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INDEPENDENT COMMISSION AGAINST CORRUPTION

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON FRIDAY 17 AUGUST 2018

AT 2.06PM

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The transcript has been prepared in accordance with conventions used in the Supreme Court.

10 MR BUCHANAN: Mr Stavis, the State Government's proclamation amalgamating a series of councils, including, in the case of Canterbury Council, Bankstown and Canterbury Councils, was gazetted on 12 May 2016, if you could take that date from me. Did you hear about any proposal to amalgamate Bankstown Council with Canterbury Council before that date?---Yes.

What's your best memory as to when it was that you first heard about a proposal to amalgamate Canterbury with Bankstown Council?---It may have been a month or two or three before that, from memory.

20 Did Mr Hawatt talk about a proposal to amalgamate Canterbury with Bankstown Council in your presence?---He did mention it to me, yes.

Did he indicate what he thought about it?---I don't believe he was in favour of it. Yes.

Did he indicate a stronger view than that?---Yes. Yeah, he was definitely not in favour of it.

How about against it?---I would say that, yes.

30 Did Mr Azzi indicate to you, or in your presence, a view about the proposal to amalgamate the two councils?---Yes.

And what did he indicate?---The same - same point of view.

40 If we could go to volume 5, please, in exhibit 52, and we'll bring it up on the screen, Mr Stavis. It's a series of extractions of text messages from Mr Hawatt's mobile phone. On page 306 of volume 5, if you have page 306 there - it's on the screen - the item I want to take you to is numbered 669?---Yes, sir.

It's a text message to you from Mr Hawatt on 11 May 2016 at 8.11pm, so 11 May is obviously the day before the amalgamation legally commenced. The message from Mr Hawatt was:

*Hi All  
The feedback is councils which are targeted*

*for amalgamation will be sacked and proclamation announced on Friday. Administrators have been appointed and we may stay on as advisors only with continued payment of fees. All power will be left to the Administrators. That's what I have. Not good news so far. Michael Hawatt.*

10 Did you talk to Michael Hawatt about that subject?---I'm sure I did at some point in time. It may have been - because there was - I believe there was a - maybe prior to that, there was some sort of report that went to council, from memory, and, you know, during that course of time prior, yeah, there would have been discussions, for sure.

20 Did you have an understanding as to why Mr Hawatt sent this text to you? You can tell from the introductory words "Hi All" that he must have sent it to more than just you?---Sure.

But do you have an understanding as to why you were included in that broadcast text message?---No, sir.

30 Had you and Mr Hawatt had a meeting of minds or an agreement of any sort as to what the outcome might be, as to whether it would be favourable or unfavourable if amalgamation occurred?---I believe he had - obviously he was against it.

Were you against it?---I was a bit indifferent to it, to be honest with you.

Had you, however, indicated to Mr Hawatt that you were against it?---I'm just trying to think. It's possible that I did.

40 And why would you have done that if you were in fact indifferent?---I don't know. I mean, I really - I really don't recall exactly why, but I guess it was - obviously there were issues around positions, I guess, in future.

Positions on the executive or lower down?---Yeah, yeah. That's the only reason I could think of, really.

You see that what Mr Hawatt said in that text was, "That's what I have. Not good news so far", after indicating, "All

power will be left to the Administrators." What was your understanding of what Mr Hawatt meant by saying in that text to you, amongst others, "Not good news so far", all power being left to the administrators?---That the power would be - for, I guess, decisions be given to the administrator as opposed to a council, elected council.

10 As far as Mr Hawatt was concerned and, as he understood it, the recipients of the text message, that it would not be good news if the power was left to the administrators and taken away from the councillors?---I think that's fair comment, yes.

You don't have an understanding as to why it was that Mr Hawatt included you in the people to whom he sent that text?---No, sir.

20 So you did understand that, as at the date of proclamation for amalgamation on 12 May 2016, Mr Hawatt and Mr Azzi no longer held office as councillors on Canterbury City Council?---Yes.

And that they no longer had constituent or representative functions at Canterbury Council?---Correct.

Did you continue to have contact with Michael Hawatt and/or Mr Azzi after amalgamation occurred?---Yes, sir.

30 To what extent did you have contact with them after amalgamation occurred?---It was pretty much the same as I did while they were elected representatives, in the sense that Michael Hawatt, in particular, used to come into council and inquire about applications.

Did you have contacts on the telephone with Michael Hawatt and Mr Azzi about applications?---That's probably the case, yes.

40 Was that the extent of the contact or did you meet with either or both of them after amalgamation outside of council chambers as well?---I believe I met with Mr Hawatt. There was one occasion where I met him at a cafe, I think, in Campsie, from memory.

Only one occasion?---I just can't recall if there was more than one, to be honest with you.

Did you ever meet him at his house?---I did. I met - but not after. I don't believe I met him after that. I could be wrong, but I don't believe so.

10 And when you were dealing with Mr Hawatt and Mr Azzi after amalgamation, it was, I think, is it right to say, along the same lines as before, to discuss how applications should be processed?---I don't know if it was as - I don't believe it was to that extent, but I do recall especially Michael Hawatt asking me about applications and what's happening with this application or that application. Look, I don't discount it. It may have been discussed in the terms that you put.

20 Did you receive any pressure from either Mr Hawatt or Mr Azzi after amalgamation to deal with applications in any particular way, such as expeditiously?---It wasn't to the same extent. I didn't feel it to that same extent, but there was definitely an urgency that both of them did express on various occasions about processing applications, yes.

Expressed after amalgamation had occurred?---Yes.

Was anything said between you and - let's focus on Mr Hawatt, anything said between you and Mr Hawatt as to how you should contact each other once amalgamation had occurred?---Not that I can recall, no.

30 Was there anything said about whether contact between the two of you should be open and transparent or whether it should be secret or private?---Not that I can recall, no.

40 As far as you were concerned, what was the purpose of the contacts you had with Michael Hawatt and Pierre Azzi after amalgamation had occurred?---It was almost like they changed hat, from a councillor's hat to an advocate's hat, because a lot of the applications that they were talking to me about after amalgamation, I understood that they were representing the applicants in that regard.

You say that it was almost as if they changed hats from councillors to advocate, but earlier I think you indicated that the nature of the contact between them and you after amalgamation was pretty much along the same lines as it had been before amalgamation?---In terms of contact, yes, yes.

That is to say that they were, in that case, to use the word you just used, advocates for applicants?---I don't discount that, no.

So they were advocates for applicants before amalgamation and they were advocates with you for applicants after amalgamation?---I think that's fair comment.

10 You obviously continued to have contact with Mr Hawatt and Mr Azzi after amalgamation. Why? I'm sorry, I should make it clear I'm not asking why did they ring you. I'm asking why did you continue having contact with those two gentlemen after amalgamation?---As I said before, it was because I was of the belief that they were representing the applicants, and obviously there was - in the back of my mind, I guess, they were still councillors, even though they weren't. You know, I mean, at that point in time, you were unsure about whether they would get back in, I guess, when elections happened, so I sort of continued as per  
20 previously, prior to amalgamation, after amalgamation in terms of contact and the like.

THE COMMISSIONER: Why were you of the belief that they were representing applicants?---Because they did say that to me - Michael Hawatt did mention to me that he had - he was acting on behalf of X, Y or Z, yeah.

MR BUCHANAN: Had Mr Hawatt indicated that before amalgamation in respect of any given applicant?---Not that  
30 I can recall, no. I can't remember that.

You see, isn't it the case that the contact between you and Mr Hawatt in particular simply continued after amalgamation in respect of applications as it had before amalgamation?---Contact, do you mean?

Yes.---Not to the same extent. To a lesser extent, yes.

40 The nature of the contact was the same and the subject matter of the contact was the same?---Correct.

Those two aspects of the contact between the two of you continued?---That's fair comment, yes.

So where does that leave the evidence that you have previously given that the reason that you responded as you did to contacts from Mr Hawatt and Mr Azzi before

amalgamation was because of a requirement in your contract of employment, your key performance indicators, that you respond to inquiries from councillors in a particular way?---It doesn't leave it at all. I'm - I just continued to - I continued in the same way, although to a lesser extent, as if they were councillors, yes.

10 But what that conduct suggests is that the reason that you responded in the way you did to the contacts from those councillors before amalgamation was not because of any requirement in your contract of employment to respond promptly to inquiries from councillors but, instead, some other reason?---I can't think of any other reason. I was just simply acting in pretty much the same way as I had when they were councillors.

Well, there are two possible reasons I want to propose to you and invite your response.---Sure.

20 One is you felt you owed them your job, and the second one was you felt you owed them the continuity of your job. So you felt that you owed them the fact that you were appointed in the first place and actually started your job, notwithstanding Mr Montague's attempts to withdraw the offer of employment; and then, secondly, they had the power to have your job taken away from you. Aren't those two reasons, perhaps, which might have actuated your conduct in responding to the contacts that you received from the two councillors whilst they were councillors?---I think at the  
30 back of my mind they were part of the reasons, yes.

Was there any other reason, so far as at least Councillor Hawatt was concerned, of looking up to him and respecting him, for whatever reason?---No, I wouldn't say that. No.

If I could take you, then, again to volume 5, page 306. Can you see item 671?---Yes, sir.

40 It's in the afternoon, 3.41 to be precise, of the date of proclamation, 12 May 2016, and it's to you from Mr Hawatt. Do you see that?---I do, yes.

The text reads:

*Hi Spiro  
8 Reiry Road Earlwood.*

Is that a typo for another road?---I don't know, to be honest with you.

The text continues:

*He has done everything required and needs to finalise it.  
I hope you are still accepting our inquiries.  
Michael.*

10

Do you see that?---I do, yes.

Did you read the second part of that message as an inquiry as to whether you were prepared to continue dealing with Mr Hawatt and Mr Azzi when they were raising particular applications with you?---I don't remember thinking that at all, no.

20 The response we see here is the next day, 13 May 2016, at 2.58pm?---Yes.

You said:

*Mike, are we still meeting re Kingsgrove Rd? If so I'm stuck here with the new GM.*

Do you see that?---Yes, sir.

30 Was that a reference to a previously arranged meeting with Mr Hawatt about a particular site?---Yeah, I think that site was in an industrial zone on Kingsgrove Road, and I remember Mr Hawatt contacting me, inquiring about - representing the owner and inquiring about whether the - what the potential was for redevelopment of that site.

Had that, let's call it, inquiry commenced before amalgamation?---It's quite possible.

40 What those two texts show is that you did not respond, "What are you talking to me for? You're no longer a councillor", or anything like that, did you?---No.

Instead, you continued - the tone of your response, if it's a response, is pretty much as you had communicated with Mr Hawatt before?---I accept that.

I want to play you a recording, please, LII08803, commencing at 4.07pm on 12 May - so not the 13th - 12 May, so after the text message which is number 671 on page 306 of volume 5.---Sure.

**AUDIO PLAYED AND TRANSCRIPT DISPLAYED**

10 MR BUCHANAN: Commissioner, I tender the audio file and transcript of that recording.

THE COMMISSIONER: The audio file and transcript of recording LII08803 recorded at 4.07pm on 12 May 2016 will be exhibit 225.

**#EXH-225 TRANSCRIPT SESSION 8803**

20 MR BUCHANAN: Mr Stavis, you heard that recording being played, and were you able to follow the transcript as well?---Yeah, pretty much, yes.

Do you recall that phone call?---No, to be honest with you, no.

30 But it seems like it's the first telephone contact that you had, judging from its contents, after the proclamation had been announced?---It's pretty close to it, yes.

Mr Hawatt asks whether you are allowed to talk to him now. Do you see that at about the middle of the page on page 1 of the transcript?---I do, sir, yes.

And you said:

*Yeah of course, don't be stupid, you know that. (Laughs).*

40 You continued:

*One of my good mates, of course I will.*

Do you see that?---Yes, sir.

There wasn't the slightest hesitation on your part, was

there, that despite the fact that, as you understood it, Mr Hawatt was no longer a councillor, you would continue your dealings with him?---I think that's fair.

Indeed, you regarded the implied question as to whether there would be some obstacle to you continuing dealings with Mr Hawatt as laughable, didn't you, given your reaction to the question:

10                   ... are you allowed to talk to me now?

?---Yeah, I didn't think there was any reason why I couldn't, to be honest with you.

Was that in respect of simply contact or something more than that?---Contact. That's what I take that conversation to be.

20                   Was there anything beyond contact that you thought might be doubtful as to whether it would be permissible or proper after amalgamation as at the time of this conversation?---Not that I can recall, no.

If I can take you to page 4 of the transcript, do you see that Mr Hawatt said:

*I have, have to continue pressuring you but private huh?*

30                   ?---Yeah.

You said:

*No problem at all, you know that.*

?---Yes.

40                   Was that an in-joke that you had with Mr Hawatt, that he was pressuring you but in fact that wasn't a problem at all?---No, no. I mean, I - I don't recall, as I said before, the conversation, but just reading it, I think it's a reference on his part that he acknowledges that he was pressuring me whilst he was at council.

And that you were accepting that pressure?---Absolutely, yeah.

You always had and would continue to do so?--Well, I don't know if I would continue - I would have continued after amalgamation to the extent that it was prior to amalgamation.

The second part of that question Mr Hawatt asked you, recorded at page 4 of the transcript is:

*... but privately huh?*

10

?---Yeah, I don't know what he refers to there.

Oh, Mr Stavis.---I'm being honest, because he never - he used to come and see me at council, even after amalgamation. So I don't know what he meant by "privately huh?"

20

Well, don't you think that it was clear that Mr Hawatt was indicating that communications with you by way of pressure would have to be of a different nature from the communications by way of pressure before amalgamation, that is to say, they would have to be private?---Look, I didn't - I don't think I interpreted it that way. I didn't think about it, to be honest with you.

You didn't ask him what he was talking about. You said:

*No problem at all, you know that.*

30

?---I just acknowledged - I just acknowledged him. But honestly, as I sit here, I don't know what he meant by that "privately huh?"

It's an indication, isn't it, that you were a willing collaborator with Mr Hawatt in organising how applications would be dealt with at council, or at least the ones in which he expressed an interest?---When he was at council, or after?

40

And after.---I wouldn't say a "collaborator". I was acting - I've acknowledged already that I was acting as if he was a councillor, right or wrong, and I did continue to assist him and answer his inquiries, yes.

Can I take you back to page 2.---Sure.

In the middle of that page, do you see the passage

attributed to Mr Hawatt, commencing:

*I said to Jim Montague ...*

?---Yes, sir.

It continues:

10 *I said to Jim Montague please stay on,  
don't um, don't go.*

Then after Mr Hawatt said, "he's angry", Mr Hawatt said:

*He's angry but we want him to stay on.  
Very important he stays on.*

You said:

20 *Very, very important mate.*

Do you see that?---I do. Yes, sir.

What did you mean that it was "very, very important" that Mr Montague stay on?---There was - staff at council in general were very, very supportive of Mr Montague, so I think it was in reference to that.

You're looking at the second sentence, are you:

30 *I think the staff will feel much better as  
well -*

?---Yes.

40 Well, I need to point out to you the words "as well". What it indicates is that whatever the reason was that you thought it was very important that he stayed on and that Mr Hawatt thought it was very important that he stayed on, you thought there was an additional reason why Mr Montague should stay on, namely, that staff will feel much better?

MR PARARAJASINGHAM: Commissioner, I just note that Mr Stavis is cut off in that excerpt, so that may affect - - -

MR BUCHANAN: I object to my friend giving his client guidance in the evidence he gives.

MR PARARAJASINGHAM: I object to that characterisation of what I have just done. I'm being fair to this witness. There is no big secret here, so I object to that characterisation.

MR BUCHANAN: You're the one who had this conversation?---Yes, sir.

10 Not your lawyer.---Yes, sir.

You can tell us what you meant by what is recorded in the audio file and the transcript.---Yes.

What did you mean by "very important" that Mr Montague stay on as against the fact that staff would feel much better as well?---I included myself in staff. I genuinely wanted Mr Montague to stay on.

20 Why?---Because I got on well with him, to be perfectly honest with you.

Wasn't he making life difficult for you by giving you instructions to do things that made your life more difficult?---In part, yes, but - - -

Why did you want him to stay on?---Well, I guess better the devil you know, really.

30 THE COMMISSIONER: Mr Hawatt raises that it's important that Mr Montague stays on. He's the one who raises the topic; correct?---It appears so, yes.

And you agree with him immediately, "Very, very important mate"?---Yes.

My construction of that is you then add another reason, and that is:

40 *... the staff will feel much better as well ... you know, especially here.*

"Especially here", I take it, is referring to Canterbury City Council?---Yes.

Mr Hawatt, I would suggest, wouldn't really be concerned with what the rest of the staff at Canterbury Council were

feeling, so he must have been suggesting another reason why it was important that Mr Montague stayed.

MR PARARAJASINGHAM: I just note, Commissioner, with respect, I don't know if all that necessarily follows. You've asked the witness to - - -

THE COMMISSIONER: If he doesn't agree with that construction, he can say that. That's my reading of it.

10

If we just take it in stages.---Sure.

You see, that's my construction of it, that Mr Hawatt raises that in his mind it's important that Mr Montague stays on. Do you see that?---Yes, I do, yes.

And then you agree with that immediately. You say:

*Very, very important mate.*

20

?---Yes.

And the "mate" is referring back to Mr Hawatt?---Yes.

Then you appear to go to another reason why it's important that he stays, that is:

*I think the staff will feel much better as well ... you know, especially here.*

30

At the council?---Yes.

First thing, let's take it in stages, do you agree with that construction of it?---Well, the only difference, and it's only probably a subtle difference, is that Mr Hawatt responds "Yeah" after I made the comment about the staff.

About the staff.---Yes, yes.

40

Yes, that's fine. But my suggestion, or my construction of it is that Mr Hawatt's "Very important he stays on" is referring to another reason why it was important for him to stay on?---Yeah, I don't - I don't know what the reason would be other than, I guess, he got on with the general manager, Jim Montague, but I can't think of any other reason, Commissioner.

MR BUCHANAN: Can I suggest another reason?---Sure.

To your knowledge, Mr Montague was a person who Mr Hawatt and Mr Azzi were able to influence, and that was to your observation?---When I was - yeah, prior to the amalgamation?

Yes.---Yes.

10 And that the four of you - Mr Montague, Mr Stavis, Mr Azzi and Mr Hawatt - had worked together as a team in processing applications and planning proposals?---Yeah, along with staff, yes.

But the four of you had a special relationship, a special dynamic in, as it were, a circle. Mr Montague, of course, was your supervisor?---Yes.

20 You had to report to him, and he had the power of taking your job away, but at the same time Mr Hawatt and Mr Azzi, you knew, had the power of taking Mr Montague's job away, from what you had seen; isn't that correct?---That's fair comment.

You understood all of that?---Yes, sir.

30 And then they were dealing with you in relation to specific applications, and Mr Montague was dealing with you in respect of specific applications. The direction you got from both sides - Montague on the one side and the councillors on the other side - was usually in the same direction as to how an application should be dealt with?---That's fair comment.

40 If that circle of influence and of processing of applications were to continue, then it was very important that you don't lose a member, an important member, Jim Montague?---Yes, but I don't know - I don't know what he meant by that, to be honest with you, but I accept what you're putting forward as being likely.

THE COMMISSIONER: Even though you agreed with it? You say, "Very, very important mate"?---I agreed with it for the reason I gave earlier, which was that I felt that Mr Montague was - it was like better the devil you know, sort of thing, yeah.

MR BUCHANAN: Can I take you to another telephone call. Can we play, please, LII09345, recorded on 17 May 2016 commencing at 9.51pm.

My attention has been drawn to an aspect of the evidence which, if we are going to take it in chronological order, should be dealt with first, before we play that recording, Commissioner. With your leave, I might just stay the playing of the recording.

10

Can I take you to page 306 in volume 5, please, again, if you still have that there.---Yes.

We'll bring it up on the screen. Do you see that that is a text from you to Mr Hawatt on 17 May 2016 at 9.49pm?

THE COMMISSIONER: That's 674?

MR BUCHANAN: 674, yes, thank you.

20

Item 674 at 9.49pm on 17 May. Do you see that?---Yes, sir.

The text reads:

*Hi Mike  
Below is what I sent Matt Stewart this afternoon. He hasn't responded? What do you think this means?*

30

Then it says:

*Hi Matt  
Just to let you know that I canvassed my staff after your address today and it was clear to me that you lifted their spirits and alleviated the majority of their concerns. There is definitely a sense of optimism now moving forward. I will build on this.*

40

*Anyway, I want to make it clear that my loyalty is now with you and will always be so moving forward, have no doubt that I'm here for you, cheers, Spiro.*

Do you see that?---Yes, sir.

Two things. Firstly, do you remember the questions I asked you a little while ago now, as in days ago, about the nature of your communications with Mr Montague at the time when you were a candidate for the job of Director City Planning, and I suggested that they were of a nature of trying to ingratiate yourself with him. Do you remember that?---Yes.

10 You agreed that there was at least an aspect of that in it?---Yes.

This is the same thing here, isn't it?---Pretty much.

Why were you trying to ingratiate yourself with Mr Stewart?---Because he was - I'm not sure of the timing, but I think he was - it had been announced that he was the interim general manager at the time?

20 Yes.---Yes. So for that reason.

Because he would be the person who would decide whether or not you would continue to have the job you had, if not a job, at Canterbury?---No, just to assist him, I guess, and to ensure that he realised - - -

I'm sorry, I shouldn't interrupt. I apologise.---Sorry.

30 You continue.---I was just going to say it was mainly to make it clear to him that, you know, my loyalties lied with him.

But why make that clear to him?---It's just the way I am, sir. That's what I do. I mean, I - you know, if I work for someone, I express that.

But surely there's a purpose to it?---Not really.

40 Why were you trying to ingratiate yourself with him?---Look, I can't think of a reason why, to be honest with you.

Well, you were trying to ingratiate yourself with Mr Montague back in 2014 in order to get the job of Director City Planning?---Sure.

You were trying to ingratiate yourself with Mr Stewart in May 2016 in order to keep your job as Director City

Planning?---But I already had the job.

Yes, keeping it. He would have the power to take it away from you?---Of course he would, yes.

You knew that, didn't you?---Of course.

10 That was why you were trying to ingratiate yourself with him, wasn't it?---No. The main reason why was to express that I was loyal to him.

MR BUCHANAN: If we can now play recording LII09345, which commenced at 9.51pm, after that text message that you sent to Mr Hawatt at 9.49pm, on 17 May 2016. I'm told it's an extract, Commissioner.

20 Mr Stavis, it will start at the beginning of the telephone conversation but will terminate before the conversation turned to matters which are not relevant to this inquiry.---Okay.

#### **AUDIO PLAYED AND TRANSCRIPT DISPLAYED**

MR BUCHANAN: Commissioner, I tender the audio file and transcript of that recording.

30 THE COMMISSIONER: The audio file and transcript of the extract from the recording LII09345 recorded on 17 May 2016 at 9.51pm will be exhibit 226.

#### **#EXH-226 - PORTION OF TRANSCRIPT SESSION 9345**

40 MR BUCHANAN: Mr Stavis, you heard that recording and you identified, I take it, your voice and Mr Hawatt's voice?---Yes, sir.

I should have asked you earlier: in the earlier recording, you would have identified your voice and Mr Hawatt's voice; correct?---Yes, sir.

Thank you. If I can just take you through the transcript. On the first page of the transcript, just before the middle of the page, where you said that you were all right and you

asked Mr Hawatt, "Did you read it, what I wrote?", that would have been a reference to the text message that we went to that you sent Mr Hawatt at 9.49pm on 17 May earlier as to what you had sent Matt Stewart that afternoon?---That's correct. Can I just ask one question?

Yes.---Do you mind blowing it up a little bit, because my eyesight's a bit - - -

10 Yes, of course.---Thank you.

Just say so any time you need that, please.---Thank you.

I was asking you, then, about the third entry, the second one attributed to you, reading:

*I'm alright. Did you read it, what I wrote?*

20 ?---Yes, sir.

That was a reference to your text to Mr Stewart?---I believe so, yes.

Towards the bottom of the page, you and Mr Hawatt discussed Mr Montague, and Mr Hawatt indicated - he turned into a low voice. Using a low voice, he said:

30 *I heard that - I'm not sure if Montague was asked not to come back.*

You then indicated that Pierre had rung you earlier and said the same thing. You then said that:

*... they told him to, pissed him off yeah.*

Do you see that?---Yes, sir.

40 You were sharing, weren't you, in that exchange with Mr Hawatt, a concern on the part of Mr Hawatt, as you understood it, and certainly on your part, that Mr Montague had been told not to come back?---I believe that's what that refers to, yes.

The concern was that you didn't want to lose Mr Montague and, as you understood it, Mr Hawatt didn't want to lose Mr Montague?---I think that's fair comment.

And, as before, you didn't want to lose Mr Montague because of the role that he played in that circle that I described before comprising himself, you, Mr Hawatt and Mr Azzi?---That, and also I liked - I ended up liking the guy.

There is, on page 3 of the transcript, a reference just after halfway down in a passage attributed to Mr Hawatt:

10

*And they're playing the game and they know  
we're gonna come back ...*

Do you see that?---I do, yes.

You understood that, in the context of the discussion about elections, not long before elections - this is page 4, top of the page, of the transcript - as being a foreshadowing of the fact that there would in due course be an election for councillors to the amalgamated council; is that what you understood?---I believe so, yes.

20

Mr Hawatt, as you understood it, was indicating that he and others were going to come back?---I believe that's what he said, yes.

Did you at that time think that there was a possibility that Mr Hawatt and Mr Azzi might come back in the not too distant future as councillors?---Yeah, and I also would add that that's probably another reason why I probably continued to have contact with Mr Hawatt, in particular, and Mr Azzi as well.

30

Can you explain what you mean?---Because there was always the prospect - I remember him, Mr Hawatt, telling me that he was, you know, in all likelihood - at the very least, he would get back to council. Mr Azzi expressed the same point of view to me, you know, on different occasions. Yeah.

40

But what did that mean as far as you deciding what you were going to do in relation to Mr Hawatt and Mr Azzi while they were not councillors?---Look, I was - I mean, I just continued - as I said before, continued to, I guess, accept their inquiries and so forth as if they were there. I think in part it was because in the back of my mind I assumed that one day there was a possibility they would

come back.

10 What I'm trying to find out from you is what was the effect upon your decision making of a thought that they might come back as councillors? You've told us that that was something that you had in mind. What I'm asking, though, is what was the impact of that thought on your decision making as to how you would deal with Mr Hawatt and Mr Azzi in the interim?---In the same way as I had dealt with them in the past.

And if there was no prospect of them coming back as councillors, would you have had a different approach?---Probably.

In what way?---Well - sorry, I withdraw that. I probably would have continued in the same way.

20 Yes.---Yes.

Can I take you then to page 4 of the transcript. At the top of the page, in the second line, Mr Hawatt says:

*... it won't be long before there's an election ...*

Then the third-last entry on that page is a passage attributed to you:

30 *I think you should get on there Mike, please.*

Do you see that?---I do, yes.

Mr Hawatt responds by talking about the Liberal Party opening nominations and endorsing candidates as early as the same year, September 2016?---Yes.

40 Why did you think Mr Hawatt should stand again for council?---Was that in reference to that or was it in reference to the advisory panel? I just can't - - -

Sorry, I'm happy for you to stand corrected?---Yeah, I'm just trying to - if we can scroll - - -

Do you want to go back in the transcript?---If you don't mind.

Yes, indeed, it's the preceding page, page 3, in the middle of the page and to the bottom of the page.---Yeah, I think - I think I was referring to the advisory panel that was - - -

I see. All right.---Yes.

10 So when you said, "You should get on there Mike, please", you were referring to Mike becoming a member of the advisory panel?---Yes, I believe so.

MR BUCHANAN: Commissioner, I don't want to take the time doing it now. Could I just flag for future purposes that when I heard the recording being played, at page 5, in the third entry there, the one attributed to Mr Hawatt, I thought he said "So that way it gives certainty" rather than "So that way it gives certainly".

20 Now, at this stage I'm not in a position to suggest, unless there's a groundswell of support - and there isn't - that that change be made on our copies of the transcript, but if I could just flag maybe that a question mark go on that in our copies of the transcript. We can all listen to the audio file at our convenience and maybe at some later stage we can address whether we agree that that sort of change needs to be made to our copies of the transcript.

30 Mr Stavis, at about the middle that page, that is to say, page 5, Mr Hawatt says:

*... you know Matthew is - is on board in regards to your position.*

"Your position" was a reference to your position as Director City Planning?---I believe so, yes.

You understood it as that, because you said:

40 *I hope so mate ...*

?---Yes.

So you were concerned, weren't you, about the security of your position under the new regime?---Yeah, I was, as were the other two directors at Canterbury.

I'm not saying they weren't.---Yeah, yeah.

I'm just asking about what was actuating your conduct at this time.---Sure.

You indicated, towards the bottom of page 5 of the transcript, that Mr Hawatt - in response to Mr Hawatt saying, "But he likes loyalty and that's", something inaudible, you responded:

10

*And - and that's why I sent him that.  
That's why I sent him that.*

Being a reference to the text that you had copied Mr Hawatt; is that right?---I believe so, yes.

20

It was feigned loyalty rather than genuine loyalty; is that fair to say?---No. I think it was - it was a bit of both. For me, it was trying to establish a relationship with him, whilst at the back of my mind, yeah, there was concern that - you know, the prospects of future employment as well.

So turning to page 6 of the transcript, a bit after halfway down the page, where you said:

*And that's what I'm - I'm hoping to build  
up the relationship that way.*

30

That's a reference to what you were just talking about, is it?---Yes.

Mr Hawatt responded:

*Yeah and - and you got to play the game,  
you just got to toe the line.*

40

Which perhaps might be the other side, that is to say, the part of you that was feigning loyalty?---Where was that?

In fairness to you, I should reframe the question. It would read as if Mr Hawatt thought that what you were doing was building up a relationship, as you said, and also that you were playing a game, that you had to toe the line, and that was why you were sending that correspondence to Mr Stewart?---Well, toe the line from the point of view of trying to establish a relationship with the guy, yes.

Can I take you to the bottom of the page - just for context, the second-last entry attributed to Mr Hawatt:

*So there's a - there's big things happening at the moment, big changes ... and you got to be part - look even though you don't see us, but we're doing a lot of stuff behind ...*

10

Something inaudible, but it might have been "the scenes". You said:

*I know you are mate, don't worry I know ...*

20

What was it that you thought he was saying when he said that?---Just hearing that and also reading the transcript, I believe he was - well, what I thought was that him and Pierre Azzi were doing some sort of political wheeling and dealing, I guess.

Mr Hawatt and Pierre Azzi?---Yes, sir.

To achieve what, to what end?---I would assume to get back on council at some point in time.

Towards the bottom of page 7 of the transcript, you said:

30

*No worries mate I just thought I'd give you - keep you in the loop I haven't sent this to anyone else it's just you ...*

Mr Hawatt responded at the top of page 8:

*No - no - look I'll - I'll keep this between you and I really don't want to make it ... too complicated for you.*

40

Do you see that?---Yes, sir.

That suggests, doesn't it, that you had a special relationship with Mr Hawatt - you thought you had a special relationship with Mr Hawatt and he thought he had a special relationship with you?---I don't know if I'd use the word "special", but there certainly was a relationship where he would talk to me about things in terms of - at that point in time, anyway, in terms of what was happening behind the

scenes. Not so much in detail, but - and that I kept him in the loop as well about things.

Isn't it a special relationship, though, because you're indicating that you weren't copying these communications you were having with the new GM to anyone except him?---And the - - -

10 At the bottom of page 7 of the transcript.---Yeah, I don't know who else I would have copied, to be honest with you.

But you had a special relationship with Mr Hawatt, didn't you?---I had a relationship with him, yes.

No, no, it was a special relationship; it was different from the relationship you had with anyone else, except perhaps Pierre Azzi?---From the point of view of councillors, yes.

20 Well, from the point of view of how council operated, you and the relationship you had with your job, and you and the relationship you had with council?---Yeah, I think that's fair comment, sir.

So on all of those subjects, you had a special relationship with those two men - Pierre Azzi and Michael Hawatt?---In that regard, the way you put it, yes.

30 Then you went on to confirm that in the middle of page 8 of the transcript, just after halfway down - I'm sorry, Mr Hawatt says:

*I know it's - it's - at the moment I think it's best you keep it you know ...*

And you responded:

40 *(INAUDIBLE) you know how (INAUDIBLE) I confide in you more than anyone else you know that.*

Do you see that?---Yes, sir.

That indicates, doesn't it, a special relationship as far as you are concerned with Mr Hawatt?---Yes, in the context of the way you put it earlier, yes, I agree.

Then can I take you to the next passage, where you say:

*I do - I do, but (UNINTELLIGIBLE) I value your judgment that's why I sent it to you so you know if anyone talks to you ...*

?---Yes.

10 You know that I have suggested to you that part of the relationship you had with Mr Hawatt was one in which you looked up to him and you had respect for him. What I want to put to you is that this is some evidence of that aspect of your relationship with Mr Hawatt?---I - just reading that again. Can you ask me the question again, sorry, sir?

Yes, sure. What I'm focusing on is that passage which is after halfway down, in which you say to Mr Hawatt:

20 *... I value your judgment that's why I sent it to you so you know if anyone talks to you ...*

?---Yes.

Doesn't that indicate that you looked up to Mr Hawatt and respected him?---I think I was referring in that comment to obviously the SMS that I had sent to the general manager.

30 Yes.---And I know for a fact that Mr Hawatt and the new GM were talking, so it's probably in reference to that when I say "if anyone talks to you".

I understand that answer, but I'm really focusing on the words "I value your judgment that's why I sent it to you"?---Sure. Judgment in that regard is what I'm suggesting to you I meant in that statement.

40 And what was it that you knew for a fact about communications or contact between Mr Stewart and Mr Hawatt at that time?---Well, I know, because Mr Hawatt told me, that he had been talking to Mr Stewart, and I just can't recall if Mr Stewart told me the same thing about talking to Mr Hawatt.

Did you have a conversation with Mr Stewart about Mr Hawatt?---That I can't recall, to be honest with you.

I'll just make the question a bit clearer. Did you ever have a conversation with Mr Stewart about Mr Hawatt?---Oh, there were occasions when we did, yes, spoke about - - -

So there were at least two occasions on which you spoke with Mr Stewart about Mr Hawatt?---Not only Mr Hawatt. Mr Azzi as well, yes.

10 When was the first of those conversations?---I didn't know Mr Stewart prior to the amalgamation, so in all likelihood it would have been after that.

What was the context for Mr Hawatt to be discussed by you and Mr Stewart? How did it arise? What was the subject matter?---It was always very - it wasn't - I can't think of anything specific in relation to what it was, but it was - I just remember him mentioning Mr Hawatt and Mr Azzi.

20 Did you talk to him about Mr Hawatt or Mr Azzi?---I don't believe I did, no, no.

Did you try to fob him off?---No, not at all. No, no.

Was he making inquiries about their influence on you?---No, not - - -

Was he making inquiries about their influence in planning decisions made at council?---That is possible.

30 You didn't provide him with any direct information?---Oh, no, I always provided whatever he asked for, absolutely.

Well, if he asked you about the influence of Mr Hawatt and Mr Azzi on planning decisions made at council, you would have said, "Well, how much time do we have"?---I distinctly remember having a conversation or conversations with Mr Stewart about the pressure that I was under at that point in time, yes.

40 Can you tell us about that, please? Can you just give us your best recollection about the first of those conversations with Mr Stewart in which you talked about that?---It was probably maybe a month or two after the amalgamation.

How did the subject come up?---I'm just trying to think. I believe that there were inquiries made of applicants, of

Mr Stewart about certain applications. I'm just trying to think - - -

This is development proponents?---Yes. It was in that context that conversations about the pressures that I was under came about.

10 Can you tell us a little bit more, please? I mean, if a particular applicant was identified, how would Mr Hawatt or Mr Azzi have come into the conversation as part of the subject matter of the conversation?---Well, I brought it up.

Do you remember which applicant?---I believe one of them was the Chanines.

20 Yes.---But I don't - I think it was in reference to a proposal for - a planning proposal over in Campsie. I think it was Anglo Road, from memory. I know that they were pressuring Mr Stewart to actually progress the application.

When you say "they", you mean Mr Hawatt and Mr Azzi?---No, no, the Chanines.

30 Sorry, the Chanines. Thank you. Yes, I stand corrected.---Look, it was in the context of conversations like that. I'm not sure if it was specifically in relation to that proposal, but it was in - that the subject of the pressure that I was under came up with Mr Stewart.

You must have thought that the occasion was such as to warrant disclosing the relationship, or part of it, that you had with Mr Hawatt and Mr Azzi; is that right?---To Mr Stewart?

40 Yes.---No, I don't know if it was that or it was just me saying, "Look, we were under extreme pressure to get X, Y and Z done in a timely manner."

Was that the first time you had disclosed that you were under extreme pressure to get things done in a timely manner to Mr Stewart?---I believe so.

Why did you raise it on that occasion? Was it because of the nature of what Mr Stewart had said, or because of the subject that Mr Stewart had raised with you? What was the

reason for you to make that disclosure at that time?---It was just - it was a very general - the first - well, to the best of my recollection, the conversation centred on - it was very general in the sense that he was asking me about how things were in terms of - - -

Any particular matter or in your job, or - - -?---In the job, really, and it was in that context that I disclosed to him about the pressure that I was under.

10

Was he talking in the past tense or the present tense? Were you talking in the past tense or the present tense?---I was referring to the past, yes.

So was he asking you about the past?---Yeah, there were conversations about, you know, how it was - Canterbury, how Canterbury was run, basically, at the time.

20

Please don't get me wrong, I'm not saying you shouldn't have made the disclosure; I'm simply trying to ascertain, if you wouldn't mind, as best as you can assist us with, as to what the disclosure was and the circumstances in which it occurred, and I'm trying to ascertain, surely it would have been a big thing for you to tell your next boss, your new current boss, that there had been these pressures under the previous boss from two particular councillors? Wouldn't that have been a big deal?---I'd say so, yeah.

30

So I'm just trying to ascertain what was it about that interaction you were having with Mr Stewart that caused you to make that disclosure on that occasion?---I think it was in the context of the Chanines, because I remember him complaining about the Chanines and the fact that they were contacting him and obviously putting pressure on him, because I attended a meeting or two with Mr Stewart in regards to that planning proposal I spoke about earlier.

Was anyone else present at the meeting?---The Chanines were there and - - -

40

Was Bechara Khouri?---I'm just trying to think if he was. I don't believe he was, actually.

Okay.---Yes. If you know Mr Stewart, he does vent a lot to his staff, and it was in that conversation that I sort of went, "By the way, this is what it was like when I was director at Canterbury."

Why did you make the disclosure on that occasion?---I don't know. I just - it seemed like the natural flow of the conversation, I guess.

10 Did you think that that was something Mr Stewart needed to know?---I don't know whether I thought about it, to be honest with you. It was just - it was just the flow of the conversation that had occurred. He was venting and saying, "Well, these guys, you know, they're doing X, Y and Z and they're pressuring", blah, blah, blah, and I said, "Well, now you know what I put up with when I was at Canterbury."

Except that he was talking about the Chanines and you were talking about the councillors?---In that conversation, I was talking about councillors and applicants in general. But I'm almost a hundred per cent sure he knew all that, anyway.

20 I'm not suggesting he didn't.---Yeah.

I'm trying to understand why you made the disclosure to Mr Stewart. I know I've asked this a couple of times now, but I'm just trying to - is there anything else you can provide us with that assists us in understanding why you made that disclosure at that stage?---Sir, in all honesty, I don't - I don't know the reason why. It just seemed like a natural flow of the conversation, the way it was.

30 Did you think Mr Stewart wanted to hear that? I'm not saying he didn't. I'm just asking.---Yes. No, I just wanted to relate to him and let him know that that's what it was like.

And when was this, as best you can recall? Can you recall a month?---No. No, sorry. It was - it would have been maybe a month or two after the amalgamation had occurred.

40 So maybe June/July?---Yeah, maybe. Yeah.

Would that have been the first time you disclosed to a third party that you had been operating as Director City Planning under this pressure from those two men?---No. I believe I disclosed it to family and friends.

Sorry, fair enough.---Yes.

Would that be the first time you'd disclosed it to a, can I use the words, "responsible authority"?---No, I believe I expressed - I'm just trying to think. I definitely spoke to Mr Montague about it.

Yes, but he was part of the game, wasn't he?---He was part of that group, yes. I don't recall, no, sorry.

10 From the sound of it, you don't recall an earlier occasion where you had disclosed the fact that you had been operating under that pressure from those two men to what I have characterised as a "responsible authority"; you can't recall any prior disclosure?---I can't, sorry.

So that would have been the first time?---To the best of my knowledge.

20 Now, there were further conversations, you indicated, with Mr Stewart on the same subject?---It was the same subject and it was - it may have been the same application, to be honest with you, and the same applicants, yeah.

Was there any additional material you provided Mr Stewart with in subsequent conversations about the relationship you'd had with Mr Azzi and Mr Hawatt?---Not that I can recall, no, sorry.

30 But you didn't tell Mr Stewart, I take it, that in fact you had been operating as part of a team with Mr Montague and Mr Hawatt and Mr Azzi in determining development applications - or indeed processing, I should say, rather than determining, processing development applications at Canterbury Council?---I don't know if I would class it as a "team", to be honest with you, sir.

What's the word you would use to describe the four of you, the way you operated?---I was trying to find - they were pressuring me to find solutions to applications.

40 But you were willing to provide them, weren't you?---Of course I was. I don't deny that.

And a lot of your evidence has been to the effect that you would have provided the solutions whether you'd been pressured to or not, because that was the sort of person you were?---Correct.

So, really, you were part of - I have used the word "collaborating" before. I'm happy for you to provide an alternative description, but you were a willing member of a circle of people who were organising the processing of development applications and planning proposals, or at least certain ones, at Canterbury Council, weren't you?---I was a willing member, yes. Do you mind if I have a break?

10 MR BUCHANAN: Certainly. Sorry, I apologise. If we could have a very short adjournment, Commissioner?

THE COMMISSIONER: Yes, we will adjourn for five minutes.

**SHORT ADJOURNMENT**

**[3.35pm]**

20 MR BUCHANAN: Mr Stavis, the circle of you, Mr Montague, Mr Azzi and Mr Hawatt that organised the processing of certain development applications and planning proposals at council organised them to favour the proponents, didn't you?---Look, as I have admitted to you before, I was trying to get - find solutions to problems. That's why I was hired.

30 But my question is, the circle comprising you, Mr Montague, Mr Azzi and Mr Hawatt that organised the processing of certain development applications and planning proposals organised them with a view to an outcome, and the outcome was, in each case, to favour the proponent, was it not?---In the majority of the cases, yes.

Was there any case in which the four of you got together and organised the refusal of a development application?---Not that I can recall, no.

40 Can I ask you to look again at volume 5, page 306, in the extractions of text messages. Item 675 at the bottom of page 306 is a text message to you on 20 May 2016 by Mr Hawatt:

*Can we catch up after work for a short meeting. Michael.*

Do you see that?---Yes, sir.

You got a number of requests from Mr Hawatt to meet with

him after the amalgamation had occurred, didn't you?---I believe there were a number of them, yes.

If we go to the next page, page 307, at the top of that page is item 676 - I'm sorry, if I didn't make it clear, item 675 is a text at 1.41pm on 20 May. Item 676 is a text from you at 2.16pm the same day:

*Yep 3.30 near Campsie?*

10

Item 677, a text from Mr Hawatt to you at 2.24pm the same day, which reads:

*Ok where in Campsie? Do you want to meet at the coffee shop opposite railway line near Campsie Station. Turn right coming up from council before you cross railway station.  
Michael.*

20

Do you see that?---Yes, sir.

You replied at 2.25pm with the letter K, indicating "okay"?---Yes.

Item 679, at 3.15pm Mr Hawatt said to you:

*It's in North Pde near cnr London Street.  
Just arrived.*

30

Do you see that?---Yes, sir.

You then said at 3.24pm that you were leaving your office; correct?---Yes, sir.

Then at 3.25pm, Mr Hawatt said:

*Ok see you soon.*

40

That was all with a view to organising a meeting off council premises chambers with Mr Hawatt; is that right?---I believe so. I believe it was at a coffee shop.

Yes, called The Coffee Story in North Parade, Campsie?---I'm not sure of the same, sorry.

How long were you there with Mr Hawatt for?---I don't think

it was all that long.

About 18 minutes?---Possibly.

And in that time, what was discussed?---He was asking me about the status of certain applications. I'm just trying to think which ones. I can't remember exactly.

10 Can I make a suggestion that there was discussion between the two of you about the 15-23 Homer Street planning proposal and where that was at?---That's probably right.

And that you indicated it was going to go in to the department on Monday?---Okay.

Is that likely to be the case?---I'm not sure if that actually happened, but I don't doubt that we discussed Homer Street, no.

20 If I indicate to you that there is evidence that Mr Hawatt told Mr Faker just that, then his source would have been you, wouldn't it?---Yes, probably.

MR BUCHANAN: Commissioner, if we could play, please, a recording of a telephone conversation, LII09724, recorded on 23 May 2016 at 5.26pm.

30 Mr Stavis, this recording, as played, omits irrelevant material at the beginning of the conversation and so starts, as it were, in the middle of the conversation and then proceeds to the end. It's a relatively lengthy call.---Okay.

#### **AUDIO PLAYED AND TRANSCRIPT DISPLAYED**

40 MR BUCHANAN: Commissioner, I tender the audio file and transcript of that recording.

THE COMMISSIONER: The audio file and transcript of the extract of the recording LII09724 recorded on 23 May 2016 at 5.26pm will be exhibit 227.

**#EXH-227 - PORTION OF TRANSCRIPT SESSION 9724**

10 MR BUCHANAN: Mr Stavis, I'm just going to ask you one question about that recording, because that's really all the time that I have. What that recording shows is that essentially you and Mr Hawatt were getting together to maintain the circle of organising favourable outcomes for selected developers, just minus Jim Montague; isn't that the case?---I didn't see it that way. I didn't read it that way. I think it was keeping him in the loop about previous - because, as I said before, he had given - he had spoken to me about the new general manager and about my position, and so forth. So a lot of that's to do with that as a subject matter. I did recall, though, that he did make an inquiry of me to have a look at a particular application. I just don't recognise what it was.

20 But the way the two of you were talking together was as if you were two conspirators, wasn't it?---Oh, no, that's not right, sir. I mean - that's not right, I'm sorry.

MR BUCHANAN: Commissioner, I note the time.

THE COMMISSIONER: All right. This is the completion of this particular section of the hearing. We will then resume on Monday, 8 October. It's a 12pm start, and we are not here; we are back at the ICAC offices.

We will stand adjourned until then.

30 **THE WITNESS STOOD DOWN** [4.00pm]

**AT 4.00PM THE MATTER WAS ADJOURNED ACCORDINGLY** [4.00pm]

40