



**The Hon. Shelley Hancock MP**  
Minister for Local Government

Your ref:  
Ref: A686409

Clr Denis Todd and Mr Roger Bailey  
Mayor and General Manager  
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Dear Clr Todd and Mr Bailey

I acknowledge receipt of your letter of 18 December 2019 responding to Mr Hurst's letter of 25 October 2019 forwarding the report of the investigation (Report) into Council under section 430 of the *Local Government Act 1993* (the Act).

As you will be aware, the investigation focussed on Council's water function and governance issues affecting both councillors and the corporate body.

The Report contained conclusions that give rise to significant concerns regarding Council's performance. Most relevantly, the Report found:

- Council has demonstrated an inability to make necessary decisions to undertake required works to ensure its water security.
- While Council had obtained funding for some capital works, it has not been pro-active in addressing water security issues.
- Council has demonstrated an inability to make necessary decisions to undertake required works to ensure its water meets appropriate health standards.
- Council has failed to ensure the integrity of its water treatment facilities.
- Council has failed to ensure that recommendations contained in various external reports were promptly and fully implemented.

The Report also found that some councillors had failed to fully understand their role when dealing with a tender and in subsequent dealings with the successful tenderer.

Given the significance of the concerns, the Report recommended that I issue a Performance Improvement Order (PIO) under section 438A of the Act to improve Council's performance in planning for and managing its water, waste water and other assets and its procurement and tendering processes.

As an adjunct to the PIO, the Report recommended the appointment of a Temporary Adviser to provide advice and assistance to Council in relation to its water and waste water functions.

I am concerned that your letter of 18 December 2019 fails to recognise the significance of the issues raised in the Report, both in regard to Council's water function and in relation to the performance of councillors.

I acknowledge that Council is working with DPIE-Water and NSW Health to address the water issues. In this regard, I note that an Improvement Plan has been agreed with these bodies to address their concerns regarding Council's water function.

I note also that Council is working to address cultural issues within staff. This aspect of Council's response does not address the Report findings that Councillors failed to understand their role when dealing with a tender and in subsequent dealings with the successful tenderer.

In the light of the findings and recommendations of the Report, my preferred response would have been to issue the PIO and to appoint a Temporary Adviser. However, the constraints imposed by the current COVID-19 pandemic make it impractical to appoint a Temporary Adviser as it would require his or her physical attendance at Council and its facilities.

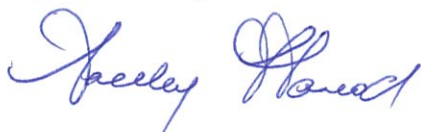
Accordingly, I have determined to defer consideration of a PIO and the appointment of a Temporary Adviser at this stage. In lieu thereof, I require that Council implement the Improvement Plan and report its progress to the Deputy Secretary, Local Government, Planning and Policy on a three monthly basis. In this regard, the first report should be provided within six (6) weeks from the date of this letter.

I also require that Council reports its progress in addressing the findings in the Report, in particular, staff cultural and conduct issues and that this report be submitted to the Deputy Secretary. Again, the first report should be provided within six (6) weeks from the date of this letter.

While I remain concerned about the other issues raised in the Report, I do not require ongoing reporting to me of Council's response, but I fully expect that Council will have regard to the recommendations and that it will ensure they are addressed at the appropriate time in the future.

I trust Council will apply its efforts to addressing the concerns raised in the Report in a timely manner, for the benefit of the community.

Yours sincerely



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26 MAY 2020