comment	Reference in this submission
COVID19 – Grant Thornton	2020/2021 Budget process	<p>The <b>Draft Operational Plan 2020-21</b> went to an Extraordinary Council meeting held on 23 March 2020. At this time, it was becoming apparent that the impact of COVID19 may have a material effect on our community and Council’s Budget and Operational Plan</p> <p>The CEO engaged consultants Grant Thornton early in the process to assess the impact of COVID19. This information was presented and Councillors very actively engaged in reducing the draft budget as a precautionary measure in consideration of the financial uncertainty.</p>	3.2.3
Quarterly Updates	Quarterly	<p>The Quarterly updates report on Council’s performance progress as measured against the organisation’s Operational Plan for that relevant period.</p> <p>Clause 203 of the <i>Local Government (General) Regulation 2005</i>, requires that no later than two months after the end of each quarter (except the June quarter), the Responsible Accounting Officer of Council must prepare and submit to Council a Quarterly Budget Review Statement that shows a revised estimate of the income and expenditure for that year</p> <p>Reports provided by staff outlined progress against budget and variations where they occurred. Reasons for variations were provided by staff in report so council such as:</p> <ul style="list-style-type: none"> <li>• timing of Financial Assistance Grants</li> <li>• timing of recognising rates income</li> <li>• additional grant funding</li> <li>• responding to delays, variation to estimates, project phasing, changed priorities, weather conditions.</li> <li>• gain on Disposal of Assets as there are delays in the timing of land sales</li> <li>• change in the estimate for investment earnings</li> <li>• changes to revenue from developer contributions</li> <li>• project savings through efficiencies and optimisation of delivery methods</li> <li>• changes in project scope, delivery of projects in stages</li> <li>• availability of external consultants or contractors</li> <li>• reductions or delays due to Council resolutions,</li> <li>• bushfires, storm events</li> </ul>	

Process	Frequency	Comment	Reference in this submission
		<ul style="list-style-type: none"> <li>delays due to natural disasters and COVID-19</li> </ul> <p>In each of the Quarterly reports up until the 2019-20 Q3 Report, the recommendation from staff noted that <i>“Council’s Responsible Accounting Officer has declared the financial position of Central Coast Council to be satisfactory”</i>.</p> <p>The 2019-20 Q3 Report was tabled at the Ordinary Council Meeting held on 25 May 2020 in a period of uncertainty due to COVID19. The recommendation from staff noted:  <i>“that Council’s Responsible Accounting Officer has declared the Council has sufficient funds to pay its vendors and staff and that the financial impacts from COVID-19 is changing based on the changes to the services which Council is permitted to provide. The Responsible Accounting Officer report is on page 11 of attachment 1”</i>.</p> <p>At this point, Council was actively reviewing its budget in light of the impacts of COVID19 with Grant Thornton engaged to assist with that process. As a result, the issues leading to the current financial crisis were identified.</p>	
Monthly Investment Reports	Monthly	<p>Monthly Investment Reports are discussed in Section 3.4 of my Interim Submission. I note again that Investment Reports from 2017 up until August 2020 all included the following assurance:  <i>“Council’s investment portfolio includes rolling maturity dates to ensure that Council has sufficient funds at all times to meet its obligations”</i>.</p> <p>Councillors were advised on 6 October 2020 of the significant financial issues that had come to light.</p>	3.4
Capital Works Update		<p>Progress Reports on Capital works were provided throughout the year. The majority of these were information reports however, at times staff would request a variation to the capex budget. The Quarterly reports also reported on the capital budget and explained variations.</p>	



Process	Frequency	Comment	Reference in this submission
Audit, Risk and Improvement Committee (ARIC)	At least 4 times per year	<p>The ARIC was established by January 2017 by the then Administrator, Mr. Ian Reynolds. The Independent member of the ARIC have remained the same between 2017 and 2021. Combined they have extensive experience in public administration, accounting, governance and auditing. They also serve on a number of Local Government audit committees.</p> <p>The Audit, Risk and Improvement Committee has an important role in the governance framework of Council by providing Council with independent oversight, objective assurance and monitoring of Council's audit processes, internal controls, external reporting, risk management activities, compliance of and with Council's policies and procedures, and performance improvement activities. Between September 2017 and November 2020, the ARIC met at least 14 times.</p> <p><b>It is a failure of the ARIC that during the 4 year term of the committee, it has not identified the significant issues that have contributed to Council's current financial position. The ARIC has a role in providing advice to the governing body of Council. At no time did they alert Council to these underlying issues.</b></p>	3.5
Audited Financial Statements	Annually	<p>Three External Audit Financial Statements were prepared during the current term of Council. The preparation of the Audited Financial Statements was largely a process that involved the external auditor, relevant staff and the Audit, Risk and Improvement Committee (ARIC).</p> <p><b>There has been a significant failure of the Annual Audits to detect the issues that contributed to the current and serious Council financial issues.</b></p>	3.6

## BOX 2 – Amendments to the Code of Meeting Practice

### Code of Meeting Practice:

On 11 June 2019, Council amended the Code of Meeting Practice to include a number of mandatory and non-mandatory provisions.

The non-mandatory provisions included the following:

3.11 If the Chief Executive Officer considers that a Notice of Motion submitted by a Councillor for consideration at an Ordinary Meeting of Council has legal, strategic, financial or policy implications which should be taken into consideration by the meeting, the Chief Executive Officer may prepare a report in relation to the Notice of Motion for inclusion with the business papers for the meeting at which the Notice of Motion is to be considered by Council.

And

### **Motions Requiring the Expenditure of Funds**

10.9 A motion or an amendment to a motion raised during debate which if passed would require the expenditure of funds on works and/or services other than those already provided for in Council's current adopted operational plan must identify the source of funding for the expenditure that is the subject of the motion. If the motion does not identify a funding source, Council must defer consideration of the matter, pending a report from the Chief Executive Officer on the availability of funds for implementing the motion if adopted.

## 4.2 Decision Making Case studies

There has been significant commentary in local mainstream media, social media and within our community about some of the controversial issues that Council has considered during its current term. Some of these matters are address in the Case Studies below to demonstrate that decisions taken by the governing body *“had regard to the financial sustainability of the council”* (ToR 2a)

These case studies are also relevant to ToR 3: *Any other matter that warrants mention, particularly those that may impact on the effective administration of Council’s functions and responsibilities or the community’s confidence in the Council being able to do so.*

### 4.2.1 Case Study – Cultural Precinct / Gosford Regional Library / Performing Arts Centre

The Gosford Regional Library Project and Regional Performing Art and Conference Centre (RPACC) were two projects that the newly elected Council inherited from previous Councils and the Administrator, Mr. Ian Reynolds. Both projects had a long history in the former Gosford LGA.

#### Background to Regional Performing Art and Conference Centre (RPACC)

##### Key Milestones<sup>36</sup>

Date	Activity
2005	<ul style="list-style-type: none"><li>Friends of Performing Arts Group (FOPA) established to lobby tiers of government to build a RPACC</li></ul>
2010	<ul style="list-style-type: none"><li>RPACC proposal from Central Coast Leagues Club, with a cost figure of \$28.5 million</li><li>Gosford Challenge developed, proposing RPACC to be a catalyst for CBD revitalisation within a cultural precinct</li></ul>
2011	<ul style="list-style-type: none"><li>Central Coast Regional Development Corporation (CCRDC) commissioned a Need Analysis and National Benchmark Study. Analysis recommended a \$75 million iconic waterfront building</li></ul>
2013	<ul style="list-style-type: none"><li>Project scope defined as design to cost with a \$30 million figure. The brief included the Conservatorium of Music, as a separate building and a proposed stage 2</li><li>Architecture competition held to devise concept plans</li></ul>
2015	<ul style="list-style-type: none"><li>NSW Government commit \$10 million in March towards the RPACC and \$2 million for a rehearsal space to the not for profit Conservatorium of Music</li><li>Former Gosford City Council commit \$10 million to the project</li><li>Federal Government funding of \$10 million awarded in December to build 1,000 seat conference/performance space and 200 studio, with a building size of 5,000m2</li><li>Former Gosford City Council CEO announces in the media, that Rotary Park won’t be the site for RPACC, due to local significance and community resistance</li></ul>
2016	<ul style="list-style-type: none"><li>Site investigations underway [to finalise a site]</li></ul>

<sup>36</sup> Councillor Briefing – 11 December 2017

Extensive technical and preparatory work was completed for this project as listed in Appendix 4

#### **Council Recommendations under Administrator Ian Reynolds – 22 February 2017**

- Council approved Leagues Club Field as the preferred site location (under Administrator Ian Reynolds)
- Investigate the potential opportunities for the RPACC to be located on the former Gosford Public School site liaising closely with NSW Government on their redevelopment plans
- Additional recommendations included proceed to
  - Take all reasonable steps to resolve Native Title Claims and Aboriginal Land Claims on the site
  - Seek confirmation of funding commitments from State and Federal Government
  - Revise and update the current RPACC Business Plan
  - Commence the detailed design for the RPACC

#### **Progress on Recommendations as at December 2017<sup>37</sup>**

- Community consultation held with key stakeholders in February 2017
- Geotechnical Survey completed in April 2017
- Native Lands Claims distinguished for the Leagues Club Field, via the claimant removing their claim
- Positive discussions held with St Hillier's to possibly locate RPACC adjacent to the Finance building
- State and Federal Government updated with Council's progress and plans, with an agreed need to expedite the project
- Current RPACC Business Plan re-tested in September 2017.

At the Ordinary Council meeting held on 26 February 2018<sup>38</sup>, a Mayoral Minute was tabled (initiated by staff) which noted the following:

*Since 22 February 2017 Council staff have undertaken further investigation into the Leagues Club Field Site and the part of the former Gosford Public School site now owned by St Hilliers ("the St Hilliers Site") as alternate locations for the proposed RPACC.*

*Those investigations have included discussions with St Hilliers about potential use of part of the St Hilliers Site for the purpose of the RPACC. On 9 February 2018 St Hilliers wrote to me, stating (amongst other things) that "It is not our intention to deal with any external parties regarding alternate development scenarios, including a Regional Performing Arts Centre, for any part of the land". St Hilliers will not allow any part of St Hilliers' Site to be used for the purpose of developing the proposed RPACC.*

*It would be prudent for the Council to consider other potential sites for the proposed RPACC that are capable of meeting Council's operational needs and the requirements of the NSW and Commonwealth funding bodies. Those other potential sites should include land owned by Council as well as land that might be compulsorily acquired by Council.*

#### **Gosford Regional Library Project**

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The former Gosford Council had initiated the project for a Regional Library over many years. In 1997, as part of the Financial Strategy, Council introduced a Special Rate Variation, that was referred to as

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<sup>37</sup> Councillor Briefing – 11 December 2017

<sup>38</sup> Business Paper - Ordinary Meeting held on 26 February 2018

a levy, to raise funds over a 15 year period. The strategy had raised \$8.1 million towards the cost of the project.

### Gosford Cultural Precinct:

At a Councillor workshop on 9 May 2018, a number of possible sites and options were explored. Two sites were identified – one being adjacent to the existing Gosford Council Administration Building (Mann Street) and the other opposite Kibble Park (Donnison Street). The proximity of the sites for both projects warranted an investigation into the potential for the creation of a Cultural Precinct which would leverage the cultural benefits of both projects and assist in the ongoing revitalisation of the Gosford CBD.

From the Report to Council on 24 September 2018:

*Table 1 – Funding Sources*

Current Funding Type	Amount	Comment
Library - Council Special Rate Variation	\$8,100,000	
Library - Federal Government Commitment	\$7,000,000	
RPACC - Federal Government Commitment	\$10,000,000	
RPACC - State Government Commitment	\$10,000,000	\$2M Conditional on adjoining Conservatorium
RPACC - CCC	\$10,000,000	Committed for RPACC Construction
RPACC - CCC	\$635,000	Committed for RPACC project management
<b>Total</b>	<b>\$45,735,000</b>	
<b>Potential Additional Funding</b>		
Sale Proceeds - 136-146 Donnison Street, Gosford	\$12,600,000	'Kibbleplex' building
S7.11 (Formerly S94) Contributions for Gosford	\$9,603,070	
<b>Total Potential Funding</b>	<b>\$67,938,070</b>	

It was noted that:

*The remaining capital requirements of the project would need to be met by Council as outlined in Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper or alternate grant funding is secured.*

### Comments and Issues:

- Information from Council staff**

Key staff involved in the project were considered by many Councillors to be unreliable in the quality and consistency of the information presented. There was a level of scepticism amongst some Councillors.

The early proposal for the proposed Gosford Regional Library to be 10 storeys with commercial floorspace was unexpected and did not comply with existing planning standards – however, it was promoted as having merit for a range of reasons including the revitalisation of Gosford CBD. Options were put out for community consultation including the option with commercial space.

There was some support for this option, however, the reliability of the community consultation and level of confidence is unknown.

- **Risk Appetite**

Councillors were aware and conscious of mistakes made by other Councils, the most notable of these being Port Macquarie Council and the “Glasshouse” development. As a result, there was a clear direction to proceed cautiously with a number of “gateways” in the process where Council could review the overall direction of the project if funding was uncertain (including interest in any commercial floorspace). There were also efforts to stage the project elements.

- **Cultural Precinct**

As a result of a Councillor workshop on 9 May 2018, Councillors supported the idea of a “Cultural Precinct” due to the spatial proximity of the two sites. The two sites could be located by a pedestrian corridor / walkway that could be activated. This allowed a number of things to happen:

- Potentially shared underground carparking
- Swapping the two sites – ie. The Library being located adjacent to the Gosford Administration building thereby providing additional meeting space and facilities in a business area and the Performing Arts Centre being located opposite Kibble Park, thereby activating this social, cultural and recreation space

- **Stakeholder Engagement**

The projects had difficult negotiations with key stakeholders including the Central Coast Conservatorium and also ET Australia. Councillors were keen to ensure that both stakeholders were respected, treated fairly and ideally benefitted from the projects. Ultimately, the negotiations were difficult, drawn out and the outcomes did not necessarily meet expectations.

- **Snowy Hydro Legacy Fund.**

In July 2018, Council was advised that the Snowy Hydro Legacy Fund would provide significant funds for the region. It was anticipated that this might be in the order of \$400million. Council assisted in preparing proposals and advocated for the Cultural Precinct be included as a priority project. After 6 months of work, Council was then advised that the guidelines for the Snowy Hydro funding had been released and the Central Coast was not eligible for any funding.

- **Central Coast Leadership Forum**

In an effort to encourage collaboration across all levels of government, as Central Coast Mayor, I hosted a Leadership Forum on 21 June 2019. The majority of local State and Federal Members of Parliament attended. One of the important topics of discussion was the status of the Cultural Precinct. With no prospect of securing funds through the Snowy Hydro Legacy Fund, it was clear that the project required bipartisan support from all levels of government to go forward. As a result of the concerns raised by MPs and inability to commit to further funding, it was necessary to scale back the project to reduce the financial risk for Council.

### **Summary – Gosford Cultural Precinct**

In relation to “ensuring that decisions taken ...had regard to the financial sustainability of the Council”

1. The Gosford Regional Library and Regional Performing Art and Conference Centre (RPACC) were legacy projects that the newly elected Councillors inherited
2. The projects had State and Federal funding attached to them so needed to be progressed, in addition to high community expectations.
3. The Council considered both projects together as a Cultural Precinct in order to find synergies, potential savings and benefits
4. Approximately \$67million was estimated to come from specific identified sources (including confirmed State / Federal grants). It was recognised that any shortfall would need to part of Council’s capital budget over a number of years.
5. A key part of the process of sourcing funds for the shortfall was the Snowy Hydro Legacy Fund. The State government publicly stated that the Central Coast region was likely to receive \$400 million from the fund. As Mayor, I worked to ensure that the Cultural Precinct was one of the 4 priority projects to be considered for the region and there was a reasonable expectation that some, if not all, of the requested funding would be approved due to the cross agency support.

After a lot of work from many people, including Council staff, the State government indicated that the Central Coast region would not be eligible for any of the Snowy Hydro Legacy Fund, for any of the 4 projects submitted from the region.

6. Once it became clear that Snowy Hydro Legacy Funds would not be provided to the Central Coast region and State and Federal Government MPs indicated that they would not be supporting any additional funding from other tiers of government, the Councillors reconsidered the scope of the project.
7. The Council then determined to proceed with the Gosford Regional Library in a scaled back design and defer consideration of the RPACC. This was clearly a financially responsible decision.

## 4.2.2 Case Study – Winney Bay Walkway

### **Background**

The Winney Project was a legacy project of the former Gosford Council and closely linked to the 5 Lands Walk event. The site is located in the Copacabana area and the project was a proposed pathway in COSS lands (Coastal Open Space System) that have been identified and protected primarily for biodiversity values.

The 5 Lands Coastal Walkway Masterplan was developed in 2012 and identified a modest upgrade of an informal track in that area. There was community consultation in developing the masterplan.

In 2017, works were underway at Winney Bay however, community members became concerned that they were beyond the scale and scope of what had been finalised and included in the Masterplan. This commenced under the former Gosford Council however, appeared to be in train for the next stage of the works.

There were concerns that vested interests and politics were influencing the outcomes, that values of the COSS lands were being undermined and that this would set a precedent for other COSS lands – contrary to adopted management plans and strategies. [It should be noted that the site had significant weed growth, however, this appears to have been influence from previous disturbance of the site].

In addition, there was funding allocated for the work that was being undertaken and State government funding for the even more ambitious next stage (approximately \$4.6 million). This included a wide hard surface track, a bridge across a chasm, “stalls” along the walkway that could be commercialised, a new lookout, Aboriginal themes, disability access (only part of the walkway), vegetation clearing and some vegetation rehabilitation.

A number of local community members were very concerned and became activated on this issue, drawing the Councillors attention to the project.

As a result, due to the lack of community consultation on the scope, scale and design of the works to be done, which had changed significantly from the 5 Lands Walk masterplan, Council resolved that there be further community consultation.

The results showed that there was majority support for an upgrade of the track at Winney Bay however, strong division about the scope, scale and design of the proposed work.

Councillors tried to work their way through this issue to find a compromise outcome. There were site visits with staff, site visits with community members, meetings with stakeholders and resolutions through Council that scaled down the proposed design. There were also further reports that identified some instability in the cliff edges near to where the track was proposed that influenced the decision.

Unfortunately, the project also became highly politicised at a State level – and amongst some Councillors. The local State MP, Adam Crouch (Member for Terrigal), was vocal and sustained in his criticism of Council, the objectors, any changes to the project and the issues around the funding.

As Mayor, on the night of a Council vote on this matter, I phoned Mr. Crouch to indicate that I expected that the Councillors were likely to support a scaled back version of the project, however, I was keen to work with him to make this a “win-win” for everybody involved. I offered to do a joint media event to champion the next stage of the project. Mr. Crouch indicated that he would consider it however, did not respond any further. Instead, he engaged in further criticism of Council and Councillors in the media.

It also appeared that the funding body was under political pressure.



As is not an unusual practice, Council requested a variation to the project. The variation scaled back the design elements in keeping with the resolution of Council however, demonstrated that the revised design would still meet the objectives of the grant program, although to different degrees.

As Mayor, I arranged to attend a meeting with representative of the funding body and our Council staff. We explained the variations to the project and how it would still meet the objectives of the grant program. The funding body indicated that we would need to submit further information and prepare a revised “Benefit to Cost” ratio. This would need to be greater than 1 for the variation to be considered.

Council staff arranged an external consultant to calculate the BtC ratio which was determined to be 3.81 (well above the 1 required by the funding body). Even after this process, the funding body refused to approve the variation. Ultimately, they withdrew the funding.

### **Summary – Winney Bay Walkway**

In relation to “ensuring that decisions taken ...had regard to the financial sustainability of the Council”

1. The Winney Bay Walkway was a legacy project that the newly elected Councillors inherited
2. The projects had State funding attached to the project, however, Council would need to cover the cost of ongoing maintenance.
3. There was significant community concern about the scope and scale of the works being undertaken and even more ambitious works proposed with further funding.
4. The site is part of the Coastal Open Space System (COSS) a network of reserves that are primarily protected for environmental values.
5. The proposed works were not in keeping with the 5 Lands Walk Coastal Walkway Management Plan (2012) and the final design had not been subject to any community consultation.
6. The proposed walkway, bridge and lookout would add assets that required further maintenance.
7. A Consultant’s report found that the cliff edges were unstable. I note that these are extremely high cliffs, in the order of greater than 130m.
8. Community consultation demonstrated that there was support to upgrade the existing informal track however a divided community in terms of the proposed scope, scale and design of the project.
9. Council sought a variation with the funding body to address community concerns and reduce the scale of the project (and thereby the ongoing maintenance costs).
10. The request demonstrated that the variation would still meet the objectives of the grant program and delivered a benefit to cost ratio of 3.81 (well above the required BtC ratio of 1).
11. The process was highly politicised, especially due to a State election in 2019.
12. The funding body declined the variation request and ultimately withdrew the funding.
13. Council reverted to consideration of options that would reduce the cost that have been out on exhibition – and are due to come back to the Administrator.

### 4.2.3 Case Study – Warnervale Aircraft Landing Area (ALA) / Airport

The issue of Warnervale Airport was a significant legacy issue that Central Coast Council inherited. This matter had a long and controversial history with the former Wyong Council. There was a shroud of suspicion around the “grand schemes” which still remains today.

For years, local media had reported on issues around Wyong Council plans for the airport and proposals for a Chinese theme park including unlawful clearing of protected vegetation by the former Wyong Council<sup>39</sup>, plans for a regional airport and aviation hub at Warnervale at a likely cost to Council of nearly \$400million<sup>40</sup>, lease agreement that raised concerns<sup>41</sup>, promotion in China of VISA programs for investors<sup>42</sup> and “secret plans” to spend \$60million for an aviation hub<sup>43</sup>.

In 2013, the former Wyong Council contracted a feasibility study that recommended disposal of the site as the preferred option with the best return on investment, and the next preferred option to subdivide and develop the site as a business park.

In spite of this, individuals within Council continued to advocate for and progress a proposal for a regional airport. In 2016 (or may have been 2017), I attended a school function at Wyong Council building where one of the Directors, Mike Dowling, told students about Council’s plans for a commercial passenger airport at Warnervale.

In November 2017 the newly elected Council received a briefing about grand visions for the airport. There were more consultants in the room than Councillors. Councillors were disturbed by this and what this demonstrated in terms of the use of public money. The Council Operational Plan and budget for that year included \$6 million toward those plans - and that was just the beginning. Staff indicated there would need to be further plans and studies all to be paid for by Council.

On 27 November 2017, Council resolved not to proceed with the former airport plans that Wyong Council had been advocating. There needed to be some expenditure but Council saved over \$4 million from the budget. Council’s resolution included allocating those savings to support employment generating projects:

*Council resolution included:*

*761/17 That Council reallocate the Budget for the Airport of \$6 million to employment generating projects across the former Wyong Shire with staff to prepare a strategy and report to council by the 12th February meeting for approval of the strategy.*

Staff did not comply with the resolution of Council. A briefing was held in March 2018 (after the required timeframe) with proposals that were not to a satisfactory standard.

Although the resolution of Council was that Council would not be proceeding with the previous proposals, staff continued to include these in briefings, proposals and strategies. In fact, there was a suggestion that some staff were lobbying State MPs to seek to influence the outcome.

The final Report of the Warnervale Airport Restrictions (WAR) Act Review<sup>44</sup> noted that;

*“...the inherent limitations of the site should be highlighted for all stakeholders, noting that many stakeholders are still of the impression that expansion of the airport is feasible when it is in actuality highly constrained by both its physical characteristics and legislative requirements. .... The Review Team considers that the root cause of much community*

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<sup>39</sup> [Council rejects fine over vegetation clearing at Central Coast Airport, Warnervale | Newcastle Herald | Newcastle, NSW](#)

<sup>40</sup> [Warnervale airport and the fight for its future is the first big test of an amalgamated Central Coast Council | Newcastle Herald | Newcastle, NSW](#)

<sup>41</sup> [Amphibian Aerospace Industries calls media ‘borderline racist’, ‘insulting’ by asking questions | Daily Telegraph](#)

<sup>42</sup> [Chinese theme park: Invest \\$1m to ‘buy’ an Australian visa, ads claim | Newcastle Herald | Newcastle, NSW](#)

<sup>43</sup> [\\$60m spend on aviation centre | Newcastle Herald | Newcastle, NSW](#)

<sup>44</sup> FINAL Review of the Warnervale Airport (Restrictions) Act 1996 - April 2020 (page 11)

*uncertainty is historic ideas put forward by Council and individual Councillors.”*

This highlighted that the Councillors were correct in restricting any further expenditure on the Warnervale Airport Masterplan.

In spite of this, the issue of Warnervale Airport has continued to be controversial including during the current period of Administration.

On Tuesday 13 April 2021, the Interim Administrator introduced an item (Item 4.10) of Business to an Ordinary Meeting of Council without due notice as required. The item was not tabled as an Urgency Motion or Mayoral Minute (ie. Administrator Minute) and would therefore appear to be in breach of the Code of Meeting Practice.

The Item related to the preparation of a “Masterplan for the Central Coast Airport and to commence negotiations with the aviation industry to better utilise the land surrounding the Airport”. The Administrator also allocated \$5million of funding and withdrew land that was listed for sale.

**This decision by the Administrator is not financially responsible given Council’s current financial situation.**

This resolution of the Administrator is in conflict with lawful resolutions of Council that have not been rescinded, including Item 3.8 (Ordinary Council meeting - 27 November 2017) and Item 5.2 (Ordinary Meeting of Council - 10 August 2020).

This matter warrants consideration by this Public Inquiry with respect to Terms of Reference (3):

*Any other matter that warrants mention, particularly those that may impact on the effective administration of Council’s functions and responsibilities or the community’s confidence in the Council being able to do so.*

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2. *Any other matter that warrants mention, particularly those that may impact on the effective administration of Council's functions and responsibilities or the community's confidence in the Council being able to do so.*

The matters below are outlined as they “*impact on the effective administration of Council's functions and responsibilities or the community's confidence in being able to do so*”.

### 5.1 Staff Culture after Administration (2016-2017)

#### 5.1.1 Legacy of the amalgamation on organisation culture

Although not directly involved in the management of Council staff (other than the CEO), my observations suggest that there are a number of negative consequences from the 2016 amalgamation of Gosford and Wyong Councils that have *impacted “on the effective administration of Council's functions and responsibilities or the community's confidence in the Council being able to do so”*.

##### Background:

My observation and experience as a community member that had involvement with both Gosford and Wyong Councils, was that there were distinct differences between the two Councils as organisations and geographic areas.

Gosford Council shortly before amalgamation was seen to be changing the relationship between Council and residents and community organisations in negative ways, restructuring to remove experienced staff with any organisational memory and adopting an aggressive pro-developer culture. This was symbolised by the new CEO brandishing a sign at the front of the Gosford Council building “Under new management – open for business”.

Wyong Council had for a number of years been perceived as “dodgy”<sup>45</sup>. The Council was controlled by a block of Councillors that promoted schemes and developments that raised concerns in the community, removed resident Precinct Committees, reclassified large swathes of community land and employed a number of staff with direct links to developers. There were stories of Councillors seeking to directly influence staff assessments of development matters, bullying of fellow Councillors and a culture of abuse in the Council chamber.

Against this backdrop the Councils were merged in May 2016. The consultation with communities was poor however, even the consultation that was done showed that the community did not support the merger.

On 12 May 2016, Central Coast Council then entered a period of administration that extended to 17 months. A number of issues resulted from this:

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<sup>45</sup> *This perception was prevalent in the local community. I also encountered that view in other forums – a perception that Wyong did not enforce their own planning rules – and comments from other local government people about the perception of Wyong Council.*

- **Perception of “Wyong takeover”**

This was a clear view within the community (and Council staff) that was reinforced by only 2 of the 8 Executive positions<sup>46</sup> of the Central Coast Council being former Gosford Directors.

This generated concerns about the impact of Wyong policies and culture on the former Gosford LGA area. (Note: one of the Gosford Directors resigned in September 2016<sup>47</sup>, reportedly due to issues within the Executive Team. The position was replaced with a staff member from the former Wyong Council).

- **Attempts to weaken the authority of incoming Councillors**

It appeared that there was an attempt to put in place policies and procedures that would address some of the concerning behaviour of some of the former Wyong Councillors however, these policies sought to limit the ability of all Councillors to fulfil their functions.

For example, the Administrator put in place a policy that required Councillors and staff to document every conversation that they had about a Council matter – including informal conversations with friends, family and acquaintances that had no bearing on a decision making process. This was largely accepted as being impractical and was modified by the new Interim CEO when Councillors were elected.

Policies and procedures were also put in place where no staff other than Directors could talk with Councillors without approval. Anecdotally, staff joining Council who had experience in other Councils, seemed to view the Central Coast culture as distinctly different from normal practice.

### 5.1.2 Lack of accountability and failure to implement lawful resolutions of Council

As is typical in a period of Administration, in 2016 the elected body was replaced by a single beaurocrat acting as the governing body of Council.

Inevitably, it is presumed, Senior staff would have found it easier to function in an environment where there was only one Administrator that was involved in receiving briefings, deliberating on reports from staff and making decisions. In addition, the Administrator was not local and therefore was heavily reliant on the information provided by staff and at a clear disadvantage in terms of local knowledge and understanding.

**The return of an elected body appeared to be an unwelcome development and an inconvenience to many of the Senior staff that interacted with Councillors. Some either did not have the capacity or competency, or were unwilling, to deliver the standards of governance, accountability, transparency and reliability of information that was expected and required for decision making.**

Senior staff appeared to believe that they had an unfettered ability to ignore lawful resolutions of the governing body of Council. This is demonstrated in a number of the Case Studies that I have outlined in this submission.

In addition, I also note the following examples:

- the development of the **Local Strategic Planning Statement** – Senior staff appeared to ignore the resolution of Council to undertake the LSPS on a Ward basis and the need to involve Ward Councillors in the process and sign off as required in the Ministers Direction regarding the LSPS.

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<sup>46</sup> [New Leadership Team for Central Coast Council Announced | Central Coast Council \(nsw.gov.au\)](https://www.centralcoast.nsw.gov.au/news/new-leadership-team-for-central-coast-council-announced)

<sup>47</sup> [Rare community support for resigning senior bureaucrat on Central Coast \(coastcommunitynews.com.au\)](https://www.coastcommunitynews.com.au/news/rare-community-support-for-resigning-senior-bureaucrat-on-central-coast)

- **Resolutions in relation to the Warnervale airport / ALA** – Although the resolution of Council was that Council would not be proceeding with the previous proposals, staff continued to include these in briefings, proposals and strategies.
- Resolution for a **monthly Councillor Planning workshop** – one workshop was held then Senior staff failed to implement the resolution

## 5.2 State government role and cost shifting

*Any other matter that warrants mention, particularly those that may impact on the effective administration of Council's functions and responsibilities or the community's confidence in the Council being able to do so.*

The relationship between a Council and other levels of government is critical to providing the best outcomes for our residents, ratepayer and the community. As the Mayor of the Central Coast, I welcomed the opportunity to meet with all Members of Parliament and discuss matters. I was already known to many of the local politicians through my involvement with community organisations.

At the time of the elected Councillors taking office, the Parliamentary Secretary for the Central Coast was Mr. Scot MacDonald. Mr. MacDonald demonstrated a willingness to work cooperatively with Council and across all levels of government.

This appeared to change when Mr. MacDonald was removed from that position after the State election in 2019. Instead the NSW government, both politicians and senior public servants, became adversarial and rather than working on collaboration, interactions appeared to be serving a political purpose.

The Interim Administrator, Mr. Dick Persson, also noted in his Final Report that the *“counterproductive political dynamic was not helped by some State MP's from both the major parties using Council decisions/issues to score political points. They continue to do so today<sup>48</sup>.”*

### 5.2.1 Nature of interactions with State government

As noted above, when the elected Councillors took office, the Parliamentary Secretary for the Central Coast was Mr. Scot MacDonald.

In my view, Mr. MacDonald went to great lengths to be bipartisan, work across all levels of government and foster positive relationships in the region. He was effective in facilitating those relationships and interactions whilst recognising that there were a range of views about many issues.

The table below outlines some of the interactions as Mayor with Mr. MacDonald as Parliamentary Secretary. It demonstrates his commitment to working cooperatively with Council.

**Table:** This table may not be exhaustive due to limited access to Council records however reflects the role of Mr. MacDonald in facilitating relationships between State government and Council.

24 Oct 2017	Meet & greet-Parliamentary Secretary for the Central Coast, Mr Scot MacDonald; Mayor Central
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<sup>48</sup> Administrator – Final Report - 15 April 2021

	Coast Council, Madam Mayor Jane Smith; CEO Central Coast Council, Mr Brian Bell; DPC's Director, Mr Alan Blackman and Principal Coordinator, Ms Karen Minto – Dept Premier & Cabinet, Donnison Street, Gosford
19 Dec 2017	Meeting with the Premier – DPC Gosford  This meeting appeared to be facilitated by Mr. MacDonald. The Premier, Gladys Berejiklian, was on the Central Coast for a range of appointments.
19 Mar 2018	JOINT MEDIA CONFERENCE - State Funding announcement for Central Coast Stadium – Central Coast Stadium  Parliamentary Secretary for the Central Coast, Scot MacDonald is organising a media conference for the announcement
19 Mar 2018	Mayor attending dredging meeting with Scot MacDonald -- DPC, Donnison Street, Gosford
9 April 2018	Mayor & Acting CEO attending announce by Scot MacDonald, Minister Roberts & Peter Pulla (Govt Architect) re Gosford revitalisation -- Kibble Park
12 April 2018	Mayor & ACEO attending Scot MacDonald breakfast for Prof Mary o'Kane (new Chair of IPC) -- Premier's Room, Macquarie Street Sydney
12 April 2018	Meeting w/ Minister Ayres Office, Mayor Jane Smith and CEO Brian Glendenning, Central Coast Council re: Central Coast Stadium -- NSW Parliament  This meeting was facilitated by Mr. MacDonald
16 April 2018	Mayor Jane Smith, ACEO Brian Glendenning & Scot MacDonald catch up -- Mayor's Office <ul style="list-style-type: none"> <li>• Funding – Snowy 2</li> <li>• Infrastructure</li> </ul>
28 May 2018	<ul style="list-style-type: none"> <li>• Important briefing on Planning Strategy for Gosford - Scot MacDonald -- DPC, Gosford</li> <li>• Briefing of Planning Strategy for Gosford with Scot MacDonald -- Leagues Club Field in Gosford</li> </ul>
23 June 2018	Opening of Gosford Hospitals Tower Blocks J & K  The Premier was in attendance. Mr. MacDonald facilitated the Mayor's attendance and direct introductions with the Premier.
2 Aug 2018	Meeting with Central Coast Mayor Jane Smith & CEO Gary Murphy, Stephen Wills & Karen Minto (DPC) and Scot MacDonald -- DPC, Gosford, <ul style="list-style-type: none"> <li>• Agenda for meeting provided</li> <li>• Included presentations from Council staff on Rawson Road and RPACC</li> </ul>
11 Sept 2018	Cancelled: Mayor, Scot MacDonald, CEO & Council Director meeting re: FFA, W League & Stadium meeting at Central Coast Stadium for the W-league. (Meeting was postponed).
11 Sept 2018	Photo op Mayor with Scot MacDonald announce funding for Stronger Communities -- Cultural Hub (near The Art House) 16 Margaret Street, Wyong
3 Dec 2018	Meeting re. Snowy Hydro Legacy Fund -- Mayor's Office WYONG or SKYPE - Scot MacDonald and Stephen Wills (DPC)

Mr. MacDonald was Parliamentary Secretary until March 2019. There was then a period of no Parliamentary Secretary or Minister for the Central Coast.

By contrast the Table below reflects the interactions with Mr. Crouch as the State Member for Terrigal during 2017/2018. Although Mr. Crouch was not the Parliamentary Secretary during this period, he was the only State government MP on the Central Coast. As the table shows, Mr. Crouch's interactions were largely focused around media events and funding announcements.

3 Oct 2017	Mayor Jane Smith, CEO Brian Bell & Group Leader Mike Dowling meeting with Member for Terrigal Adam Crouch re: dredging of Ettalong Channel -- Member for Terrigal Office, Erina
13 Oct 2017	Mayor Jane Smith meeting with Member for Terrigal Adam Crouch for catch up -- Member for Terrigal Office ERINA
27 Nov 2017	Media Event - Launch of new Olympic timing system and starting blocks - Stronger Communities Fund Project -- Peninsula Leisure Centre, Woy Woy
4 May 2018	Media event - Avoca Beach Foreshore Works start of construction -- Avoca Beach
4 July 2018	MEDIA EVENT - Terrigal CBD Traffic Flow Improvement project -- Terrigal
10 Aug 2018	Meeting - Mayor Jane Smith -- Office of Adam Crouch MP
30 Oct 2018	MEDIA OPPORTUNITY - completion of Terrigal CBD Works -- Terrigal
31 Oct 2018	MEDIA OPPORTUNITY: completion of Avoca Beach Foreshore Works -- Avoca Beach foreshore
2 Nov 2018	Mayor and Council staff meeting with Adam Crouch to discuss priority projects -- Adam Couch's Office (Meeting organised at Council's request)
12 Jul 2019	MEDIA EVENT - Opening of refurbished Erina Library - Erina Fair

During this period, Mr. Crouch took an unhelpful approach to issues including, but not limited to, dredging of Brisbane Water, coastal erosion at Wamberal, upgrade of Winney Bay track and Terrigal Boardwalk.

Mr. Crouch's approach was damaging to building collaborative relationships within the region that would garner benefits for the community. Although there were a number of visits to the Central Coast region by the Premier and /or other Ministers, Mr. Crouch appeared to make little effort to facilitate dialogue with Council elected representatives other than Liberal party Councillors.

Mr. Crouch was announced as Parliamentary Secretary for the Central Coast in December 2019.

### 5.2.2 Cost Shifting and State funding

LGNSW conduct the Cost Shifting Survey every 2 years, the last survey conducted in 2017-18<sup>49</sup>. The report notes the following:

*Cost shifting is one of the most significant problems faced by councils in NSW. Along with rate capping, cost shifting undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services, without sufficient corresponding revenue.*

<sup>49</sup> LGNSW Report – Impact of Cost Shifting on Local Government in NSW 2018



*For the past decade, LGNSW has monitored the cost of this practice to ratepayers. Despite recognition of its adverse impacts, cost shifting by the state and federal governments onto councils is now at its highest recorded level in NSW.*

*LGNSW's latest survey puts cost shifting onto NSW councils in the 2015/16 financial year at \$820 million. This is a \$150 million increase on 2013/14, and takes the accumulated total cost shifting burden on councils to an estimated \$6.2 billion since the survey began 10 years ago.*

*LGNSW research shows another concerning trend: not only does cost shifting continue to grow, it is growing at an accelerated rate.*

*The per annum cost shift has more than doubled in a single decade. LGNSW data shows this trend is being driven largely by state government policies, particularly the waste levy. The federal government is responsible for just 2% of the cost shifting burden borne by councils each year.*

*Councils' cost shifting burden now exceeds the estimated annual infrastructure renewal gap of \$500 million per annum (which is the gap between what councils need to spend on their existing infrastructure and what they can actually afford). Cost shifting is increasingly impeding local government's ability to deliver services and maintain infrastructure for communities.*

*Metropolitan and regional councils were hardest hit, largely due to the impact of the NSW waste levy. However, the data shows cost shifting also continues to drain the tight budgets of councils in rural NSW.*

In Council's Operational Plan 2002-21<sup>50</sup>, the impact of cost shifting was outlined:

#### **Cost Shifting**

Cost shifting is where the responsibility and/or costs of providing a certain service, asset or regulatory function, are shifted from a higher level of government to a lower level of government. The cost is shifted without providing corresponding funding or adequate revenue raising capacity.

Cost shifting continues to place a significant burden on Council's financial situation, approximately \$44.7 million in the 2017-18 financial year which is estimated to be around 8% of Council's total income before capital grants and contributions. Local Government NSW conducts the survey of NSW Councils and further information can be found on their website <https://www.lgnsw.org.au/policy/cost-shifting-survey>. Despite the recognition of cost shifting and its adverse impacts on NSW Local Government there has been no change in funding for these costs.

Examples of cost shifting include contributions to the NSW Fire and Rescue, NSW Rural Fire Services and NSW State Emergency Service, lack of adequate funding for public libraries and the failure to fully reimburse councils for mandatory pensioner rebates.

The local contributions levy for the Gosford City Centre has been reduced to 1% (was previously 4%) of the cost of development due to the Gosford City Centre Special Infrastructure Contribution (SIC) under the *Environmental Planning and Assessment (Special Infrastructure Contribution – Gosford City Centre Determination 2018)*.

The SIC is collected by the NSW Government. Council is still required to deliver the infrastructure under the local contributions plan for the Gosford City Centre and is required to apply to the NSW Government for funding to contribute to these projects.

<sup>50</sup> Central Coast Council – Operational Plan 2020-2021 – page 105

In addition, other factors have contributed to costs being imposed on Council by the State government without appropriate resourcing (Table 4). It is clear that Council is not receiving sufficient funds from the State government to provide the level of infrastructure needed for a growing population.

Items of note:

- **Planning**

The State government's interference in planning has added significant costs to Council whilst not providing the resources needed to plan and provide infrastructure for a growing population. In fact, the State government has taken an aggressive stance to Council which have further increased costs. A cooperative approach with collaboration would deliver much more for the community.

The State government introduced a **Gosford SEPP** in 2018 which removed planning powers from Council and removed height and floor space limits from large sites in Gosford CBD. It also reduced the amount of developer contributions paid to Council with 2 percent of the contributions going to the State government instead. This increased the burden on Council's budgets with an estimated **reduction<sup>51</sup> of up to \$190 M of developer contributions** to Council.

In 2020, the Minister introduced a **Local Planning Panel**, with little justification, that again removed planning powers from the community and its Council, again at a cost to Council. The cost of the Planning Panel is **estimated to be \$400,00 per annum<sup>52</sup>**, excluding any legal costs for challenges to decisions of the Planning Panel.

- **Extreme Weather events**

The Central Coast suffered a \$163 million economic impact from the 2019-20 summer bushfires but did not receive any financial assistance from the NSW Government's Bushfire Local Economic Recovery Fund. When highlighted in Sydney media, the NSW government admitted that "pork barrelling" is one of its tools. This has been to the detriment of the Central Coast.

In July 2020 a significant coastal erosion event occurred on the Central Coast. The NSW government issued a direction requiring Council to construct emergency toe protection works. It was understood that because this was a direction from the State government that the costs would be reimbursed. In February 2021<sup>53</sup>, the total cost was estimated at \$2.866M. The NSW government has refused to reimburse the cost of these works.

- **Crown Land Negotiation Program**

On 9 July 2018 a report was provided to the Ordinary Meeting of Council on the Crown Land Negotiation Program.

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<sup>51</sup> NSW Planning and Environment – Fact Sheet: Gosford City Centre Special Infrastructure Contribution – October 2018

<sup>52</sup> Item 3.2 Constitution of Central Coast Local Planning Panel – reported to Ordinary Council Meeting 11 May 2020

<sup>53</sup> Item 4.4: Cost of Emergency Works at Wamberal Beach and The Entrance North Beach – reported to Extraordinary Council Meeting held on 3 February 2021

Context<sup>54</sup>:

*Central Coast Council is one of several NSW councils selected to participate in the NSW Government's Comprehensive Crown Land Negotiation Program ('Program') for their local government area. The purpose of the Program is to ensure that NSW Crown Land is held by the most appropriate landholder (State, local council, or local Aboriginal Land Council) to achieve the most positive social, economic, cultural and environmental benefits for the people of NSW. ....*

*In the Central Coast local government area, the Program involves voluntary, multi-party negotiations between the NSW Government, Central Coast Council, Darkinjung Local Aboriginal Land Council and the NSW Aboriginal Land Council.*

*The Program covers all land within the Darkinjung Local Aboriginal Land Council area, which is also within the Central Coast local government area. There are over 1400 parcels of Crown land within the negotiation area.*

Council's resolution (9 July 2018) included

*662/18 That Council form a Committee comprised of one Councillor from each ward, to receive reports and information on Council's participation in the Central Coast Comprehensive Crown Land Negotiation Program*

The committee met on at least 10 occasions between July 2018 and August 2019. My observations were that the Crown Land Negotiation Program was a significant strain on Council resources over the 15 month period and involved:

- At least two legal staff working a significant proportion of their time on the process
- At least 1 Council Senior staff member directly involved in the program, and others involved at different times
- Staff drawn from all sections of Council to provide detailed information (including site visits) on individual parcels of Crown Land
- GIS staff required to undertake a significant amount of detailed work on mapping
- Administration Support staff
- The involvement of the CEO at different points in the process
- The involvement of Councillors both on the Committee and at briefings

The body of work for the Crown Land Negotiation program had a significant impact on Council resources. The costs to Council were not only direct costs of staff working on this program, but also the cost of staff being pulled from their usual business and responsibilities. I am not aware of any estimate of costs being undertaken.

In November 2019, Council received correspondence from the NSW Deputy Secretary, Crown Lands to advise that an evaluation of the process (around the State) was being undertaken and all activities negotiations were put on hold.

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<sup>54</sup> Ordinary Council Meeting – 9 July 2018 – additional item 4.8

**Table 4: Some of the NSW Government impact on Council budgets**

<b>Cost of amalgamation</b>	Council media release (8/10/2020) <sup>55</sup> - significant and ongoing impacts, estimate could be in excess of \$100M	\$ 100 M
<b>Gosford CBD SEPP</b>	Reduction in developer contributions to Council from 4% to 1%. In Oct 2018, the NSW Department of Planning valued the 3% decrease at approx. \$190M <sup>56</sup>	Up to \$ 190 M
<b>Dredging of Brisbane Water estuary for navigation</b>	This was a controversial issue where the local State politicians took a combative approach. Although Council had legal advice outlining the dredging as a responsibility of the State government, due to public pressure and community impacts, Council ultimately contributed over \$1m <sup>57</sup> towards a dredging program that was not budgeted.  (It should be noted that in 2019, the State government later assumed responsibility for the dredging, reportedly without advising Council <sup>58</sup> )	\$1.225 m (2018)
<b>Local Planning Panel</b>	The LPP was established by NSW government to take decision making away from Council. In May 2020, in a staff report to Council <sup>59</sup> , it was estimated that the cost burden to Council for the operation of the Panel is in the order to \$400,000 per annum	\$ 400,000 per annum
<b>Emergency works – Wamberal Beach / North Entrance</b>	July 2020 coastal erosion event - State government issued a direction requiring Council to construct emergency toe protection works. In Feb 2021 <sup>60</sup> , the total cost was estimated at \$2.866M.  The NSW government has reimbursed \$992,501 thus far. (Ref Council report—3 Feb 2021)	\$ 1.894 M
<b>Biodiversity Offsetting</b>	NSW government payments to offset environmental impacts at Kangy Angy and Lisarow wetland. The Development Application for Kangy Angy was approved in 2017, construction completed in 2020— As at February 2021, there were still no payments for biodiversity offsets (However, I understand that there has been some payments made more recently).	UNDISCLOSED
<b>Crown Land Negotiation Program</b>	Significant staff resources directed to this program over a 15 month period.	Unknown
<b>Cost shifting</b>	Council media release (8/10/2020) - estimated \$45M or more per annum	\$ 45 M
	<b>TOTAL</b>	<b>&gt; \$337 M</b>

<sup>55</sup> Central Coast Council media release – 8 October 2020 – Update on review of Council’s budget

<sup>56</sup> NSW Planning and Environment – Fact Sheet: Gosford City Centre Special Infrastructure Contribution – October 2018

<sup>57</sup> [Dredging program to cost \\$2.45 million - Central Coast Newspapers](#)

<sup>58</sup> [Peninsula News - 6 Apr 2021](#)

<sup>59</sup> Item 3.2 Constitution of Central Coast Local Planning Panel – reported to Ordinary Council Meeting 11 May 2020

<sup>60</sup> Item 4.4: Cost of Emergency Works at Wamberal Beach and The Entrance North Beach – reported to Extraordinary Council Meeting held on 3 February 2021

### 5.2.3 Snowy Hydro Legacy Fund

Of particular note is the \$4.2 billion Snowy Hydro Legacy Fund. This was promoted as “a once-in-a-lifetime opportunity to invest in major and transformative infrastructure across regional NSW<sup>61</sup>”.

The Parliamentary Secretary, Mr. Scot MacDonald, first made Council aware of this opportunity in or around July 2018. Mr. MacDonald chaired the Regional Leadership Executive Group that would be looking at projects for the region and preparing business cases.

Council’s CEO was a member of the Leadership group and it appeared that Council’s staff member, Ms. Louise Fisher, was effectively seconded to work on the proposals. The NSW Government’s Coordinator-General, Ms Lea Shearer, was leading the process.

The expectations for the Central Coast region were set high, as the funding would not be applicable to metropolitan area.

A Report to the Ordinary Meeting of Council held on 24 September 2018 provides the following background. My understanding is that the report was prepared in consultation with Ms. Shearer.

There are currently unprecedented levels of funding opportunities available through the State Government, including the sale of the NSW interest in the Snowy Hydro scheme to the Commonwealth Government. The Snowy Hydro Scheme Legacy Fund has resulted in a \$4.1 billion commitment for key enabling projects in Regional NSW.

The total population of the Central Coast is approximately 15% of the regional NSW population; therefore a reasonable expectation could be that \$400 Million could be allocated for projects on the Central Coast. It is understood that funding will be allocated to the CentralCoast region not Central Coast Council the Regional Leadership Executive Group has been chosen as the governance group for this funding opportunity.

Whilst no funding guidelines are available as yet, it is understood from the Premier Gladys Berejiklian and Deputy Premier and Minister for Regional NSW John Barilaro’s media releasethat the objective will include enabling infrastructure, long term job creation initiatives and region-building projects with a focus on the development of precincts. <https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/20-year-vision-for-a-thriving-regional-nsw/>

#### **Methodology**

The Central Coast Regional Leadership Executive Group (RLE) is working proactively to develop bid-ready projects that are regionally significant to make the most of this potential funding opportunity.

A Working Group has been convened to coordinate the submissions. The Working Group membership included:

- Central Coast Council
- Department of Premier and Cabinet
- Department of Planning and Environment
- Regional Development Australia Central Coast
- NSW Heath
- Roads and Maritime Services
- University of Newcastle
- Central Coast Regional Development Corporation

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<sup>61</sup> [Snowy Hydro Legacy Fund | NSW Government](#)

### Potential Projects – Long List

The Working Group was provided with a 'long list' of nine projects.

The preliminary projects from RLE to be investigated include:

1. Somersby-Mt Penang Employment Precinct
2. Tuggerah Smart TOD – Employment, Residential and Sporting Precinct
3. Gosford Hospital Health, Education and Research Precinct
4. Central Coast Regional Cultural Precinct
5. Central Coast Food Innovation Precinct
6. Warnervale Employment Precinct (WEZ)
7. Gosford Rail, Bus and Mixed Use Development
8. Southern Growth Corridor Mass Transit Trial
9. Central Coast Aviation Hub

A project overview statement was completed for each project which included the following components:

- Objective
- Description
- Project Readiness
- Needs analysis
- Strategic Alignment
- Governance
- Cost
- Timeframes
- Constraints/Risks

**Table: Projects shortlisted as priorities for the Snowy Hydro Legacy Fund**

Priority	Project	Cost	# Jobs	Timeframe	Readiness
1	Hospital Precinct	\$100+ million	unknown	1-3 years	Masterplan completed Transport infrastructure less challenge
2	Tuggerah TOD + Food Innovation Precinct	\$220 million	~3,000 +	unknown	Investigation stage Transport infrastructure less challenge
3	Somersby/Mt Penang	\$100-150 million	8,000	Start: 2021	Investigation stage Mt Penang less challenge Somersby dependent on Bio-certification
4	Cultural Precinct	\$150 million	700	unknown	Concept designs

**As Mayor, I advocated for the Cultural Precinct to be a priority project within the funding proposals. This was a key element in securing funding for that project and minimising any financial risk.**

The Council report (24 September 2018) noted that “Due to the potential for the activation of the Gosford CBD with the development of the Cultural Precinct; Council has requested that this project be reconsidered as one of the priority projects. This request is currently under consideration with advice expected in the near future.”

Ultimately this request was agreed and the Cultural Precinct was included as a priority project for the region.

On the 10 January, 2019, after 6 months of significant work, representatives from Department of Premier and Cabinet advised that the funding guidelines had been released and Central Coast was not eligible to receive any of the Snowy Hydro Legacy Fund.

**This was confirmed in the Councillor Support Update – 8 March 2019<sup>62</sup>**

## **22 Snowy Hydro Legacy Fund Update**

On 24 January 2019, Council received correspondence from Stephen Wills, Director Hunter and Central Coast Regional Coordination Branch, Department of Premier and Cabinet identifying that there is “presently no opportunity to directly apply for funding under the Snowy Hydro Legacy Fund for the four projects identified by Council”. Please find attached letter from Steve Wills.

A further status report on the Snowy Hydro Legacy Fund will be reported to the council meeting of the 25th of March 2019.

**This appeared to be a political decision with State elections to be held in March 2019, and contradicted the suggested benefits of amalgamation as being the leverage of significant funding for the region.**

### **5.2.4 Case Study – Planning Matters**

**Perhaps one of the most significant and disturbing illustrations about both the lack of accountability and what appeared to be State government interference in Council’s role is in relation to planning matters.**

It is acknowledged that the ideal goal for any Council is to work with the State government to deliver the best outcomes for communities, residents and ratepayers. However, there is an inherent role and responsibility for elected Councillors to “represent the collective interests of residents, ratepayers and the local community<sup>63</sup>”.

At times, this means that Councils will have different views to the NSW Government and will make decisions in line with their role in representing the community (in keeping with appropriate legislation).

As a result of the merger and period of administration, there appeared to be conflict in some Council staff being responsive to the governing body of Council as opposed to being responsive to the State government’s agenda and other external influences. This was most apparent in planning matters.

A number of significant planning matters were in train at the time the Councillors were elected in 2017.

- **Consolidated LEP / DCP**

On 23 November 2016, the first Administrator, Ian Reynolds, resolved to begin the process of developing a Central Coast Consolidated Local Environment Plan (LEP) and Development Control

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<sup>62</sup> Councillor Support Update – 8 March 2019

<sup>63</sup> Local Government Act 1993 No 30 – Sect 232 (1)(d)

Plan (DCP)<sup>64</sup>. This would be a pre-cursor to the development of a Comprehensive LEP and DCP that would require more detailed studies. The resolution authorised staff to prepare a Planning Proposal and undertake community and public authority consultation, without involving the new Councillors in these early stages of the process.

The Department of Planning indicated that there was no need to go down the path of a Consolidated LEP / DCP and that *“the existing instruments can continue to operate and there has been no directive from the State to undertake consolidation”*<sup>65</sup>.

The proposed changes in the draft Consolidated LEP / DCP raised significant concerns within the community about a “one size fits all” approach, applying development standards from one of the former LGAs across the entire amalgamated area. There were also issues raised with the community consultation process in light of the significance of proposed changes.

Councillors sought to represent their community through a number of resolutions. There also appeared to be a lack of balance in the consultation process. The UDIA (Urban Development Institute of Australia) claims to be *“the leading industry body representing the interests of the NSW property development sector”*<sup>66</sup>.

In July 2019, the local UDIA group indicated<sup>67</sup> that they provided advice to Council staff that attend their monthly meetings. Council staff attended over 22 UDIA meetings during the period 2017-2019. By contrast, staff were not attending regular meetings of any other non-government stakeholder groups<sup>68</sup>.

The finalisation of the draft Consolidated LEP and DCP were not completed at the time of suspension of the Councillors. During 2020, Council was also required to prepare a Local Strategic Planning Statement (LSPS) as outlined below.

Council resolved on 9 March 2020, to *“defer finalisation of the draft Consolidated LEP and Consolidated DCP until after the LSPS has been finalised”*<sup>69</sup>.

On 14 December 2020, the Interim Administrator, Mr. Persson, resolved to adopt the Consolidated LEP and DCP, ignoring the lawful resolutions of Council.

### • Local Strategic Planning Statement

The State government required each Council to prepare a Local Strategic Planning Statement (LSPS) with the deadline for Central Coast being 1 July 2020.

This is an important document for our community. The LSPS sets out the 20-year vision for land-use in the local area, the special character and values that are to be preserved and how change will be managed into the future.

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<sup>64</sup> Ordinary Meeting – 23 November 2016 – Item 2.7

<sup>65</sup> NSW Planning and Environment – Plannings Services – Gateway Determination Report – SI 2017 CCOAS 001 00 – 26 Oct 2017

<sup>66</sup> [Policy and Advocacy Overview - UDIA NSW](#)

<sup>67</sup> UDIA Central Coast Chapter Chair, Caine King, addressing an Ordinary Meeting of Council (8 July 2019) in relation to the draft Consolidated LEP / DCP

<sup>68</sup> As Mayor, I raised concerns about this practice with the Director and the CEO. After some consideration the CEO indicated that he agreed that it raised issues of perception. My understanding was that the practice would stop and Council staff would engage differently with the UDIA as an important stakeholder. Some 12 months after, it was apparent that Planning staff had continued to attend UDIA monthly meetings. The CEO indicated that he had also been told that this had been discontinued.

<sup>69</sup> Resolution 173/20 – Ordinary Council Meeting - 9 March 2020



Section 3.9(3) of the EP&A Act allows for an area that is divided into wards, the LSPS can deal separately with each ward. In that circumstance the Councillors of a ward “*are to be given a reasonable opportunity to participate in the preparation of the provisions of the statement that deal with the ward*” and requires the endorsement by the Ward Councillors.

Further, the Minister for Planning issued a Direction on 27 August 2018<sup>70</sup> in relation to Local Strategic Planning Statements that identified Central Coast as a local government area that required the LSPS to be endorsed by the Councillors of each ward.

On 8 October 2019<sup>71</sup>, the Council resolved as follows:

## 7.2 Notice of Motion - Ward Approach to Local Strategic Planning Statement

### *Resolved*

*976/19 That Council adopt a Ward based approach to the Local Strategic Planning Statement.*

*977/19 That the Chief Executive Officer develop an outline for community engagement for each Ward in consultation with Ward Councillors, noting that this may include the consultation already proposed for Social Planning Areas.*

*978/19 That the Chief Executive Officer provide an outline of a recommended process by which;*

*a the councillors of a ward are to be given a reasonable opportunity to participate in the preparation of the provisions of the statement that deal with the ward and;*

*b those provisions are required to be endorsed by those councillors as being consistent with the strategic plans referred to in subsection (2) (b) (of the LG Act Sect 3.9) as they relate to the ward.*

*979/19 That the Chief Executive Officer provide a regular monthly Councillor planning workshop (to be held on a Monday) for interested Councillors to be provided with information and updates on planning matters such as the LSPS, Strategic Planning processes, development proposals and other relevant matters.*

It is worth noting that at the meeting, the Acting Director Environment and Planning indicated that he had been told that Council may not be given approval to proceed with a Ward based approach (based on the Department of Planning not allowing any variation to the timeframe). This information appeared to be an attempt by the Department of Planning to dissuade Councillors from taking a Ward based approach.

Further the Acting Director indicated that it was his understanding that Council would “need to notify Department of Planning and get approval” to take a Ward based approach. This appeared to be contrary to the Minister’s Direction and the provisions of the EP&A Act.

In spite of the resolution of Council, and notwithstanding the impact of COVID19 on consultation processes from March 2020, the staff did not comply with the requirements of the resolution of Council.

The LSPS presented to Council in June 2020 was not satisfactory—however, Council needed to adopt it as an Interim LSPS to meet the deadline of 1 July 2020. In order to properly prepare a LSPS that

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<sup>70</sup> Local Strategic Planning Statements Direction – Endorsement requirements for councils divided into wards – 27 August 2018

<sup>71</sup> Ordinary Council Meeting – 8 October 2019 – Item 7.2

met the community's needs, Council adopted an Interim LSPS<sup>72</sup> with a requirement for further work and a final LSPS to come back to Council by the end of November 2020. (This was in keeping with advice from staff).

Councillors recognised that it was important to ensure that the new planning rules were consistent with the final 20-year vision, the LSPS. In March 2020, it was agreed that the Consolidated LEP / DCP would only come back to Council after the LSPS was finalised.

These resolutions were not complied with by staff or the Interim Administrator.

- **Local Planning Panel**

LPPs were previously called IHAPS (Independent Hearing and Assessment Panels) and introduced in Sydney and Wollongong only. In 2018, the former Minister for Planning, Anthony Roberts, commissioned a review of LPPs. One of the recommendations was to consider introducing a panel for the Central Coast and Newcastle.

In July 2019, both the Mayor of Newcastle and myself attended a meeting with staff from Minister Stoke's office to demonstrate that a LPP was not needed - that both areas were meeting targets set by the State government in terms of developments. In spite of this the NSW government forced a planning panel on the Central Coast, and not Newcastle.

**Central Coast Council constituted a LPP on 11 May 2020 as required. The staff process around the appointment of community members raised a number of concerns about governance.**

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<sup>72</sup> Adopted at an Extraordinary Meeting held on 29 June 2020

### 5.3 Issues with the Code of Conduct and Code of Meeting Practice by Interim Administrator, Mr. Dick Persson

On 30 October 2020, the Minister for Local Government, Shelley Hancock, appointed Mr. Dick Persson as Interim Administrator with the following functions<sup>73</sup>:

- *To perform the role and function of the governing body of the council under the Local Government Act 1993 and any other Act.*
- *To exercise the role of the governing body and councillors identified in sections 223, 232 and 226 of the Act.*

This is relevant to Terms of Reference (3):

*Any other matter that warrants mention, particularly those that may impact on the effective administration of Council's functions and responsibilities or the community's confidence in the Council being able to do so*

Notwithstanding the serious task that Mr. Persson was appointed to undertake, in my view he repeatedly misrepresented circumstances in order to create a false narrative. There was also an expectation that the Administrator would focus on rectifying the immediate problems of Council and not undo significant community consultation on a range of matters. For example, Council's Climate Change Policy.

It is presumed that in "*performing the role and function of the governing body of the Council*" that the Interim Administrator was also subject to the provisions of the Code of Conduct and the Code of Meeting Practice.

Under the Local Government Act 1993:

#### **Relevant extracts from the Local Government Act 1993:**

260(5) A council and a committee of the council of which all the members are councillors must conduct its meetings in accordance with the code of meeting practice adopted by it.

#### **439 Conduct of councillors, staff, delegates and administrators**

(1) Every councillor, member of staff of a council and delegate of a council must act honestly and exercise a reasonable degree of care and diligence in carrying out his or her functions under this or any other Act.

(2) (Repealed)

(3) This section applies to an administrator of a council (other than an administrator appointed by the Minister for Water, Property and Housing under section 66) in the same way as it applies to a councillor.

#### **440 Codes of conduct**

(1) The regulations may prescribe a model code of conduct (the **model code**) applicable to councillors, members of staff of councils and delegates of councils.

(2) The regulations may provide that the provisions of the model code relating to the disclosure of pecuniary interests are also to apply to the following persons—

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<sup>73</sup> Suspension Order und section 438l of the Local Government Act 1993 – dated 30 October 2020

- (a) a member of a committee of a council (including the Audit, Risk and Improvement Committee),
  - (b) an adviser to a council.
- (3) A council must adopt a code of conduct (the **adopted code**) that incorporates the provisions of the model code. The adopted code may include provisions that supplement the model code.
- (4) A council's adopted code has no effect to the extent that it is inconsistent with the model code as in force for the time being.
- (5) Councillors, members of staff and delegates of a council must comply with the applicable provisions of—
- (a) the council's adopted code, except to the extent of any inconsistency with the model code as in force for the time being, and
  - (b) the model code as in force for the time being, to the extent that—
    - (i) the council has not adopted a code of conduct, or
    - (ii) the adopted code is inconsistent with the model code, or
    - (iii) the model code contains provisions or requirements not included in the adopted code.
- (6) A provision of a council's adopted code is not inconsistent with the model code merely because the provision makes a requirement of the model code more onerous for persons required to observe the requirement.
- (7) A council must, within 12 months after each ordinary election, review its adopted code and make such adjustments as it considers appropriate and as are consistent with this section.
- (8) (Repealed)
- (9) This section applies to an administrator of a council (other than an administrator appointed by the Minister for Water, Property and Housing under section 66) in the same way as it applies to a councillor.

In my view, there is a basis to investigate whether the Administrator has breached these mandatory codes in a number of instances including the following examples:

1. Notwithstanding the legitimate community and staff anger at the Council's current financial crisis, Mr. Persson provided commentary in local media, in Council meetings and in person that I believe was biased. He appeared to be constructing a narrative to direct public opinion in such a way as to facilitate his agenda as the Administrator.

In particular, I believe Mr. Persson may have breached the following sections of the Code of Conduct:

*3.1 You must not conduct yourself in a manner that:*

- a) is likely to bring the council or other council officials into disrepute*
- b) is contrary to statutory requirements or the council's administrative requirements or policies*
- e) causes, comprises or involves intimidation or verbal abuse - intimidation is to frighten or threaten someone, usually in order to persuade the person to do something he or she does not wish to do*

*3.2 You must act lawfully and honestly and, exercise a reasonable degree of care and diligence in carrying out your functions under the LGA or any other Act. (section 439).*

*3.20 You must not engage in bullying behaviour (as defined under this Part) towards the chair, other council officials or any members of the public present during council or*

*committee meetings or other proceedings of the council (such as, but not limited to, workshops and briefing sessions).*

*3.26 Council officials must not defame other persons, including other council officials. This includes during any meeting of council, meeting of any committee of council, any public meeting conducted by or for council, or in any publication made by or for council.*

2. On Tuesday 13 April 2021, the Interim Administrator **introduced an item (Item 4.10) of Business to an Ordinary Meeting of Council without due notice as required**. The item was not tabled as an Urgency Motion or Mayoral Minute (ie. Administrator Minute) and would therefore appear to be in breach of the Code of Meeting Practice. The item is related the controversial issue of Warnervale Airport and raises questions about the motivation for not providing due notice. The decision of the Administrator on this matter was in conflict with lawful resolutions of Council that had not been rescinded.
3. The **Administrator ignored lawful resolutions of Council** that had not been rescinded including with regards to the Central Coast Consolidated LEP / DCP. In particular, Council resolved as follows on 9 March 2020:

173/20	<p><i>That Council;</i></p> <p><i>a defer finalisation of the draft Consolidated LEP and Consolidated DCP until after the LSPS has been finalised</i></p> <p><i>b consider a further report to Council that aligns the draft Consolidated LEP / DCP with the adopted Local Strategic Planning Statement including;</i></p> <ul style="list-style-type: none"><li><i>i any proposed changes to the CCLEP / CCDCP</i></li><li><i>ii any further work necessary, if applicable</i></li><li><i>iii outlining how the draft CCLEP / DCP aligns with each Action in Council's Community Strategic Plan</i></li></ul>
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On 29 June 2020, Council resolved:

606/20	<p><i>That Council request the Chief Executive Officer provide a further report by the end of October, 2020 with a final Central Coast Local Strategic Planning Statement, including Ward Chapters, to be published by end November 2020.</i></p>
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Neither of these resolutions were implement or rescinded. On 14 December 2020, the Interim Administrator resolved to adopt the Consolidated LEP and DCP, thereby ignoring lawful resolutions 606/20 and 173/20.

## 5.4 Responding to the Interim Administrator's comments

This section responds to some of the comments made in the reports of the Interim Administrator, Mr. Dick Persson.

Relevance: The comments from the Administrator “may impact on the effective administration of Council’s functions and responsibilities or the community’s confidence in the Council being able to do so.”

The three reports from the Interim Administrator that were made public are:

- 30 Day Interim Report - 2 December 2020
- Month Progress Report – 3 February 2021
- Final Report – 15 April 2021

### 5.4.1 Comment – Three Big Issues

#### Administrator’s 30 Day Interim Report (page 6):

The Three Big Issues

- The misuse of Council’s Restricted Reserves;
- The failure to manage Council’s budget from the time of amalgamation;
- The failure to focus on achieving efficiency dividend/savings from the amalgamation.

The Interim Administrator identifies the three big issues in leading to Council’s financial as:

#### **The misuse of Council’s Restricted Reserve.**

The Administrator has acknowledged that staff access restricted funds without approval of the Minister of Local Government (for external restrictions) or Council (for internal restrictions). The Administrator also acknowledges that Councillors could not have known about the unlawful use of restricted funds.

*Councillors should not be expected to have identified the unlawful and unauthorised use of Restricted Reserves, particularly given they were not identified in reports to Council by the then CFO and the CEO, nor were they identified in the NSW Auditor General’s audit for the last three financial years.<sup>74</sup>*

The Administrator has acknowledged that:

*A significant reason for the financial situation the Council now faces is that the Water Fund Externally Restricted Reserves and the Sewer Fund Externally Restricted Reserves were both understated by a total of \$129.5m for 2018/19. This gave the impression that the \$129.5m was unrestricted cash and therefore available to fund operating expenses<sup>75</sup>.*

#### **The failure to manage Council’s budget from the time of amalgamation;**

This period includes the period of Administration from May 2016 until September 2017. During the period, the Administrator was Mr. Ian Reynolds and the Interim CEO was Mr. Rob Noble. Mr. Persson has highlighted that at the time of merger the combined Councils had over \$300 million in

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<sup>74</sup> 30 Day Interim Report

<sup>75</sup> 30 Day Interim Report

debt and only \$5 million of unrestricted funds. This appears not to have been known by either Mr. Reynolds or Mr. Noble.

At the end of Mr. Reynold's term, he highlighted *"The strong financial position of our new organisation has allowed us to take major steps to support more investment than ever before. Road renewal expenditure has actually increased by 60% from \$16M to \$26M"*<sup>76</sup>.

It has also been identified that a significant issue was a voluntary accounting practice adopted by the former Wyong Council and then the Central Coast Council (under the Administrator, Mr. Reynolds) that ultimately resulted in an incorrect statement of the unrestricted funds available to Council.

There was no handover to the newly elected Council that highlighted the financial situation of Council at that time.

Since the Councillors were elected in 2017, there were two CEOs before Mr. Murphy was appointed. These were Mr. Brian Bell (Interim CEO) and Mr. Brian Glendenning (Acting CEO). It appears that neither Mr. Bell nor Mr. Glendenning were aware of the financial practices or issues that have led to the Council's current financial issues. Neither of these CEOs raised these matters with the governing body of Council.

As outlined in detail in addressing TOR 1, the information provided to Councillors did not reflect the true financial position of Council. Although Council adopted budgets that showed a deficit, the Long Term Financial Plan projected a pathway that would lead back to a surplus within a reasonable timeframe. The information on NSW Benchmarks similarly did not signify the liquidity issues that Council was heading towards and both the NSW Audit Office and the Audit Risk and Improvement Committee (ARIC) failed in their duties to identify and advise Council of these issues.

It was not until October 2020, that Councillors were made aware of any of the issues after investigations initiated by Mr. Murphy as a result of uncertainty around COVID19 impacts.

**As a result, the overstatement of unrestricted funds has had a material impact on the decisions of Council. It is reasonable to expect that if the true state of Council's financials had been known that there would have been different decisions made in relation to budgets, priorities and expenditure.**

#### **The failure to focus on achieving efficiency dividend/savings from the amalgamation.**

As outlined in addressing TOR 1a, the merger process has been a flawed process across the State. There was no direction, monitoring or support from the State government (Office of Local Government) to assist Councillors in any objective to gain efficiencies or savings. Instead, the restrictions placed on merged Councils limited their ability to make savings. Although suggested savings and efficiencies were publicised, the timeframes for realising any savings and efficiencies ranged from 10 to 20 years.

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<sup>76</sup> Council media release – 31 August 2017 – Council achievements highlighted at last meeting before local Government elections

## 5.4.2 Comment – Number of Councillors

### **Administrator's 3 Month Progress Report (page 3):**

Many experienced local government professionals doubted that the merged council model of 15 Councillors was a good idea. In several cases, including the CCC, it has resulted in a dynamic more like a parliament, where the opposing forces rarely collaborate.

There is little doubt that this dynamic contributed significantly to the financial disaster that now confronts the residents of the Central Coast.

Reducing the size of council from 15 to 9 would greatly assist in changing the current culture. Nine people have a greater opportunity to change the working culture of council meetings.

Accordingly, I am proposing that a referendum be held at the next local government election seeking voter approval to reduce the number of Councillors from 15 to 9.

In my view, Mr. Persson has overstated the problems of Councillor dynamics and its influence on the current financial problems of Council. This argument appears to be designed to achieve an outcome that the Administrator is advocating.

According to the OLG MyCouncil data for 2018/2019, 33 out of 128 NSW Councils have more than 11 Councillors<sup>77</sup>. This does not mean that the majority of those Councils have similar dynamics or similar financial problems to Central Coast Council (although it is noted that the majority of 2016 merged Councils have significant financial problems<sup>78</sup>).

There is no doubt that the conduct and behaviour of some Councillors has been poor. Unfortunately, this is not unique to the Central Coast. It is an issue at a number of Councils around the State and needs to be addressed on a State wide basis through a range of mechanisms – including mandatory training. I note that recent changes in the requirements for Councillor professional learning may assist with this.

Another area for improvement is compliance with and enforcement of the Code of Conduct and Code of Meeting Practice. Although this is a challenging area with a number of pitfalls in terms of potentially vexatious complaints, there does not appear to be sufficient support and independence in the way that these complaints are managed at either the Council or OLG level. As a result, often there is a reluctance to submit Code of Conduct complaints. This area needs further consideration in order to be effective in improving Councillor conduct.

In terms of the Administrator's proposal, if successful, it would reduce the representation of local communities and favour major political parties. The table below shows that prior to Council mergers, the ratio was 1 Councillor for approximately 16,000 residents. With the Administrator's proposal and projected population growth, by 2036 the ratio would be 1 Councillor to approximately 46,000 residents.

Period	Approximate ratios
Before merger	1 Councillor : 16,000 residents
After merger and before suspension	1 Councillor : 23,500 residents
If referendum is successful	1 Councillor : 39,167 residents
With 9 Councillors - by 2036	1 Councillor : 46,000 residents

<sup>77</sup> [Your Council Report - Office of Local Government NSW](#)

<sup>78</sup> SMH article – 1 November 2020 - \$1b lost in council merger failures



Mr. Persson's suggestion of reducing the number of Councillors would weaken local representation and local democracy. It would reduce access for local residents to elected representatives and favour political candidates with significant financial resources, such as the major political parties.

Mr. Persson has acknowledged that the community did not want the merger and still does not. Any proposal to reduce the number of Councillors should include a demerger proposal.

#### 5.4.3 Comment - Staff increases:

##### **Administrator's 30 Day Interim Report:**

There are around 250 more people (FTE) employed now than at the time of the amalgamation.

The \$54.6m employee costs increase from \$166m in 2017 to \$221m in 2020 is driven by the following:

- \$12.5m due to Local Government State Award increases;
- \$25.3m due to harmonisation costs associated with the Unified Salary Scale, 35/38 Hour Claims, travel and vehicle allowances;
- \$12.7m in termination payments and associated costs such as annual and long service leave;
- Full time equivalents (excluding vacant positions) has risen from 1,875 in May 2017 to 2,117 in October 2020, an increase of 242.
- Staff costs have risen by 43 per cent since amalgamation (using the normalised cost of \$154m as the starting base) while revenue has risen by only 6 per cent.
- Staff numbers have risen by 13 per cent, from 1875 to 2117, an increase of 242.

Councillors were not directly involved in staff matters, including the recruitment, budgeting or management of staff.

At the Ordinary Council Meeting held on 25 June 2018, Council adopted the Resourcing Strategy including the Workforce Management Strategy 2018-2022. The Strategy notes as follows<sup>79</sup>:

*Data at the time of amalgamation indicated our staff establishment budgets for circa 2400 positions. These roles are fulfilled by permanent, part time, temporary and casual employees that cover a number of roles and a vast array of skills and disciplines across a number of occupational classifications including:*

- *Clerical / Administration*
- *Professional roles*
- *Labourers*
- *Technicians and trades workers*
- *Machinery operators and drivers*
- *Community and personal service workers*

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<sup>79</sup> Draft Resourcing Strategy - Workforce Management Strategy – page 90

My recollection of the early period of the term of this Council was that Senior staff talked informally about the number of vacancies within the organisation, that they were a long way behind in filling these positions, that they were understaffed due to the vacancies and the challenges of the process imposed by the merger, that is, the need to fill the positions from within the organisation before advertising externally.

My assumption as a result of these various comments was that these positions were budgeted for and that there was a lag time in filling the positions. This also suggested that, as a result of the processes imposed by the merger, there were significant staff resources going into the process of filling vacant positions above and beyond that which would have been required if the Council was not merged.

### **The impact of merger on staffing costs<sup>80</sup>**

The NSW Audit Office report on “Workplace Reform in Three Merged Councils”(2019) noted a number of impacts including:

*Staff protections in the Local Government Act 1993 prevent the amalgamated council from:*

- *terminating any non-senior staff, other than by agreement*
- *relocating any non-senior staff from a work base outside the boundaries of their former council area, other than by agreement*
- *advertising any positions externally until internal applicants have been assessed.*

*Administrative and logistical challenges included:*

- *maintaining duplicated information technology systems and databases until integrated enterprise systems can be implemented*
- *inconsistent policies, procedures, customs and practices that need to be aligned*
- *significant staff time devoted to recruitment.*

*In addition, the council must assess positions in the new organisation structure and identify staff who were performing substantially the same duties in their former council. These staff should be given the opportunity to apply for the position and if successful, are considered to be ‘laterally transferred.’ .....*

*Councils are bound by two further enduring protections:*

- *preserve entitlements (salary and conditions) of non-senior staff*
- *regional councils must maintain staff numbers at rural locations that have population of 5000 or less at the time of amalgamation.*

*In addition to aligning the frequency of staff pay, councils needed to align salaries and working conditions that may differ between the amalgamated workforces. The Act requires that no staff should be worse off due to amalgamation. This relates not only to the specific salary and working conditions of staff members at the time of amalgamation, but also to future increases provided for in the salary structure.*

It could be argued that the majority of the \$54.6m employee costs increase 2017 to 2020<sup>81</sup> reported by the Administrator is linked to the impact of the amalgamation – although the proportion is unclear due to lack of data:

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<sup>80</sup> NSW Audit Office - Workforce Reform in Three Amalgamated Councils – 1 May 2019

<sup>81</sup> Administrator – 30 Day Interim Report

Administrator's Report	Possible merger impact
\$12.5m due to Local Government State Award increases;	With the harmonisation of wages, a number of staff would have moved on to high pay rate – net Award increased would be greater than pre-merger
\$25.3m due to harmonisation costs associated with the Unified Salary Scale, 35/38 Hour Claims, travel and vehicle allowances;	Directly related to merger process
\$12.7m in termination payments and associated costs such as annual and long service leave;	Unknown – however some staff may have left due to the impact of the merger.
Full time equivalents (excluding vacant positions) has risen from 1,875 in May 2017 to 2,117 in October 2020, an increase of 242.	Unclear if these positions were already budgeted as referenced in the Workforce Management Strategy

It is also noted that work completed by Professor Joseph Drew (University of Technology, Sydney) shows that *“amalgamation has resulted in an average of 11.2% increase in unit costs at affected councils”* and also found *“statistically significant increases to staff expenditure associated with amalgamation in the order of 15.2%”*<sup>82</sup>.

Professor Drew has recently suggested<sup>83</sup> that Central Coast Council staff expenses has increased 11.80% between 2015 and 2018, which is below the average increase for amalgamated Councils.

#### Information Provided to Councillors re. staffing:

It is also noted that the information provided to Councillors regarding staffing increases provides a different interpretation of the figures.

At the Ordinary Meeting of 13 July 2020<sup>84</sup>, information was provided in response to a Question with Notice as follows:

#### Staffing Levels

*What were the combined staffing levels of Gosford and Wyong Councils in 2000, 2005, 2010 and 2015 and how does this compare to Central Coast Councils staffing levels in 2020?*

Response provided by the Executive Manager, People and Culture:

The full time equivalent (FTE) figures are presented below from 2007/2008 to May 2020 and provide insight into changes over the years. Historical information for years prior to 2007/2008 is still being sought.

It is proposed to provide this additional information for inclusion in the August 2020 Business Paper. Additional supporting information will also be included in the Business Paper to provide greater insight into the current workforce breakdown.

It is important to note that the former two organisations had varying approaches to FTE management.

Prior to 2013/2014, the former Gosford City Council did not include temporary staff in the FTE figure presented in the Annual Financial Statements. This was rectified in the 2015 Annual Financial Statements.

<sup>82</sup> Media Release – UTS – 3 November 2020 – Research shows amalgamated councils costs increase

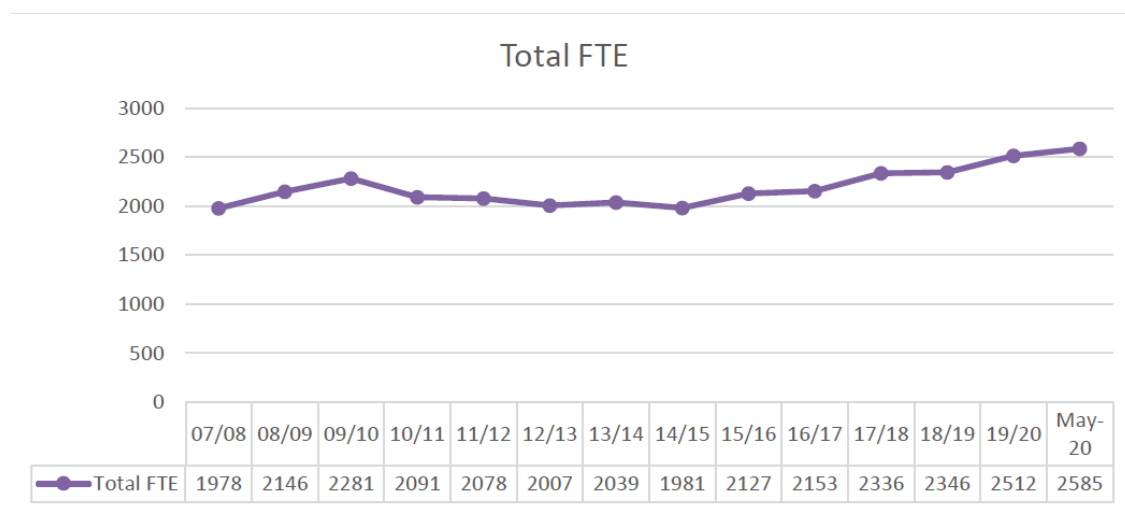
<sup>83</sup> Presentation to Central Coast Friends of Democracy – 14 June 2021

<sup>84</sup> Ordinary Council Meeting – 13 July 2020 – Amended Item 5.1

In addition, neither former organisation included casual staff within their FTE figures. This was identified upon amalgamating and was corrected at that time.

As such, historical reported FTE figures will be less than the actual workforce engaged at that time.

Since the amalgamation of the two Councils, FTE reporting includes budgeted permanent, temporary and casual positions.



At the Ordinary Council Meeting of Council held on 12 October, 2020, Item 6.2 raised the issue of:

*Staffing levels now up by some 500 FTEs since the Amalgamation with total Council employment being approximately 2,500 Staff plus \$9 million in Contractors, some being remunerated at \$1,300 a day.*

The response provided by staff in a CEO Response<sup>85</sup> noted the following:

**Staff Comments:**

Central Coast Council's budgeted FTE for the 2016/2017 period was 2153 FTE. For the 2020/2021 period the budgeted FTE is 2442. The current employed workforce FTE is 2157, with the remaining roles currently vacant.

Previous reporting has been provided to Council on the use of contract staff. The rates for these engagements are determined by the LGP808 and vendor panel arrangements in line with procurement requirements.

**Contract staff at Central Coast Council**

At the Ordinary Meeting of 6 March 2020, Item 6.2 raised the issue of Council's Agency Agreements / Body Hire. The motion also noted the "*Section 430 Investigation Report into Body Hire Arrangements in the Former Wyong Shire Council 2007-2010 that identified "evidence of serious and systemic maladministration."*

Staff provided a response to each of the matters raised in the Notice of Motion (Item 6.2) prior to the Council meeting.

<sup>85</sup> Amended Item 6.2 – Ordinary Council Meeting – 12 October 2020

The Council also resolved to refer it to the Audit, Risk and Improvement Committee (ARIC) to review and monitor.

At that meeting, Council resolved unanimously:

*209/20 That Council note the additional information provided by the Chief Executive Officer in Attachment 1 to this report.*

*210/20 That Council request the Chief Executive Officer provide a report by the end of April 2020 detailing numbers of persons working under these arrangements, the type of contractual arrangements, their roles and their work station locations.*

*211/20 That Council request ARIC to include on its annual program of works an update on this as part of the ARIC Annual Report.*

*212/20 That Council request the Chief Executive Officer provide a comparison with other similar sized Councils which have gone through the amalgamation process.*

I note the that minutes of the ARIC meeting held on 9 November 2020, considered this matter and resolved as follows:

#### 9.1 Contingent Workforce Engagement Report

##### Resolution

*175/2020(ARIC) The Committee received the Report on Contingent Agency Hire Engagement, noting some minor amendments to the figures reported.*

*176/2020(ARIC) The Committee received the progress report on the Contingent Agency Hire Project and how this links to draft findings from the Internal Audit on 'Contractors and Temporary Labour Hire'.*

*177/2020(ARIC) The Committee received the investigation report regarding the Body Hire Arrangements in the Former Wyong Shire Council*

*178/2020(ARIC) The Committee requests that the Senior Internal Ombudsman provide an update on investigations regarding contingency workforce engagement at the next applicable meeting.*

*179/2020(ARIC) The Committee recommends that this report not be made publicly available pursuant to Clause 78 of the Audit, Risk and Improvement Committee Charter as it contains information that is determined to be confidential or unsuitable to be published.*

#### 5.4.4 Comment – CEO Performance Review

##### **Administrator's 30 Day Interim Report:**

Council carries out a Performance Review for the CEO each year. This usually sees the CEO prepare a document outlining the proposed key performance indicators, the CEO's evaluation of his/her performance, space for the elected body's response and a space for each to provide a rating.

The document prepared for the 2019/20 Performance Review included 6 criteria for financial performance. The self-assessment review conducted by the CEO for the next review in 2019/20 omitted the only 2 criteria that specifically dealt with meeting financial targets.

While the review was not finalised, the draft includes the comments and rating of the elected representatives involved. They apparently did not notice or object to the omission. The deletion of these critical KPIs and the failure by councillors involved to detect these omissions, reflects very poorly on all involved.

My recollection suggests that the information presented in the Administrator's 30 Day Report is not accurate and misrepresents the process.

In the CEO's Performance Review for the period July 2018 to June 2019 there were 6 KPIs related to financial management.

The Performance Review process was facilitated by an Independent Facilitator, McArthur Consultants. In the record of the final review prepared by McArthur consultants the final score for Financial Management was pending until the approved audited results are published and ready for Audit, in October 2019. This highlighted that measures relating to some of the financial KPIs were not available at the time of the Performance Review.

In setting the KPIs for the period July 2019 to June 2020, my recollection is that it was expected that there was to be a local government election scheduled for September, 2020 and that the Audited Financial Statement would not be available in time for the Performance Review.

My records indicate that there were 3 KPIs related to financial management in the signed performance agreement for Mr. Murphy for the period July 2019 to June 2020. At the Mid Term Review in February 2020, Mr. Murphy provided comment against these 3 KPIs, plus an additional one, bringing the total to four. Four financial KPIs were also reported against in the Performance Review conducted in August / September 2020.

The comments in the Administrator's 30 Day Interim Report are incorrect and misleading:

- *The document prepared for the 2019/20 Performance Review included 6 criteria for financial performance.*

The signed Performance Agreement 2019/20 is the basis of the CEO's performance review. It did not include 6 criteria in 2019/20.

My recollection is that some of the discussions at that time around KPIs related to the timing of the final performance review. At that time, it was expected that there would be a Council election early in September 2020 and the Audited Financial Statements would not be available at the time of the performance review. In spite of this, it was felt that it was appropriate for the current Council to assess the CEO's performance, rather than a newly elected Council after September.

- *The self-assessment review conducted by the CEO for the next review in 2019/20 omitted the only 2 criteria that specifically dealt with meeting financial targets.*

The self-assessment review did not omit 2 criteria as these were not included in the signed performance agreement.

- *While the review was not finalised, the draft includes the comments and rating of the elected representatives involved. They apparently did not notice or object to the omission. The deletion of these critical KPIs and the failure by councillors involved to detect these omissions, reflects very poorly on all involved.*

As noted above, there was no omission as the Performance Agreement for 19/20 did not include those 2 KPIs. It is incorrect to suggest that Councillors “*did not notice or object to the omission*” or that there was “*a failure by councillors involved to detect these omissions*”

Mr. Persson was not privy to discussions at the time of the performance review however, it is concerning that information has been misrepresented.

#### 5.4.5 Comment – an “expansionist journey”

##### **Administrator’s Final Report:**

The first Mayor of the merged Council employed the former CEO and together they drove the organisation on an expansionist journey in terms of both capital works and Council operations [extra staff].

The Administrator in his final report claimed that as the first Mayor, I, together with the CEO drove the organisation on an expansionist journey. It is unclear what the Administrator is referring to – however, I make the following comments about relevant matters.

##### **Restructure of the Organisation**

Under the Local Government Act 1993 Sect 333, within one year of an ordinary election of Council the governing body is required to review the structure of the organisation.

##### ***333 Re-determination and review of structure***

*The organisation structure may be re-determined under this Part from time to time. The council must review, and may re-determine, the organisation structure within 12 months after any ordinary election of the council.*

In preparation for this work, the Acting CEO engaged a consult in 2018 to do preliminary work on a review of the structure. A key finding of the Discovery phase was that the Directorate Asset, Infrastructure and Business (AIB) was

- “*too large and not responsive enough.*”
- “*too massive .....there are long delays, poor culture and it’s turning into one big silo. Not clear and transparent how things work...*”.

It was also recognised that the Central Coast is one of the fastest growing regions in NSW with a projected population increase of 75,000 residents by 2036. There was need look toward medium to long term strategies to accommodate that growing population. This became the idea of the “Innovation and Futures”, although it was expected that this would be a small team.

The Structure Review was considered at the Ordinary Meeting of Council held on 10 September 2018 (Item 4.1). The following comments are noted from that report:

##### **Current senior staff structure**

There are thirteen senior staff positions in the current Central Coast Council organisation structure,

Council has taken the following actions and has now completed the review required under section 333 of the Act:

- A Working Party was formed and met on a number of occasions with independent facilitation and expert advice on organisation structures within local government

- Assessment of alignment with the Central Coast Council Community Strategic Plan
- Staff feedback on structure received since amalgamation and in the recent employee survey was referenced
- Two briefings were held with Councillors

It is important to note that the review has focused on ensuring alignment to the Community Strategic Plan (CSP), in accordance with sub-section 332 (IB) of the Act which provides that:

*the positions within the organisation structure of the council are to be determined so as to give effect to the priorities set out in the strategic plans (including the community strategic plan) and delivery program of the council.*

It was identified that a clearer line of sight between the CSP and the senior staff structure was required for the two CSP themes of 'Smart' and 'Green'.

Another key review finding was that a flattening of the leadership structure should occur in the Assets, Infrastructure and Business directorate to empower teams and allow for improved efficiency, performance and delivery of services to the community.

#### **Changes to the senior staff positions**

The outcome of the Council's review of the senior staff positions and reporting lines is that amendments are proposed, including a proposed reduction of the number of senior staff positions to eleven. This sees a flattening of leadership structures in the former Assets, Infrastructure and Business directorate and an increased focus on the Community Strategic Plan themes of 'Smart' and 'Green'.

The proposed restructure was endorsed unanimously by the Councillors present.

The restructure reduced the number of Senior staff positions from 13 to 11.

My recollection is that the proposed "Innovation and Futures" area would recruit for an Executive Manager however, initially existing staff would be drawn into that area.

#### **5.4.6 Comment - Council staff being paid**

##### **Administrator's 3 Month Progress Report:**

In the Central Coast Council case, the Minister formed the view that there was a need to move quickly given the advice from the council that they could not pay their staff.

On 20 October 2020, Council staff advised Councillors that if payroll was processed the following day without approval from the Minister to use the funds in the bank, then this was unlawful. It had also become clear that staff had been using restricted funds for some time without authorisation. This had been without Councillors' knowledge or approval.

##### **Regarding the NSW Government response:**

On 6 October 2020, the Minister for Local Government had been advised that Council was "in a serious financial situation and faced an immediate and serious liquidity issue". On that day the Minister announced that she had instructed the Office of Local Government "to appoint an independent financial expert and a Human Resources adviser to ascertain Council's true position and identify options to address the issues as quickly as possible". **The NSW Government did not deliver on that commitment.**

During the following fortnight Council wrote to the Minister seeking approval to use money that was held in the bank for the immediate crisis. At that point, Council had over \$300m in the bank. **It is**



**understood that the NSW Government did not respond.**

On 14 October, the Mayor wrote to the Minister seeking clarification about the Financial Expert and HR Advisor referenced in the media release (6/10/21). **It is understood that the NSW Government did not respond.**

On 20 October, it was clear that the only way to get a response from the NSW Government was to advise that the payroll for over 2,000 staff was at risk. The \$6.2m provided was an advance on the annual Financial Assistance Grant provided by the Federal Government.

## 6 References

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- Audit Risk and Improvement Committee – Minutes – 2 Oct 2018
- Audit Risk and Improvement Committee – Minutes – 30 Nov 2018
- Audit Risk and Improvement Committee – Minutes – 4 Dec 2019
- Audit Risk and Improvement Committee – Minutes – 20 Feb 2020
- Audit Risk and Improvement Committee – Minutes – 21 Nov 2017
- Audit Risk and Improvement Committee – Minutes – 19 June 2018
- Central Coast Council - Administrator's 30 Day Interim Report - 2 December 2020
- Councillor Support Update - 5 April 2019 - Report into Costs and Processes of Amalgamation
- Councillor Support Update - 25 October 2019 - New Intergovernmental Agreement
- Councillor Support Update - 28 August 2020 - Service Review
- Councillor Support Update - 11 September 2020 - NSW Audit Contributions
- Local Government Act 1993, Chapter 3 – Principles of Local Government
- Lynsey Blayden 'Council Amalgamations in NSW: A Study in How Not to Tackle Hard Policy' on AUSPUBLAW (13 November 2017)
- IPART – Assessment of Council Fit for the Future Proposals – Final Report October 2015
- IPART Fact Sheet – Fit for the Future – 1 July 2015
- [www.lgsolutions.net.au/index.php/about-us](http://www.lgsolutions.net.au/index.php/about-us)
- LG "Debits & Credits" Newsletter – Nov 2020
- Local Government Performance Measurement Framework - Office of Local Government NSW - [www.olg.sw.gov.au/programs-and-initiatives/local-government-performance-measurement-framework](http://www.olg.sw.gov.au/programs-and-initiatives/local-government-performance-measurement-framework)
- NSW Audit Office – Performance Audit: Governance and Internal Controls over Local Infrastructure Contributions – 17 August 2020
- NSW Audit Office - Workforce Reform in Three Amalgamated Councils – 1 May 2019
- Revitalising local government ILGRP – page 109
- TCorp – Financial Sustainability of Local Government Sector – April 2013
- Central Coast Council - Media release – 8 Oct 2020 - Update on review of Council's budget

## 7 Appendices

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### 7.1 Appendix 1: Terms of Reference of the Central Coast Public Inquiry



**Local Government Act 1993  
NOTICE OF PUBLIC INQUIRY  
Central Coast Council**

The Minister for Local Government has appointed Ms Roslyn McCulloch as Commissioner to hold a Public Inquiry under section 438U of the *Local Government Act 1993* (LG Act) into Central Coast Council.

The Terms of Reference of the Inquiry are:

*To inquire and report to the Minister for Local Government with respect to whether:*

1. *In exercising its functions pursuant to sections 21, 22, 23, 23A and 24 of the LG Act, the governing body met its obligations in a manner consistent with sections 8A(1)(b), 8B(a), 8B(c) and 8B(d) of the LG Act, particularly in relation to:*
  - a. *Whether the governing body acted in a manner that maximised the success of gaining efficiencies and financial savings from the merger process,*
  - b. *Whether the governing body disregarded the financial consequences of its decisions, and*
  - c. *Whether the governing body's decisions since 2017 contributed to the financial position which the Council now finds itself in.*
2. *In exercising its functions pursuant to section 223 of the LG Act, the governing body ensured:*
  - a. *As far as possible, that decisions taken by it had regard to the financial sustainability of the council, and*
  - b. *That it kept under review the performance of the council, including that council spending was responsible and sustainable by aligning general revenue and expenses.*
3. *Any other matter that warrants mention, particularly those that may impact on the effective administration of Council's functions and responsibilities or the community's confidence in the Council being able to do so.*

## 7.2 Appendix 2: Brief CV

### Brief CV – Jane Smith

#### Positions:

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2017 - current	Mayor, Central Coast Council (2017-2019) Deputy Mayor, Central Coast Council (2019-2020)
1991 – current	NSW Department of Education, Teacher
2001 - 2017	Community Environment Network (CEN) Inc., CEO
2010 – 2012	University of Newcastle - Mathematics Lecturer (Newstep Program)
2001 – 2003	Baulkham Hills Shire Council - Education Officer
1987 - 1990	AGC Information Services & NSW Department of Health – Computer programmer

#### Other Relevant Experience

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2004 – current	Central Coast Marine Discovery Centre Inc, Board Member
2011 - 2017	Nature Conservation Council of NSW, Board Member
2010 - 2013	Hunter Central Rivers Catchment Management Authority, Board Member
2005 – 2016	Gosford City Council Committees including <ul style="list-style-type: none"><li>• Environment Committee</li><li>• Coast &amp; Estuary Management Committee</li><li>• COSS (Coastal Open Space System) Task Group</li></ul>
2005 - 2016	Member of the Management Committee of: <ul style="list-style-type: none"><li>• Gosford Protection of the Environment Trust</li><li>• Gosford Foundation Trust</li></ul>
2004 – 2010	WorkWise Inc, Director
2003 – 2017	Environmental Education Technical Assessment Panel for the NSW Environmental Trust
2003 - 2004	Hunter Central Rivers CMA Local Establishment Team, Committee member
2003	Central Coast Catchment Management Board, Board Member
2001 - 2003	Central Coast Unregulated Rivers Management Committee

#### Qualifications

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2015 - current	Master in Planning - Macquarie University
2011	Graduate, Australian Institute of Company Directors - Company Directors Course
2006 – 2009	Master of Scientific Studies - University of Newcastle
1991	Graduate Diploma In Education - University of Newcastle
1983 - 1988	Bachelor of Mathematics with Computer Science - University of Newcastle

### 7.3 Appendix 3: Timeline for Council preparation of Operational Plan / Budget

The timeline represents information that was available at the time of preparing this submission.

2018-2019 Op Plan / Budget		2019-2020 Op Plan / Budget		2020-2021 Op Plan / Budget	
		5 Nov 2018	Councillors were initially briefed on timeframes and proposed structure of the draft Operational Plan 2019-20	4 Nov 2019	Commenced planning and budget discussions with Councillors and provided a timeline with key dates on the development and adoption of the Operational Plan 2020-21.
		4 Feb 2019	Overview of the Operational Plan 2019-20 process including Budgets		
Sat, 3 Mar and Sun, 4 Mar 2018	a two day workshop was conducted with Councillors and the Executive Leadership Team. This workshop included discussion regarding key strategic decisions in relation to the financial management of the council. These discussions also related to the types of services, level of services and the strategic direction of the council. Specifically, consideration was given to proposed projects and whether they aligned to the interests of the community as articulated through a significant amount of public consultation undertaken for the development of the Community Strategic Plan.	9 Feb and 10 Feb 2019	a two day workshop was conducted with Councillors and the Executive Leadership Team. The purpose of the workshop was to enable specific requests or questions to be addressed and further consideration to be given to proposed projects that aligned to the Community Strategic Plan. This workshop also included discussion regarding key strategic decisions and matters in relation to the management of the Council.	8 Feb and 9 Feb 2020	An initial two-day workshop was planned to be conducted with Councillors and the Executive Leadership Team, however due to extreme weather the workshop was conducted on 8 February only. The purpose of the workshop was to enable specific requests or questions to be addressed and further consideration to be given to proposed projects that aligned to the Community Strategic Plan. This workshop also included discussion regarding key strategic decisions and matters in relation to the management of the Council.
		18 Feb 2019	to respond to Councillors questions from the two day workshop	17 Feb 2020	Conducted a briefing to respond to any outstanding Councillor questions from the 8 February workshop.
Mon 12 March 2018	follow up workshop was conducted with Councillors. Councillors had been asked to submit any specific requests or questions they wanted addressed. Some Councillors provided feedback and the purpose of this workshop was to provide Councillors with further information in response to those requests for information.	11 Mar 2019	following the February workshop, Councillors were provided with an opportunity to submit further requests in relation to the draft Operational Plan for public exhibition. This briefing was held on to update Councillors on the requests submitted.		
14 May 2018	Ordinary Council meeting – Item 3.1 Exhibition of the draft Delivery Program				

	and Operational Plan 2018-19 and draft Resourcing Strategy Council endorsed recommendation				
4 Jun 2018	further briefing was conducted with Councillors. At this briefing, Council's Resourcing Strategy was presented, which includes Council's Long Term Financial Plan. In addition, Councillors were asked to submit any specific requests or questions in relation to the exhibited Delivery Program and Operational Plan.				
		25 Mar 2019	Council meeting endorsed public exhibition		
Fri, 18 May – Thu, 14 Jun 2018	Public exhibition  A total of 173 submissions were received via the Your Voice, Our Coast engagement hub, email, or in writing.	1 April to 1 May 2019	Public Exhibition  Council received 28 submissions during public exhibition.	31 Mar to 27 Apr 2020 (exhibition later extended to 4 May)	Public Exhibition (draft developed prior to COVID1 impacts assess – further word done)  Council received 100 submissions during exhibition.
		1 Apr 2019	briefing on Council's financial performance, the Long Term Financial Plan and the Financial Performance Ratios/Indicators.		
		8 Apr 2019	IPART draft determination briefing	6 Apr 2020	Conducted a briefing on the impacts of COVID-19 on the Integrated Planning and Reporting (IP&R) activities and specific information on Operational Plan 2020-21.
		23 Apr 2019	briefing on IPART's draft determination and Council's response to the draft determination.		
		6 May 2019	Financial Performance Ratios/Indicators for the Council's Water Supply Authority function and respond to Councillor questions on rates harmonisation		
		13 May 2019	Workforce Management Strategy - Workforce Planning and Operational Plan		
		20 May 2019	briefing on the submissions received during public exhibition of the draft Operational Plan was provided to Councillors, with consideration of those submissions and proposed amendments to the draft Operational Plan discussed and any queries addressed.	18 May 2020	Conducted a briefing on the submissions received during public exhibition of the draft Operational Plan 2020-21, with consideration of those submissions and proposed amendments to the draft Operational Plan discussed and any queries addressed.

		3 Jun 2019	IPART's final determination and changes to the operational plan 2019-20	13 Jun 2020	A dedicated workshop for the Executive Leadership to present information on the COVID-19 economic impacts and options to mitigate as a result.
				15 Jun 2020	Conducted a briefing to confirm outcomes of the 13 June workshop. A further workshop was considered necessary and was nominated by Councillors to be conducted on Saturday 4 July 2020.
				29 Jun 2020	Fees and Charges for 2020-21 were adopted at an extraordinary Meeting
				30 Jun to 2 Jul 2020	In preparation for the 4 July workshop key information was distributed to the Councillors, with one-on-one information sessions then provided. This was an opportunity for Councillors to ask questions and seek clarification on any information, ready for the 4 July workshop.
				4 Jul 2020	A dedicated workshop to present and discuss information as requested by Councillors. The workshop provided further clarity and a way forward regarding COVID-19 impacts on the budget and operations for 2020-21.
				22 Jul 2020	Conducted a briefing on the final Operational Plan 2020-21, including key updates on changes and information to be aware of.
25 Jun 2018	Reported to Council for adoption Delivery Program and Operational Plan 2018-2019 Resourcing Strategy  Endorse for public exhibition – additional fees Note further report on fees to come to Council for adoption	11 Jun 2019	Endorse the amendments to the exhibited draft Operational Plan 2019-20 that are set out in attachments 3, 4 and 5 to the report.  Note further report on fees to come to Council for adoption  Note amendments due to IPART determination	27 Jul 2020	Council adopt, pursuant to s. 405 of the Local Government Act 1993, the Operational Plan 2020-21 as per Attachment 1.  Borrow up to a total of \$50 million from approved institutions as per the Long Term Financial Plan contained with the Operational Plan 2020-21, noting that 87% will be used to refinance existing loan repayments and the remaining 13% will go towards funding capital works  Note further report on fees to come to Council for adoption
	<b>Capital Works Program</b>		<b>Capital Works Program</b>		<b>Capital Works Program</b>

	<p>Council proposes a budget of \$199.83 million on capital works in the 2018-19 financial year. The proposed capital plan is targeted at renewal and upgrade to existing assets, with over 85% (\$170.75 million) of the proposed capital spend focussed on renewal and upgrading of existing assets. This allocation allows Council to maintain and renew existing assets and to address the asset backlog. This also satisfies the obligations imposed as part of the determination of the Independent Pricing and Regulatory Tribunal ("IPART") to permit a Special Rate Variation ("SRV"), which required the former Wyong Council and now this Council to spend an average of \$10.0 million on capital upgrades over 10 years from the commencement of the SRV. Council is also investing \$29.1 million in new and regionally significant assets.</p>		<p>The capital works budget has increased from \$223.2 million to \$235.6 million, an increase of \$12.4 million, as set out in Attachment 3. The changes in the capital works program post public exhibition is largely attributable to grant funding confirmed since the development of the operational plan (\$10.7M). Other changes are to reflect:</p> <ul style="list-style-type: none"> <li>• changes made to the 2018-19 capital works program as part of the Q3 budget review where some projects were brought forward from the 2019-20 financial year into 2018-19 where the projects could be delivered;</li> <li>• projects deferred into 2019-20 financial year from 2018-19 due to contractor availability or procurement delays (reviewing tender responses to award contracts);</li> <li>• changes in the water, sewer and stormwater drainage capital works program to reflect IPART's final determination; and</li> <li>• additional budgets required for projects as further information has become available</li> </ul>		<p>The capital works budget has decreased from \$248.3 million to \$225.0 million, a decrease of \$23.3 million, as set out in Attachment 4. The capital works program was reviewed taking into consideration submissions received during public exhibition, Councillor feedback and financial sustainability (reduction in capital works program due to forecasted reductions in cash receipts from ratepayers and customers and review of prioritisation based on sources of funding).</p>
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## 7.4 Appendix 4: RPACC – Evidencing the Need

### **Evidencing the Need (2007 -2015 and investment to date)<sup>86</sup>**

- Cultural Spaces and Places Framework **2007**, KPMG
- Gosford City Centre Master Plan, July 2010
- Business Plan v1, Pegasus Venue Management Pty Ltd, Dec 2010
- The Central Coast Art & Community Plan and Mapping Report 2011-13, Louis Randall Creative Consultancy
- Needs Analysis and National Benchmarking Study, Sweet Reason Pty Ltd, June 2011
- Business Plan v2, Sweet Reason Pty Ltd & RTM International, Mar 2012
- Business Plan v4, Sweet Reason Pty Ltd & RTM International, May 2013
- Concept Design Project Brief, Sweet Reason Pty Ltd, May 2013
- Cost report on Architectural designs, MBM Quantity Surveyors, July 2013
- Detailed Concept Plans, Perumal Pedavoli, July 2013
- Tender Evaluation Report & Technical Assessment, CCRDC, July 2013,
- Results of Stakeholder Feedback Workshop, CCRDC, July 2013
- Geotechnical and contamination desktop study, Douglas Partners Pty Ltd, Feb 2014
- Inclusion on the Regional Infrastructure Priority List, RDACC, Oct 2014
- Updated Cost report on Architectural designs, MBM Quantity Surveyors, July 2015
- Economic Assessment and Cost Benefit Analysis
- RPACC – 2015 Business Plan, Randall Arts Management Pty Ltd, Jun 2015
- Operating Budget and Employment Forecast, Randall Arts Management Pty Ltd, Jun 2015
- Project Management Plan, Gosford City Council, July 2015
- Risk Management Plan, Gosford City Council, July 2015
- Procurement Management Plan, Gosford City Council, July 2015
- Asset Management Plans, Gosford City Council, July 2015
- Regional Performing Arts and Conference Centre – National Stronger Regions Fund Business Case and supporting documents – Gosford City Council, July 2015

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<sup>86</sup> Councillor Briefing – 11 December 2017

## 7.5 Appendix 5: Timeline of matters related to Gosford Cultural Precinct / Gosford Regional Library / Regional Performing Arts Centre

Date	Meeting /	Item
22 Feb 2017	Under Administrator, Ian Reynolds  Ordinary Council meeting	<p>On 22 February 2017, under Administrator Ian Reynolds, the Council made a number of resolutions in respect to the proposed Regional Performing Arts and Conference Centre ("RPACC"), including the following:</p> <p><i>82/17 That Council approve the preferred site location for the proposed Regional Performing Arts and Conference Centre in Gosford as Leagues Club Field...Gosford. (Lot 7036/DP1020068, Lot 5 Sec81/DP758466, Lot 7035/DP1020068).</i></p> <p><i>83/17 That should the Leagues Club Field site prove unsuitable, Council investigate the potential opportunities for the Regional Performing Arts and Conference Centre to be located on the former Gosford Public School site including, liaising closely with NSW Government on their redevelopment plans following the Expression of Interest process for mixed use development.</i></p> <p><i>84/17 That Council proceed to take all reasonable steps to expedite the resolution of Native Title Claims and Aboriginal Land Claims on the "Leagues Club Field" site to acquire a portion of the site (approximately 6,500m2) from NSW Government for the infrastructure project.</i></p>
Thu, 16 Nov 2017	Councillor Bus Trip	Regional library – proposed site
Mon 11 Dec 2017	Councillor Briefing	Performing Arts Centre
Mon 11 Dec 2017	Councillor Briefing	Regional Library
Mon 18 Dec 2017	Ordinary Council Meeting	<p>4.14 Gosford Regional Library</p> <p>Council considered a report and subsequently resolved to publicly exhibit both the Library only plan (Concept 1) and the Library plus commercial (Concept 2) plans and to progress the design of both options.</p>
26 Feb 2018	1.3 Mayoral Minute – Regional Performing Arts & Conference Centre	<p>1.3 Mayoral Minute – Regional Performing Arts &amp; Conference Centre</p> <p>Since 22 February 2017 (resolution of former Administrator, Ian Reynolds) Council staff have undertaken further investigation into the Leagues Club Field Site and the part of the former Gosford Public School site now owned by St Hilliers ("the St Hilliers Site") as alternate locations for the proposed RPACC.</p> <p>Those investigations have included discussions with St Hilliers about potential use of part of the St Hilliers Site for the purpose of the RPACC. On 9 February 2018 St Hilliers wrote to me, stating (amongst other things) that <i>"It is not our intention to deal with any external parties regarding alternate development scenarios, including a</i></p>

		<p><i>Regional Performing Arts Centre, for any part of the land". St Hilliers will not allow any part of St Hilliers' Site to be used for the purpose of developing the proposed RPACC.</i></p> <p><i>Resolved</i>  <i>83/18 That Council note this Minute.</i>  <i>84/18 That Council request that the Acting Chief Executive Officer provide an urgent report to the Ordinary Meeting of the Council on 12 March 2018 on potential further alternate sites for the proposed Regional Performing Arts and Conference Centre. For:</i>  <i>Unanimous</i></p>
12 Mar 2018	Briefing	Councillor Briefing on six (6) alternate potential sites for the RPACC
12 Mar 2018	Ordinary Council Meeting	<p>Amended Additional Item - Regional Performing Arts and Conference Centre - Potential Alternative Sites</p> <p>Consideration of Council report on six (6) alternate sites and subsequent Council resolution to urgently carry out a cost analysis on each six (6) alternative sites.</p>
11 April 2018	Extraordinary Meeting	Consideration of Council report detailing the results of the public exhibition for the Gosford Regional Library with the public favouring the Library plus Commercial (Concept 2) option by 70%. Council subsequently resolved to continue to advance the development of Concept 1 but to redesign the concept to take additional levels and to commit to providing accommodation for ET Australia and its tenants within an integrated precinct. Council also resolved that the site for the RPACC was 51-71 Mann Street, Gosford.
Mon 23 Apr 2018	Ordinary Council Meeting	<p>6.1 Rescission Motion - Regional Performing Arts Conference Centre - Potential Alternative Sites</p> <p>6.2 Rescission Motion - Gosford Regional Library</p> <p>Council meeting incorporated a motion to rescind the Council decision to proceed with the Gosford Regional Library only option (Concept 1) as included in the Council report. Council resolved at that meeting to conduct a Councillor workshop on the Gosford Regional Library and to bring a report back to Council at the Ordinary Meeting on 28 May 2018.</p>
Tue, 1 May 2018	Weekly meeting - update	Mayor's Weekly Update - RPACC / Library -- Mayor's Office -- Gosford
Mon, 7 May 2018	Weekly meeting - update	Mayor's Weekly Update - RPACC / Library -- Mayor's office WYONG
Wed, 9 May 2018	Councillor Workshop	<p>Workshop – Regional Library and RPACC</p> <p>Councillor Workshop on Gosford Regional Library and RPACC design options.</p>
Mon 28 May 2018	Ordinary Council Meeting	<p>3.15 Proposed Regional Library and RPACC</p> <p>At the 28 May 2018 Ordinary Council Meeting, Council resolved as follows:</p>

		<p><i>455/18 That Council request the Acting CEO to commence detailed design of Option 7.2, as presented at the design workshop and contained within Confidential Attachment 4 (noting the proposed programme of works outlined in Confidential Attachment 4) and report back to Council with schematic designs and indicative cost estimates to the ordinary Council meeting of 27 August 2018.</i></p> <p><i>456/18 That Council request the Acting CEO ensure that the development of Option 7.2 include space for ET Australia and associated tenants within the proposed precinct, subject to acquisition of the lot known as 123B-125A Donnison Street, Gosford (Lot 11 DP 746819) by Council.</i></p> <p><i>457/18 That Council requests the Acting CEO to acquire the lots included in Confidential Attachment 5 by private treaty, or by compulsory process in accordance with the Land Acquisition (Just Terms Compensation) Act 1991.</i></p> <p><i>458/18 That Council resolve, pursuant to s.11(3) of the Local Government Act 1993, that all the confidential attachments to this report remain confidential, as the information in those attachments would, if disclosed, confer a commercial advantage on a person with whom the Council proposes to conduct business with.</i></p> <p><i>459/18 That the Mayor and Acting CEO seek urgent discussions with both State and Federal Government funding bodies to assist with the funding shortfall for these much needed community projects.</i></p>
20 August 2018	Councillor Briefing	Councillor Briefing on Gosford Cultural Precinct.
26 August 2018	Ordinary Council Meeting	Amended Item 4.13 - Gosford Cultural Precinct - Audit
27 August 2018	Councillor Briefing	Councillor Briefing on Gosford Cultural Precinct.
7 Sept 2018	Councillor Support Update	<p>12 RPACC/Library Report - Confidential Attachments</p> <p>Councillors as you are aware the RPACC/Library report will now not go to Council until the 24 September 2018 meeting. Due to the large number of attachments linked with this report we are proposing to load these in advance on the Hub- noting these are confidential attachments. All attachments except for one highlighted yellow will be published on the Hub, as secure confidential documents, prior to the publication of the business paper</p> <ul style="list-style-type: none"> <li>• 5 attachments (public)</li> <li>• 13 Attachments (confidential) – relating mostly to financial information and analysis, acquisitions and contract</li> </ul>
Mon, 24 Sept 2018	Ordinary Council Meeting	4.1 Gosford Cultural Precinct
21 Nov 2018	Meeting	FW: PLACEHOLDER - RPACC Design Working Group -- Committee Room, Level 1, Gosford
23 Nov 2018	Councillor Support Update	<p>8 Gosford City Centre Special Infrastructure Contribution (SIC)</p> <p>Noted:</p>

		<p>The SIC is to help fund State and Regional infrastructure. It will collect financial contributions in the form of a 2% levy for new development that costs \$1 million or more, carried out on residential and business zoned land in the Gosford City Centre Special Contributions Area.</p> <p>Council's proposed Regional Performing Arts Centre and Regional Library development depending on the mix of uses proposed within the development may be required to pay the SIC. Having regard to the list of designated community infrastructure listed above those components of the proposed development which are included in Council's existing s7.12 contributions plan which apply to the Gosford City Centre e.g. Cultural Centre, Library and Community Facilities may be exempt from the cost of development in determining the amount payable under the SIC, however any other uses not designated community infrastructure will be required to pay the SIC.</p> <p>21 2018/19 Capital Works Project Status The purpose of this update is to provide a status report against capital works as at 31 October 2018.</p> <p>CAPEX report – Oct 2018 figures The Gosford Cultural Precinct project has been recently created as it was previously two separate projects in the RPACC and Library</p>
13 Dec 2018	Meeting	Mayor & Director meeting with Gosford Uniting Church reps (see list below) to discuss Gosford cultural precinct
25 Mar 2019	Briefings	<p>CONFIDENTIAL: Gosford Cultural Precinct</p> <p>Presenter: Unit Manager Economic Development and Project Delivery</p> <p>To discuss options for the purchase / acquisition of property</p>
5 Apr 2019	Councillor Support Update	<p>Noted in CEO update (18 Mar – 1 Apr 2019) –</p> <p><i>As discussed at the Briefings on Monday, 1 April 2019, I met with ET Australia about the cultural precinct project</i></p>
Mon, 29 Apr 2019	Ordinary Council Meeting	3.6 Gosford Cultural Precinct
Tue, 11 Jun 2019	Ordinary Council Meeting	<p>9.2 Gosford Cultural Precinct - ET Negotiations</p> <ul style="list-style-type: none"> <li>- Included providing confidential briefing to elected State and Federal MPs on the progress of the Cultural Precinct</li> </ul>
21 June 2019	Central Coast Leadership Forum	<p>As Mayor, I hosted a Central Coast Leadership Forum to bring together local State and Federal politicians.</p> <p>It was important that if the project went forward in its proposed form that there was bipartisan support from State and Federal MPs. A presentation on the proposal Cultural Precinct was provided. The response from the</p>

		MPs was varied with a high degree of caution and concern about the financial impacts and delivery of the project.
Mon, 24 Jun 2019	Ordinary Council Meeting	7.1 Notice of Motion – Gosford Cultural Precinct
19 Jul 2019	Councillor Support Update	2018/19 Capital Works Project Status as at 31 May 2019 Noted as being on track Multi Year Project. \$2,900,427 to be adjusted down from this Financial year and added into July 2019 due to delays with property settlements.
23 Aug 2019	Councillor Support Update	CEO Fortnightly Update for the Period 5 Aug 2019 to 16 August 2019 Included:13 August - Cultural precinct project control group meeting
Mon, 26 Aug 2019	Ordinary Council Meeting	4.13 Gosford Cultural Precinct - Audit
Wed, 18 Sept 2019	Councillor workshop	Gosford Cultural Precinct – Workshop with Auditor Committee Room, Wyong
Tue, 8 Oct 2019	Councillor Briefing	Confidential – Library briefing
Mon, 9 Dec 2019	Ordinary Council Meeting	4.7 Gosford Cultural Precinct - Decline Tenders
Mon, 9 Dec 2019	Ordinary Council Meeting	4.8 Gosford Cultural Precinct - Erina Street, Gosford
Mon, 9 Dec 2019	Ordinary Council Meeting	4.9 Gosford Regional Library and Innovation Hub
3 Apr 2020	Councillor Support Update	CEO Fortnightly Update for the Period 20 March 2020 to 3 April 2020 Attended Fri, 27 March 2020 – Gosford Library and Innovation Hub PCG
17 Aug 2020	Councillor Briefing	Confidential – Gosford Regional Library
Mon 24 Aug 2020	Ordinary Council Meeting	3.8 Update on Gosford Regional Library
Wed, 16 Sept 2020	Meeting – update	Mayor and Councillors with Director CC briefing on library plans via zoom

## 7.6 Appendix 6: Timeline of matters related to the Snowy Hydro Legacy Fund

Date	Meeting /	Item
16 Apr 2018	Meeting	Mayor Jane Smith, ACEO Brian Glendenning & Scot MacDonald catch up Topics: Funding – Snowy 2. Infrastructure
23 Jul 2018	Mayor : CEO meeting	CEO noted a phone call from Lee Shearer regarding Snowy Hydro money – and indicated that he would be organising a meeting with Ms. Shearer the following day
23 July 2018	Councillor Briefing	Snowy Hydro - -\$400-\$500 million for Central Coast
30 Jul 2018	Mayor : CEO meeting	Noted a discussion about the process of developing proposals for Snowy Hyrdo Legacy Fund. In particular, a discussion about how Councillors would be involved – in particular, in prioritising projects from Council's perspective and also signing of on Council commitments.
2 Aug 2018	Meeting	General Catch up with Parliamentary Sec, Scot MacDonald Agenda including funding
13 Aug, 2018	Mayor : CEO meeting	Discussion about CEO meeting with Greg Sullivan and Lee Shearer regarding Snowy Hydro Legacy Fund Also discussed some of the projects that were being considered – including RPACC
19 Sept 2018	Directors Meeting	Noted – Snowy Hydro Legacy Fund - RPACC
24 Sept 2018	Ordinary Meeting	<p>Business paper – Item 5.4 Snowy Hydro Legacy Fund</p> <p><b>7.1 Notice of Motion - 2019 State and Federal Election Funding Opportunities</b></p> <p><i>Resolved</i></p> <p><i>1003/18 That Council recognises the potential and significant electoral funding opportunities that now exist in the lead up to the 2019 State and Federal Elections.</i></p> <p><i>1004/18 That Council, through its now significant influence as the States third largest LGA, seeks to leverage electoral funding opportunities.</i></p> <p>Item 8.2 Considered as confidential item due to funding details. Noted that the report was temporarily placed on Council's website by mistake.</p> <p>Also – later GIPA application from community member resulted in the report being made publicly available.</p> <p><b>8.2 Snowy Hydro Scheme Legacy Fund</b></p> <p><i>1025/18 That Council receive the report on Snowy Hydro Scheme Legacy Fund.</i></p>

		<p><i>1026/18 That Council note the inclusion of the Gosford Regional Cultural Precinct as a priority project.</i></p> <p><i>1027/18 That Council request the Chief Executive Officer to provide a further report on the Tuggerah Smart Transit Orientated Development with an outline of the staging of the project including indicative costs, issues and constraints at each stage of the project.</i></p> <p><i>1028/18 That Council request the Chief Executive Officer to provide a further report on Council's commitments to each of the remaining priority projects including funding, in-kind contributions or staging of works for each project.</i></p> <p><i>1029/18 That the information from (3) and (4) above is reported to Council by end of November 2018 or the determination of the Snowy Hydro Legacy Fund.</i></p> <p><i>1030/18 That Council request the Chief Executive Officer to advocate for the Warnervale Employment Zone to be included in the Snowy Hydro Legacy Fund.</i></p> <p><i>1005/18 That Council resolve to engage with its community (including but not limited to its business community) in a constructive and bipartisan way to identify and prioritise key projects for electoral funding consideration, such funding to include but not be limited to the Snowy Hydro Funding Scheme that is subject of report 8.2 to this meeting of Council.</i></p> <p><i>1006/18 That Council request that the Chief Executive Officer provide an urgent report to the Council in October 2018 setting out a proposed strategy for the Council pursuing electoral funding opportunities and to identify the projects to be identified for such funding. For:</i></p> <p><i>Unanimous</i></p>
25 Sept 2018	Meeting	Mayor meeting with Directors re: Snowy Hydro - Tuggerah Transit Oriented Development (TOD) -- Mayor's Office Gosford
3 Dec 2018	Meeting	<p>Meeting re. Snowy Hydro Legacy Fund</p> <p>Mayor, CEO, Scot MacDonald, Stephen Wills (DPC)</p> <p>NOTE: Meeting to discuss the current state of the Snowy Hydro Legacy Fund following the announcement of the recent funding criteria</p>
10 Dec 2018	Mayor : CEO meeting	Further mention of Snowy Hydro Legacy Fund
10 January 2019	Meeting	Mayor Smith met with DPC (Stephen Wills)
11 January 2019	Correspondence to DPC	Mayor Smith wrote to DPC following meeting
24 January 2019	Correspondence from DPC	Letter from Stephen Wills, Director Hunter and Central Coast, Department of Premier and Cabinet Regional



8 March 2019	Councillor Support Update	<p>Update with letter from DPC stating that Central Coast was no long eligible</p> <p><b>22 Snowy Hydro Legacy Fund Update</b></p> <p>On 24 January 2019, Council received correspondence from Stephen Wills, Director Hunter and Central Coast Regional Coordination Branch, Department of Premier and Cabinet identifying that there is “presently no opportunity to directly apply for funding under the Snowy Hydro Legacy Fund for the four projects identified by Council”. Please find attached letter from Steve Wills.</p> <p>A further status report on the Snowy Hydro Legacy Fund will be reported to the council meeting of the 25th of March 2019.</p>
11 March 2019	Ordinary Council Meeting	<p>Minutes note the following resolution.</p> <p>3.7 Grant Funding Update as at 11 February 2019</p> <p><i>Resolved</i></p> <p><i>187/19 That Council receive the report on Grant Funding Update as at 11 February 2019.</i></p> <p><i>188/19 That Council resolve, for the purposes of s.11 (3) of the Local Government Act 1993, that the Attachment 3 to this report remain confidential because the attachment includes commercial information of a confidential nature.</i></p> <p><i>189/19 That Council (sixth largest council in Australia) notes our dismay, disappointment and disgust that after significant work from Council staff and liaison with stake holders, endorsement of four priority projects in September 2018 for the Snowy Hydro Legacy Fund that we were later advised that those projects were ineligible and Councils are unable to apply for funding through this program.</i></p> <p><i>190/19 That relevant correspondence between the Mayor and the Department of Premier and Cabinet is tabled at the meeting in relation to the Snowy Hydro Legacy Fund.</i></p>
25 March 2019	Ordinary Council meeting	Item 4.1 Snowy Hydro Legacy Fund Update
Mon, 20 May 2019	Meeting with CEO	Noted: Snowy Hydro Fund – what next?
20 May 2019	Meeting with DPC – Regular catch up	<p>Noted: Monday – meeting with Premier &amp; Cabinet – Regular catch up</p> <p>Notes</p> <p>Snowy Hydro Legacy Fund – DPC mentioned 5 projects – 2 in Hunter</p>
24 June 2019	Meeting with CEO	Noted: In light of Snowy Hydro Legacy Fund – Budget, timelines + risk of the project → staging of the project (also noted upcoming Leadership Forum – Cultural Precinct)