

# AGENDA

- 1. **Apologies / Leave of Absence .....2**
- 2. **Pecuniary Interest .....2**
- 3. **Confidential Business (Committee of the Whole) .....2**
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- 6. **Late Items of Business / Urgent Business (as introduced by the Chairperson)..... 19**

## **Acknowledgement to Country**

Shellharbour City Council acknowledges the Traditional Owners and Custodians of the Land on which we are meeting.

### **1. Apologies / Leave of Absence**

### **2. Pecuniary Interest**

Note: Councillors who declare a Pecuniary Interest at the Council Meeting are also required to complete a Pecuniary Interest Declaration form.

### **3. Confidential Business (Committee of the Whole)**

In accordance with the *Local Government Act 1993*, and the *Local Government (General) Regulation 2005*, in the opinion of the General Manager, the following business is of a kind as referred to in Section 10A(2) of the Act, and should be dealt with in a Confidential Session of the Council meeting closed to the press and public.

**Set out below is Section 10A(2) of the Local Government Act 1993, in relation to Confidential Business:**

**10A(2) Which parts of a meeting can be closed to the public? The matters and information are the following:**

- (a) personnel matters concerning particular individuals;
- (b) the personal hardship of any resident or ratepayer;
- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business;
- (d) commercial information of a confidential nature that would, if disclosed:
  - (i) prejudice the commercial position of the person who supplied it, or
  - (ii) confer a commercial advantage on a competitor of the council, or
  - (iii) reveal a trade secret,
- (e) information that would, if disclosed, prejudice the maintenance of law;
- (f) matters affecting the security of the council, councillors, council staff or council property;
- (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege.

**CONFIDENTIAL ITEMS****3.1 Land & Environment Court Matter (8822659)****Reason for Confidentiality**

This item is classified CONFIDENTIAL under the provisions of Section 10A(2)(e) & (g) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following:

(e) information that would, if disclosed, prejudice the maintenance of law

and

(g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege

This report will include advice regarding negotiations with respect to the Land & Environment Court case.

Public disclosure of details of this matter at this time could prejudice the maintenance of law, because the matter is still before the Court. Evidence is still to be heard and assessed and a finding by the Court is still to be made. Public discussion at this time, is therefore inappropriate. Legal advice, the subject of legal professional privilege, will be discussed during the meeting. Council may determine further legal instructions for Council's solicitors at this meeting.

**RECOMMENDATION:**

1. That Council resolve into Committee of the Whole (in Confidential Session) to consider the above business as listed, together with any late reports tabled at the meeting.
2. That pursuant to Section 10A(1-3) of the *Local Government Act 1993*, the press and public be excluded from the proceedings on the basis that the business to be considered is classified confidential under the provisions of Section 10A(2)(e) & (g) of the Act as outlined above.
3. That the correspondence and reports relevant to the subject business be withheld from access to the press and public in accordance with Section 11(2) of the *Local Government Act 1993*.

**4. Recommendations from Committee of the Whole**

## **5. General Manager's Office**

### **5.1 Consideration of Director General of DLG letter dated 5.11.07 (8821968)**

To the Mayor and Councillors

**Division: General Manager's Division**  
**Department: Executive Office**

**Manager:** Brian Weir - General Manager  
**Author:** Brian Weir - General Manager

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## **Summary**

The purpose of this meeting is to formulate a response to the Director General from the Council, as to what action it will take to specifically address problems associated with "unsatisfactory councillor conduct, conduct of meetings and the impact of escalating legal costs" as outlined in his letter to the Mayor dated 5 November 2007.

This report endeavours to outline the elements which taken together, particularly over the last 18 months have led to the situation Council now finds itself in.

## **Recommendation**

**Submitted for consideration.**

## **Background**

*(1) Governance issues - Councillor conduct, conduct of meetings*

In October 2004, I issued a memo to the Mayor (which he passed onto all Councillors) regarding Councillor meeting behaviour and other governance issues.

Thus the issue of governance has been on the agenda at Shellharbour City Council for much of this term.

Council's governance issues have become more pronounced, however, following the unauthorised release of confidential matters relating to the General Manager's Contract negotiations in April 2006, contrary to an undertaking Councillors had given to each other.

In April 2006, Council resolved to conduct an investigation into the source of "leaks" of confidential Council information, which included not only the unauthorised release of the above mentioned confidential contract negotiations, but the unauthorised release of the Department of Local Government's *draft Promoting Better Practice Report*

The draft Promoting Better Practice Report from the Department of Local Government was issued to Councillors in early 2006 on a strictly confidential basis.

This report emphasised the need for governance issues to be dealt with by the Council, and if necessary through its Conduct Committee process. The Report also recommended (recommendations 12, 15, 17, 24) that further training on the Code of Conduct Meeting Procedures and protected disclosures take place.

Copies of the relevant recommendations are attached (1). The Department informs that the unauthorised release of the draft Report was the first time within NSW that such a report had been "leaked".

The Final Report was officially released later.

This breach of confidentiality had the effect of impeding the procedural fairness requirements provided by the Department, namely the opportunity to obtain a fair hearing by being able to clarify and rectify matters contained in the draft report, so as to minimise potential community confusion or misinformation.

The situation further escalated when it was claimed on the website forum that some ten years of confidential Council Reports and Minutes would be selectively published.

A progress report was made to the Department of Local Government on 1 June 2007 advising of Council's progress in implementing the Promoting Better Practice Report's recommendations. In reply, the Department advised that I was to provide a further progress report by 31<sup>st</sup> January 2008 in regard to meeting conduct and code of conduct compliance.

A training session took place on 20 June 2006, facilitated by Maddocks Lawyers (David Baird and Genevieve Wallace) concentrating on the requirements and obligations of Councillors for the conduct of meetings and behaviour under the Code of Conduct and the Code of Meeting Practice.

## *(2) Legal costs*

For much of 2007, once the Respondents to the Court action were nominated on the basis of forensic evidence gathered by Council, considerable media attention has focussed on the Court case and the costs of the investigation. Due to the nature and complexity of the evidence at issue, the investigation involved a very thorough, and specialised examination of various electronic data and physical events. The need for such a robust investigation, with its inevitable costs, was required so that any evidence gathered would be able to stand up to scrutiny in Court.

While I have been and continue to be mindful of the increasing costs imposed on Council throughout this process, I remind Council that the option exists for Council to pursue recovery of a substantial amount of the costs, particularly by way of Court order.

In terms of the impact of the costs on Council, and their reporting, the investigation and legal costs have been brought to account in three successive Council Budgets. There has been no impact on Council's services. These costs have been met from Available Funds. The costs were expended on the understanding the investigation and proceedings would have concluded by October 2007. Unfortunately, the proceedings were adjourned due to two of the Respondent's being represented by the same lawyers, leading to a conflict of interest. Therefore, it is only appropriate that I emphasise that it is through no fault of Council that the case has been adjourned until February 2008.

In undertaking to implement Council's resolutions on the matter, a major difficulty that I have faced in running this investigation has been that I have been forced to investigate not only members of the public, but also my staff and the Councillors - including the Mayor. In these circumstances, it is entirely appropriate that external forensic advisors and lawyers be engaged to run an investigation, and following the conclusions of the investigation, legal proceedings against the suspected perpetrators. I have also been required to act in accordance with the advice of Council's legal advisors due to the contentious nature of the proceedings, and the fact that any information provided to Council is likely also to filter through to the Respondents.

For the above reason, it would have been premature to present reports to Council to discuss costs and legal strategy, because to do so would be to present information, which would prejudice Council's interest in the proceedings by potentially informing the Respondents of Council's strategy.

While the issue of costs is significant, and cannot be ignored, it is also important that it not be overemphasised. The key issue that has motivated Council action in response to the unauthorised releases of information is that Council cannot perform its statutory responsibilities, and indeed Council cannot operate satisfactorily if its confidential operations can not take place in accordance with the confidentiality provisions of the Local Government Act and Code of Conduct.

Regrettably there has been a failure to report the matter accurately in the public domain and this has caused great damage to Council's reputation and stress to its Councillors and staff.

### *(3) Options going forward*

The above mentioned adjournment and its public impact provides an opportunity for Council to consider its options going forward. Also, as a result of the Court case and other issues including the adverse publicity, the Director General of the Department of Local Government wrote to the Mayor on November 5 (attachment 2).

As a result of the position reached in the proceedings, and, among other things, the adverse publicity, the Director General of the Department of Local Government wrote to the Mayor on November 5 2007 (attachment 3). The Minister by letter indicated that the Director General's letter of November 5 was regarded by him "to be in the public interest and a matter for Councillors and the community to consider". He also advised that "should Council wish to consider other items of business relating to the case before the Land & Environment Court, this should be a separate item of business".

The Mayor was requested by the Director General to table the Director General's letter at the Council meeting on November 13 and requested Council to address and give an immediate response to the Director General "as to what action it will be taking to specifically address problems associated with Councillor conduct, the conduct of meetings and the impact of escalating legal costs".

The letter also requested that Council consider its options with respect to the court case and indicated that these options "include discontinuance of the proceedings and entering into negotiations to reach a mediated settlement or agreed outcome". The Mayor tabled a Mayoral Minute outlining his response and the actions proposed. This was endorsed and adopted by Council (attachment 4).

A report on Council's options regarding the court case will be tabled in Committee of the Whole (confidential) at the Extraordinary Meeting on November 20, following receipt of a report

regarding the outcome of negotiations between Council's legal advisors and the respondents' legal advisors.

It is ultimately a matter for Council alone to consider the future direction of this case, as stated by the Minister.

In my view, and based on Council's resolution of November 13 and the correspondence from the Director General and the Minister, Council has the following obligations:

A. Consider the following three options available to Council:

- (1) Discontinue the proceedings; or
- (2) Settle the proceedings on terms satisfactory to Council as expeditiously as possible; or
- (3) Continue with the proceedings to their conclusion, and wait the Court's final judgment in the matter.

In considering these options, Council should be mindful of the ongoing legal costs, the impact on Council's reputation, and which option would best enable Council, its Councillors and staff to resume normal operations.

This obligation will be addressed in Committee of the Whole (confidential) at this Extraordinary Meeting.

B. Provide for consultation with the community.

This obligation will be addressed by inviting the community to speak in Public Forum prior to the Council formally considering this report.

C. Consider how Council will address and rectify, to the Director General's satisfaction, "the unsatisfactory Councillor conduct, and the conduct of Council meetings and, the impact of escalating legal costs" as outlined in his letter.

This obligation will be met by Council's consideration of this report as well as the late report in Committee of the Whole (confidential) earlier in the evening regarding the progress of negotiations with the Respondents. Council needs to give consideration to these options bearing in mind the community comments as outlined in point B above.

Council has already resolved, in adopting my Report at the Meeting on November 13, to hold an Extraordinary Meeting to consider Council's level of governance, hold governance training and to consider what improvements need to take place to enable Council to operate at a satisfactory governance standard. See also point D below.

D. Council needs to decide how it intends to improve its operations and performance.

This obligation, together with point C, can be met by Council making a decision at the Extraordinary Meeting still to be scheduled, as outlined in action 6 of the Mayor's letter to the Minister.

This decision would then be submitted to the Director General to seek concurrence from the Director General that Council's intended governance actions incorporated within the decision - provided they are adhered to - will satisfy the demands of the Director General as outlined in his letter of November 5.

## Consultations

### Internal

Manager Executive Offices.

### External

Maddocks Lawyers.

## Considerations

### Financial/resources implications

This report per se has no financial impact, however, the current governance situation, if unresolved, will have financial impact on the Council and its community.

### Legal & policy implications

It is vital for the future operations of the Council that this report be acted upon. The report complies with the Local Government Act and is in compliance with directives from the Minister and Director General. It also complies with a Council resolution.

### Public/social impact

This report deals with the fundamental operations of the Council and its residents and therefore is of the most fundamental impact to the community. It is important to note that the community has not yet had the facts of the case placed before it.

### Options

N/A.

## Conclusions

I believe, after hearing the community comments, and following debate, Council may wish to defer obligations C & D to the Extraordinary Confidential Meeting, that professional guidance to be sought on the above governance issues, and that further training be provided on Councillor behaviour and meeting practice. Council may then bring the matter back to a further Extraordinary Meeting (if time permits) or to the next Ordinary Meeting scheduled for December 4.

Approved for Council's consideration:



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### Attachments

1. Local Government Reform - Promoting Better Practice Review Report - Recommendations 12, 15, 17 & 24.
2. Department of Local Government's letter to the Mayor of 5 November 2007.
3. Minister for Local Government's letter to the Mayor of 13 November 2007.
4. Late Mayoral Minute - 8.2 Letter from the Department of Local Government.



1. Local Government Reform - Promoting Better Practice Review Report - Recommendations 12, 15, 17 & 24.

**Attachment 1.**

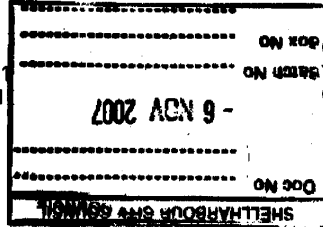
**SHELLHARBOUR CITY COUNCIL  
LOCAL GOVERNMENT REFORM - PROMOTING BETTER PRACTICE REVIEW REPORT**

<b>RECOMMENDATION</b>	
12.	Council should arrange further training for councillors in relation to their obligations under the code of conduct and other associated codes and policies and consider putting in place an ongoing councillor training and development program.
15.	In the interests of maintaining order at council meetings, council needs to enforce the disorder provisions of the <i>Local Government Act</i> and Regulation and council's code of meeting practice and take any appropriate follow up action under its code of conduct.
17.	In addition to the training referred to in recommendation 12 above, council should provide all councillors with training on the provisions of the <i>Local Government Act</i> and Regulation relating to the conduct of council and committee meetings, council's code of meeting practice and general concepts of meeting practice and procedure.
24.	Council should provide ongoing training to both councillors and staff on protected disclosures.

Attachment 2 - Department of Local Government's letter to the Mayor of 5 November 2007.



Department of Local Government  
5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541



Doc ID: A119557  
OUR REFERENCE  
YOUR REFERENCE  
CONTACT  
Paul Terrett  
02 4428 4198

Cir David Hamilton  
Mayor  
Shellharbour City Council  
PO Box 155  
SHELLHARBOUR CITY CENTRE NSW 2529

- 5 NOV 2007

Dear Cir Hamilton

The Department is becoming increasingly concerned about Council's current situation in relation to a range of matters, including the legal proceedings commenced in the Land and Environment Court regarding an alleged breach of confidentiality, conduct of meetings and Councillor behaviour. It would appear to me that the situation at Council is deteriorating. These and related issues are impacting negatively on Council's reputation in the local community.

The role each councillor plays as a member of the governing body is a very important one. A councillor's role is to direct and control the affairs of council in line with the requirements of the *Local Government Act 1993* and in accordance with the charter as set out in section 8(1) of the Act.

Councillors must make significant decisions on behalf of the community in a responsible manner. These decisions should be taken having regard to the effect of the decisions on the community and their cost to the community in the short, medium and long term.

A councillor will bring knowledge of local issues to the role, but not so far as advocating the sectional interests of a particular group to the exclusion of the best interests of the whole community.

The Promoting Better Practice Review of the Council raised particular concerns relating to Councillor behaviour and the conduct of Council meetings. Recent events indicate that Council continues to have difficulties in these areas and immediate action by Council and Councillors is required.

The Department's support for the current legal action regarding the leaking of confidential information was consistent with the Department's aim to maintain the integrity of matters considered in confidence by Council. It was also on the understanding that the proceedings would be constrained to the factual circumstances surrounding the alleged breaches and that this would be dealt with expeditiously by the court.

In view of the protracted nature of the litigation and the fact that costs have reportedly escalated considerably, Council should now consider its options. These

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include discontinuance of the proceedings and entering into negotiations to reach a mediated settlement or agreed outcome.

I am deeply concerned that the present operations of Council do not meet the reasonable expectations the community has regarding Councillor behaviour and the conduct of Council business. It would appear that Councillors have failed to provide the necessary leadership in their handling of this matter contrary to their obligations under the charter.

I request that this letter be tabled at the next ordinary Council meeting to be held on Tuesday 13 November 2007.

Council is due to provide a further report to the Department by 31 January 2008 on its progress in implementing the recommendations of the Promoting Better Practice Report. However, given my current concerns, I seek an immediate response from Council as to what action it will be taking to specifically address problems associated with unsatisfactory Councillor conduct, the conduct of meetings and the impact of escalating legal costs.

I also expect an immediate and sustained improvement in Council's operations and performance having regard to my comments above.

Yours sincerely



**Garry Payne AM**  
**Director General**

CC: Mr Brian Weir, General Manager

Attachment 3 - Minister for Local Government's letter to the Mayor of 13 November 2007.

Fax sent by :

13-11-07 15:35 Pg: 2/2



New South Wales

**The Hon. Paul Lynch MP**

**Minister for Local Government  
Minister for Aboriginal Affairs  
Minister Assisting the Minister for Health (Mental Health)**

**Clr David Hamilton  
Mayor  
Shellharbour City Council  
PO Box 155  
SHELLHARBOUR CITY CENTRE NSW 2529**

Ref:  
MIN: eA12Z7756  
Doc ID: A124298

Dear Clr Hamilton

I am writing in reply to your letter of 12 November 2007 regarding the Department of Local Government's concerns about Shellharbour City Council.

I regard the letter of 5 November 2007 from the Director General of the Department of Local Government to be in the public interest and a matter for all councillors and the community to consider.

Should Council wish to consider other items of business relating to the case before the Land and Environment Court, this should be a separate item of business. It is ultimately a matter for Council to consider the future direction of this case.

Your advice to the Director General as to how Council intends to improve Council's operations and performance should be provided as requested.

Yours sincerely,

**Paul Lynch MP  
Minister**

Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000  
Phone: (61 2) 9228 3333 Fax: (61 2) 9228 5351

Attachment 4 - Late Mayoral Minute - 8.2 Letter from the Department of Local Government.

**Subject      8.2 Letter from the Department of Local Government  
(8819451) - LATE REPORT**

To my fellow Councillors

**Mayoral Minute**

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**Summary**

The purpose of this report is to place before Council a letter forwarded to Council from the Director General of the Department of Local Government and received by Council on November 6, 2007.

**Recommendation**

**I recommend the endorsement of my actions in replying to the letter from the Director General and I seek the adoption of the actions (1-6) I proposed in my letter of reply.**

**Background**

The letter from the Director General, a copy of which is attached, is hereby formally tabled for the information of, and consideration by, Council.

Following receipt of the letter and after consultation with the General Manager and Council's legal advisors, Maddocks Lawyers, represented by Mr David Baird, Mr Baird wrote to the Director General proposing that the Director General's letter be tabled no later than the Council meeting scheduled for December 4, or earlier at an Extraordinary Meeting if the Director General preferred.

The reasoning behind this was to allow sufficient time for Council to consider its legal position with respect to the court case in the Land & Environment Court including the progress of negotiations with the parties to the litigation.

However, late on Friday afternoon, November 9, Mr Baird received verbal advice from a Departmental Officer that the Minister was insistent that the Department's letter be tabled at the meeting scheduled for November 13.

Yesterday, following consultation with Council's Senior Management Team, I sent the attached response to the Minister and the Director General.

The contents are self explanatory.

I call on all Councillors to put aside their differences and commit to working co-operatively for the benefit of the Council, the City and the residents of Shellharbour.

The situation we find ourselves in must be of great concern to all Councillors - just as it is to our community, our staff and the Department of Local Government.

We must come together united in working as a team, for the benefit of residents and operating strictly in accordance with our statutory responsibilities including the Code of Conduct and the Code of Meeting Practice.

We have a statutory and a moral obligation to act responsibly in carrying out our duties for the remainder of this term.

At our administrative level, the Council is operating very well - as is evidenced elsewhere in the Business Paper in the Management Plan Report and Quarterly Financial Review.

It is the governance area where we need to lift our performance and this can be specifically addressed at the Extraordinary Confidential Meeting the General Manager is proposing to be convened for governance discussion and training. This recommendation is listed for consideration later in this Business Paper.

Once again I implore all Councillors to pledge to work together, to seek to achieve the highest levels of governance performance and to serve the Shellharbour community and Shellharbour Council in the manner as laid out in the Local Government Act 1993.

Submitted for consideration.

Approved for Council's consideration:



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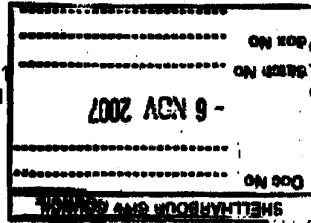
**Attachments**

1. Letter from the Department of Local Government dated
2. Letter to the Minister of Local Government dated 12 November 2007.

Attachment 1 - Letter from the Department of Local Government dated 5 November 2007



Department of Local Government  
5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541



Doc ID: A119557

Paul Terratt  
02 4428 4198

Cir David Hamilton  
Mayor  
Shellharbour City Council  
PO Box 155  
SHELLHARBOUR CITY CENTRE NSW 2529

- 5 NOV 2007

Dear Cir Hamilton

The Department is becoming increasingly concerned about Council's current situation in relation to a range of matters, including the legal proceedings commenced in the Land and Environment Court regarding an alleged breach of confidentiality, conduct of meetings and Councillor behaviour. It would appear to me that the situation at Council is deteriorating. These and related issues are impacting negatively on Council's reputation in the local community.

The role each councillor plays as a member of the governing body is a very important one. A councillor's role is to direct and control the affairs of council in line with the requirements of the *Local Government Act 1993* and in accordance with the charter as set out in section 8(1) of the Act.

Councillors must make significant decisions on behalf of the community in a responsible manner. These decisions should be taken having regard to the effect of the decisions on the community and their cost to the community in the short, medium and long term.

A councillor will bring knowledge of local issues to the role, but not so far as advocating the sectional interests of a particular group to the exclusion of the best interests of the whole community.

The Promoting Better Practice Review of the Council raised particular concerns relating to Councillor behaviour and the conduct of Council meetings. Recent events indicate that Council continues to have difficulties in these areas and immediate action by Council and Councillors is required.

The Department's support for the current legal action regarding the leaking of confidential information was consistent with the Department's aim to maintain the integrity of matters considered in confidence by Council. It was also on the understanding that the proceedings would be constrained to the factual circumstances surrounding the alleged breaches and that this would be dealt with expeditiously by the court.

In view of the protracted nature of the litigation and the fact that costs have reportedly escalated considerably, Council should now consider its options. These

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include discontinuance of the proceedings and entering into negotiations to reach a mediated settlement or agreed outcome.

I am deeply concerned that the present operations of Council do not meet the reasonable expectations the community has regarding Councillor behaviour and the conduct of Council business. It would appear that Councillors have failed to provide the necessary leadership in their handling of this matter contrary to their obligations under the charter.

I request that this letter be tabled at the next ordinary Council meeting to be held on Tuesday 13 November 2007.

Council is due to provide a further report to the Department by 31 January 2008 on its progress in implementing the recommendations of the Promoting Better Practice Report. However, given my current concerns, I seek an immediate response from Council as to what action it will be taking to specifically address problems associated with unsatisfactory Councillor conduct, the conduct of meetings and the impact of escalating legal costs.

I also expect an immediate and sustained improvement in Council's operations and performance having regard to my comments above.

Yours sincerely

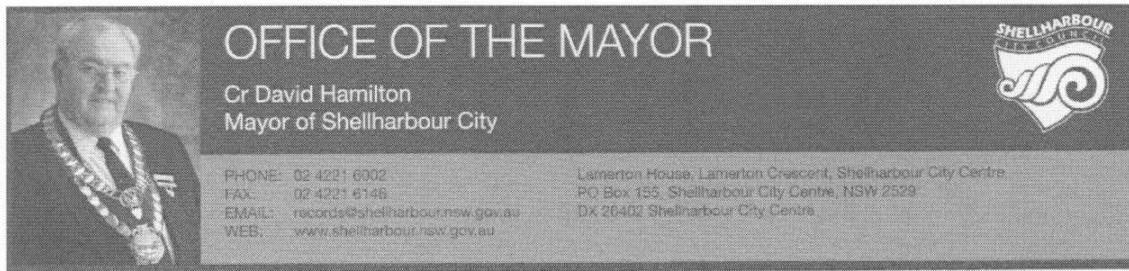


**Garry Payne AM**  
**Director General**

CC: Mr Brian Welr, General Manager



Attachment 2 - Letter to the Minister of Local Government dated 12 November 2007



**OFFICE OF THE MAYOR**  
Cr David Hamilton  
Mayor of Shellharbour City

PHONE: 02 4221 6002  
FAX: 02 4221 6146  
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Lamerton House, Lamerton Crescent, Shellharbour City Centre  
PO Box 135, Shellharbour City Centre, NSW 2529  
DX 26402 Shellharbour City Centre

12 November 2007

The Honourable Paul Lynch MP  
The Minister of Local Government  
Governor Macquarie Tower  
Level 32, 1 Farrer Place  
Sydney 2000

Facsimile: 9228-5551

**Late Mayoral Minute/Shellharbour City Council**  
**Your Reference: A119557**  
**Our Reference: EOD#5719**

Dear Minister

I refer to the Director General's letter of November 5, 2007 and will be tabling it as requested at the Ordinary Meeting of November 13<sup>th</sup> 2007:-

I wish to advise that I intend to take the following action in response to his letter:-

1. I will seek a Council resolution that there be an embargo on any media statements by any Councillor including myself, and Council staff regarding the case currently before the Land & Environment Court with respect to the leaking of confidential information.
2. That any breach of this embargo will constitute a matter to be referred to the Council's Conduct Committee and also referred to yourself as the Minister for Local Government.
3. As Chair of Council meetings, I will ensure strict compliance with Council's Code of Conduct and Code of Meeting Practice including strict enforcement of disorder provisions with respect to the conduct of Council Meetings.
4. That Council seek an urgent response from its legal advisors, Maddocks Lawyers regarding its options with respect to the court case referred to above including the option of an open and transparent mediation process with a view to an out of court settlement.
5. That Council reconvene no later than Tuesday November 20 to consider the report from its legal advisors and a report from the General Manager regarding the impact of the "escalating legal costs" and adopt an appropriate course of action in consultation with yourself and the Director General.

6. I will convene an additional Extraordinary Meeting of Council before the end of November to consider any further action Council needs to take to address the governance concerns outlined in your letter, to the satisfaction of yourself and the Department of Local Government.

In conclusion I believe that it is clear that the administration and performance of Council (in all areas outside of governance issues) is operating to a highly satisfactory standard. This is supported by the Quarterly Management Plan Report which will be tabled at tomorrow night's Council meeting.

I trust that this commitment is a satisfactory initial response to the Director General's letter.

I seek your endorsement of the course of action I have outlined above at your earliest convenience.

Yours sincerely



**Councillor David Hamilton**  
**Mayor**  
**Council of the City of Shellharbour**

cc: Director General - Department of Local Government

**6. Late Items of Business / Urgent Business (as introduced by the Chairperson)**