

Questions on notice – 28 July Hearings

Wyndham

QoN 1

Richard WELCH: The question is: have any procurement contracts in the past five years been flagged for anomalies such as cost inflation, non-delivery of services or suspicious vendor patterns, and were any of these escalated to internal audit or integrity bodies? Perhaps we will start in the room and move around.

...

And what I meant for clarity for all the others as well is probably: what happens if there is a red flag? I would accept and expect that there would be many checks and balances in the process, but what is the procedure when something is red-flagged?

Stephen WALL: Again, we have a rigorous process to manage tenders once they are being implemented. Obviously, there are often cost variations that come into play when it comes to big projects, and some of our projects are in the order of \$10 million. We have ~~we have~~ big projects out at Wyndham, so it is not unusual to see cost variations come into play. We have a range of senior officers that are responsible for the management of those contracts.

Richard WELCH: If you want to provide on notice what your procedure is.

Stephen WALL: I think that would be best.

Richard WELCH: But is that a documented process or is that an ad hoc process?

Stephen WALL: I will have to take that on notice.

Response: Wyndham City Council Procurement Policy adopted by Council in December 2021 and came into effect from 01 January 2022. It provides a framework for all procurement and to demonstrate that all public monies have been spent in line with community objectives and expectations. Wyndham City Council is required under section Part 5 Council Operations – Division 2 – Procurement – Clauses 108 and 109, Procurement Policy of the Local Government Act 2020 (the Act) to prepare, approve and comply with a Procurement Policy.

Section 14 of the policy specifically deals with Contract Management for Internal Control. Further to this any issue/disputes related to specific contracts are dealt with on a case by case basis in consultation with the office of our General Counsel.

The procurement policy is currently being reviewed as per the templates issued by MAV and is scheduled to go to Council in December 2025.

QoN 2

Mathew HILAKARI: By 2022, which is about four years into the [TechnologyOne] project, the project was running at about \$40 million, so about \$20 million overspend. Is that correct?

Stephen WALL: I would have to take that on notice.

Response: The Oracle (rather than Technology One as referenced within the question) project was not 'running' at a figure of \$40M as asserted – rather, one of the concerns identified in a review undertaken at that time was that a figure of \$40M would manifest in the absence of a decision to change direction. The early decision to do so diminished that outcome.

QoN 3 -

Mathew HILAKARI: They are in the budget, but could you point to a line item in the budget and explain how I as a ratepayer could tell that we had \$20 million of ratepayer funds already gone on top of a \$20 million project at that point, four years in? How could I tell that from the budget papers that were available?

Stephen WALL: Look, I would have to take that on notice. I would suggest that there would be narrative in the annual reports, which talked about the failing of that project.

Response:

Council's reporting approach is consistent with standard practice, where major project expenditure is consolidated under relevant program areas rather than itemised at a transaction level.

QoN 4

Mathew HILAKARI: The failing of the project was then estimated to go to another \$27 million to \$43 million costed over the three years forward looking from 2022 and had another \$12 million in staff impact costs. Is that roughly right, or what is the total cost of the Oracle failure?

Stephen WALL: Again, I would have to take that on notice.

Mathew HILAKARI: Yes. I put it really conservatively probably at around, I do not know, \$69 million in overruns. And this has not been publicly disclosed till this point in time. Is that right?

Stephen WALL: I think that sounds excessive, but I would have to take that on notice.

Response: the figure directly attributed to the project exit is estimated in the order of \$19M. Notably Wyndham did utilise varying services within the Oracle system for approximately four years prior to the discontinuance in 2022/23. The service value of that period has not been

extracted from sunk costs, and they are included in the \$19M estimation. As such, the \$19M estimation is an extremely conservative figure.

QoN 5

Mathew HILAKARI: Well, then, you had better tell me where the project fail of Oracle and tens and tens of millions of dollars...Where was that publicly disclosed?

Stephen WALL: Look, again, I would have to take that on notice....

Response: As referenced previously these costs are reflected in Council's public financial statements. In line with our obligations the costs are not reported as separate line items. Internally there was clear communication with staff in relation to this decision to change direction with the program, which is now successfully under way.

Mathew HILAKARI: Then you will take it on notice where you did disclose this to the public, won't you?

Stephen WALL: Well, again, I know there have been multiple disclosures and multiple public comments made about the move to TechnologyOne. There was a lot of public notification of the Oracle project when it was being implemented. Again, I think there was probably more fanfare around a new direction rather than focusing on where we had been in the past.

The CHAIR: For the record, Mr Hilakari, you have asked if the council will take something on notice. For the record, I do need you to respond, Mr Wall. Will you take that on notice?

Stephen WALL: Absolutely.

Response: Same as above response.

QoN 6 - JUSTINE

Mathew HILAKARI: You had internal reports saying this project had failed, that you needed to get out of it, that it was already at twice the cost at that point and that it was going to cost tens of millions of dollars more to the ratepayer, and you described it for the next three quarters as on track before you removed it from the report. Is that correct?

Josh GILLIGAN: Look, I cannot remember three years ago or thereabouts, but we are happy to, with notice, now go and provide whatever you need in relation to this.

Response: It is correct that continuance with the Oracle solution was forecast to cost in the order of \$10M in additional expenditure over the short term. That fact was at the time a fundamental aspect of the decision to step away from the Oracle Platform.

QoN 7

Mathew HILAKARI: Yes. I will take you then, really specifically – you have written to the local government minister, on 7 April, and said you had sought legal advice and that this was clear,

that the residual DCs do not need to be spent in Point Cook specifically. Was that from your first set of legal advice related to the Point Cook developer contributions? How many sets of legal advice have you received related to the Point Cook developer contributions?

Stephen WALL: As I said, we have a regular dialogue with legal advisers. Again, sometimes the advice required changes over time as more questions come to hand.

Mathew HILAKARI: I am just looking for a number. How many times have you received legal advice on this?

Stephen WALL: Again, I would have to take that on notice. I could not specifically say.

Response: *External legal advice in relation to this issue was obtained in 2023 in two related tranches (21 July 2023 and 13 September 2023).*

The advice was detailed and included a review of the specific terms of each of the s173 agreements that are relevant to this issue of how Council treats and applies surplus DC contributions where the original purpose of the collection has either been already been met or is no longer consistent with the planning scheme.

The advice is confidential and was obtained to ensure that Council was properly advised on the relevant issues. The advice was very clear and has been followed without exception. It is subject to Legal Professional Privilege and Council does not waive its privilege in respect of the advice. As such, it will not be provided.

QoN 8

Mathew HILAKARI: Will you provide all legal advice received related to Point Cook developer contributions on notice?

Josh GILLIGAN: I mean, this is probably a matter for the CEO, but I would have thought that we are not obligated to provide legal advice.

Stephen WALL: Again, we will take that on notice.

Response: *No.*

The advice is confidential and was obtained to ensure that Council was properly advised on the relevant issues. The advice is subject to Legal Professional Privilege and Council does not waive its privilege in respect of the advice.

We note that no question of legal compliance has been raised or is in issue here.

QoN 9

Mathew HILAKARI: Excuse me. I will ask the question again: for how many years have the Point Cook developer contributions been considered by the audit and risk committee at a higher risk level than they should be?

Stephen WALL: I do not believe they have been considered as a high risk. I think there has been a sharing of advice.

Mathew HILAKARI: At a higher risk – higher risk.

Stephen WALL: The audit and risk committee has received information on Point Cook developer contributions and all developer contributions at the City of Wyndham. It has not been assessed as a high risk.

Josh GILLIGAN: But why would it?

Mathew HILAKARI: Well, I encourage you to actually take that on notice rather than guess here –

Stephen WALL: Yes, happy to.

Response: *At no point have Point Cook DCs been given a high risk profile. At the June 2025 Audit and Risk Committee meeting we did agree to add to our ongoing audit program, an audit around DCs more generally – this is however seen as simply prudent given the high level of DCs received by Wyndham as a growth area.*