

Local Government Act 1993

**INVESTIGATING PANEL DETERMINATION REPORT
DERWENT VALLEY COUNCIL CODE OF CONDUCT**

Complaint brought by Mr Ron Sanderson against Councillor (Cr) Michelle Dracoulis

Investigating Panel

- Jill Taylor (Chairperson),
- Jenny Richardson (Local Government Member)
- David Tilley (Legal Member)

Date of Determination: **22 October 2025**

Content Manager Reference C38225

Summary of the complaint

A code of conduct complaint was submitted by Mr Ron Sanderson to Ms Amanda McCall, Executive Manager, Corporate of the Derwent Valley Council on 1 May 2025.

The complaint alleges that Cr Dracoulis breached the following parts of the Local Government (Code of Conduct) Order 2024 for councillors made by the Minister for Local Government under section 28R of the *Local Government Act 1993* (the Act). The alleged breaches occurred at the Derwent Valley Council between February 2025 and April 2025.

7 – RELATIONSHIPS WITH COMMUNITY, COUNCILLORS AND COUNCIL EMPLOYEES

1. *A councillor must –*
 - (a) *Treat all persons fairly;*
 - (b) *Not cause a reasonable person offence or embarrassment; and*
 - (c) *Not bully or harass a person*

Initial assessment

Following receipt of the complaint, the Initial Assessor, Frank Neasey, was appointed to conduct an initial assessment of the complaint in accordance with the requirements of section 28ZA of the Act.

Having assessed the complaint against the provisions of sections 28ZB and 28ZC of the Act, the Initial Assessor determined that part of the complaint be investigated and determined by the Panel. However, he dismissed part of the complaint, namely that part of the complaint that is with respect to or relies on attachments 1, 7, 8, 13 and 14.

The respondent councillor and the complainant, who is also the General Manager, were notified of the outcome of the initial assessment by letter dated 4 July 2025. Ms Amanda McCall was also notified on 4 July 2025, as the person acting as General Manager of the Council for the purposes of this complaint.

Investigation

In accordance with section 28ZE of the Act, the Investigating Panel investigated the complaint.

The following documents have been presented to the Panel to consider as evidence in this matter:

- Complaint by Mr Sanderson under cover of statutory declaration dated 1 May 2025 with attachments numbered 2, 3, 4, 5, 6, 9, 10, 11, 12, 15 and 16
- Response from Cr Dracoulis submitted under cover of a statutory declaration dated 8 August 2025 with attachments numbered 1-26
- Statement dated 27 August 2025 from Mr Sanderson commenting on Cr Dracoulis' response to his complaint under cover of statutory declaration dated 28 August 2025
- Witness statement from Cr Sara Lowe date 8 September 2025 with statutory declaration covering this statement dated 20 September 2025

Mr Sanderson alleged that Cr Dracoulis had breached Part 7.1.(a), (b) (c) of the Code following receipt of an independent review report by Mr Paul West of River Road Consulting and received by Council on 13 January 2025. Mr West had been contracted to investigate and report on an agreed range of Council governance functions following discussions between the Mayor, Cr Dracoulis and the A/g Director of Local Government. Upon receipt of the report, Mr Sanderson alleges that Cr Dracoulis *"took control of the process"*. In similar situations, Mr Sanderson contended that the General Manager would be given a copy of the report and requested to prepare a response to Council. However, in this instance that did not occur and Cr Dracoulis' consultation with Council's legal representative was to terminate his contract as she blamed him for the inadequacies highlighted in the report. It was at this point that Mr Sanderson alleged their relationship began to break down.

Mr Sanderson submitted in his complaint that Cr Dracoulis took a recommendation to one closed Council workshop and two closed Council meetings to terminate his contract, but the motion was defeated.

Mr Sanderson provided several attachments with his complaint as evidence supporting that Cr Dracoulis had breached Part 7.1 (a), (b) and (c) of the Code.

In her written response to Mr Sanderson's complaint Cr Dracoulis refuted his allegations. She stated that the independent review was suggested to her by the A/g Director of Local Government in response to community concern. She pointed out that on receipt of the review report there were *"deficits in process, protocol and statutory compliance varied in severity and oversight of their deliver sits within the wheelhouse of the General Manager's duties"*. Cr Dracoulis stated that her oversight of the General Manager's performance was *"not a form of bullying and harassment."*

Hearing

As per section 28ZH of the Act, a hearing was held on 3 October 2025 at the Derwent Valley Council Chambers in New Norfolk. All Panel members, Mr Sanderson and Cr Dracoulis attended in person.

At the commencement of the hearing, the Chairperson read a preamble outlining how the hearing would be conducted and the process to be followed at the conclusion of the hearing. The Chairperson also acknowledged that the Panel had received a significant amount of written material from Mr Sanderson and Cr Dracoulis, including a copy of the River Road report submitted by Cr Dracoulis. She went on to stress that the Panel's role was to determine whether Cr Dracoulis has breached the Code as alleged by Mr Sanderson and would view the documentation in that context.

Prior to giving evidence both Mr Sanderson and Cr Dracoulis took an oath attesting to the truth of their evidence.

Mr Sanderson was first to give his evidence. During his testimony, Mr Sanderson detailed the sequence of events following the receipt of the River Road report, focusing on his interactions with Cr Dracoulis. He described feeling sidelined in the process, stating that standard governance procedures appeared to have been bypassed, which contributed to the breakdown in his working relationship with Cr Dracoulis. Mr Sanderson emphasised that in these circumstances it would have been usual practice for a General Manager and Mayor to work together in relation to the recommendations. Instead, decisions were made by Cr Dracoulis without his input, leaving him concerned about procedural fairness and transparency.

Mr Sanderson also described the impact of these actions on his professional standing, noting that he felt his authority as General Manager was undermined by the process. He indicated that there was a lack of communication and collaboration on the part of Cr Dracoulis.

Mr Sanderson made the point that Council was responsible for his working and psychological safety which was not afforded to him. He added that Cr Dracoulis lost a lot of respect in the local government community because of her actions in relation to him.

The Panel asked Mr Sanderson when he commenced as General Manager. He said he acted in the role for a time before being contracted to the vacancy 9 February 2023. Mr Sanderson said that he and Cr Dracoulis had *"got along fine"* from the commencement of him undertaking the role of General Manager *"then all of a sudden out of the blue things changed"*.

Mr Sanderson said when he was contracted the termination clause changed from six-months to three-weeks, adding that the only people who could have changed that clause was the lawyer or the Mayor.

Cr Dracoulis was then asked to make her submission in response to Mr Sanderson's complaint that she breached Part 7.1 (a), (b) and (c). Cr Dracoulis commenced by commenting on the General Manager's contract. She said that the contract was designed by councillors, specifically in response to a situation involving the previous General Manager. That contract had a 12-month termination clause, although Council managed to get an agreement to six months when that person left. Cr Dracoulis did acknowledge there had been communication with the lawyer regarding reducing the timeframe in the termination clause. Whilst Mr Sanderson stated that he had the support of many people in local government Cr Dracoulis said that she did as well.

Cr Dracoulis confirmed that on a personal level she and Mr Sanderson *"get along and there is no animosity between them"* and commented that Mr Sanderson had the opportunity to raise his concerns when they attended mediation. The mediation concluded with both parties agreeing to work within a *"respectful relationship charter"*. However, this was not endorsed until 27 May 2025, after the date of lodgement of Mr Sanderson's complaint.

Cr Dracoulis said that when she received the River Road report, she spoke with the Council's lawyer who advised her to get a response from Mr Sanderson so Council could see the two reports together (the River Road report and Mr Sanderson's response). Written evidence shows that

Cr Dracoulis consulted with the lawyer on 13 January 2025 and provided the report to Mr Sanderson on 22 January 2025 with a request for him to respond by 30 January 2025.

Evidence presented to the Panel indicate that Mr Sanderson was not involved in the closed Council workshop or closed Council meetings where the two reports were tabled.

Cr Dracoulis said she was physically isolated from the General Manager and staff when her office was located to a separate building. Cr Dracoulis added that she effectively "*had no management of this General Manager*" since the breakdown in the working relationship.

Cr Dracoulis said that Mr Sanderson was trying to "*come out of this skinless*" and whilst she understood he was not responsible for things that had occurred over many years, in her opinion he did not show a willingness to engage in repairing the problems identified in the report.

At the conclusion of her oral evidence the Panel asked Cr Dracoulis whether she thought it would have been appropriate to mention to Mr Sanderson when giving him the new contract that the termination clause had been significantly varied. Cr Dracoulis said she assumed that as a General Manager of many years' experience, Mr Sanderson would have read through the contract before signing it.

The Panel asked Cr Dracoulis how she perceived Mr Sanderson's performance prior to the release of the report to which she replied she thought he was an experienced and dedicated General Manager with good networks. Cr Dracoulis confirmed that there were no significant changes to the General Manager's contract other than the termination clause.

Cr Dracoulis said that the instigation of the River Road review stemmed more from community issues, rather than any concerns about Mr Sanderson's performance as General Manager.

Cr Dracoulis was asked whether Council had a customer service charter that detailed response times for answering customer queries. Cr Dracoulis confirmed there is, but she could not say whether response times were being met. The Panel put it to Cr Dracoulis that whilst the report clearly identified several administrative shortcomings, it was also not favourable to councillors in some respects. Cr Dracoulis agreed with this proposition.

Cr Dracoulis was then asked whether councillors agreed that some of their behaviour needed to change. Cr Dracoulis replied saying that they agreed some behavioural change was required albeit some were somewhat defensive.

The Panel's questioning then turned to whether councillors had discussed terminating Mr Sanderson. Cr Dracoulis said that she relayed the advice from the lawyer to councillors. According to Cr Dracoulis that advice acknowledged that the management of Council was not going well and councillors should be able to expect a higher standard of someone with Mr Sanderson's experience. Cr Dracoulis said that one option was to move ahead with a clean slate, inferring a new General Manager. Cr Dracoulis added that the agreed solution was not to sack the General Manager, but Council determined that his contract would not be renewed.

The Panel sought clarification from Cr Dracoulis as to the specific advice she had been given by the lawyer to which she replied that it came out of her verbal conversation with him. When questioned further Cr Dracoulis could not be more specific.

Evidence suggests at that stage Mr Sanderson was unaware of the extent of action being proposed by Cr Dracoulis regarding his future employment.

The Panel asked Cr Dracoulis whether there had been annual reviews of Mr Sanderson's performance, and she said the first one occurred following receipt of the report.

Mr Sanderson was then given the opportunity to put questions to Cr Dracoulis. He asked Cr Dracoulis whether she knew that two independent members of the Audit Panel were “*surprised and horrified*” that they did not have a chance to comment on the report as it related to them. Mr Sanderson went on to ask her whether she thought it was fair that he wasn’t given a copy of the report immediately and given an appropriate time to provide a response. Cr Dracoulis replied by saying she was following advice and all she did was act on that advice adding that she is not a “*professional*” in this.

Mr Sanderson commented that several of the 73 recommendations relating to administrative matters were minor things and gave an example. Given this, he then asked Cr Dracoulis, whether she thought there was sufficient cause to terminate him. Cr Dracoulis referred back to the meeting with the lawyer and whilst she acknowledged other staff may have been responsible for the administrative shortcomings, she could only manage the General Manager who had overall responsibility for council operations.

Mr Sanderson put it to Cr Dracoulis that when she sought his approval to consult with the Council’s legal representatives it was for the purpose of how to deal with privacy issues relating to people named in the report. Cr Dracoulis agreed that was the purpose of the meeting, but other matters were discussed including his performance as General Manager.

In his summation Mr Sanderson said he was sorry that the situation had developed to a point where he needed to lodge a complaint, adding that he had been blamed for things not under his control. He said that he was offended and embarrassed adding that he constantly gets people expressing support for him in this process. Mr Sanderson said the emails he had provided in evidence demonstrated that he had been bullied.

In her summation, Cr Dracoulis said that she was following advice in relation to how she handled the River Road report and never intended to harass or intimidate anyone. She added that currently she feels in limbo and reluctant to even send emails.

In considering the evidence before it the Panel concluded that the River Road report was received by Cr Dracoulis on 13 January 2025. On the same day Cr Dracoulis met with the Council’s legal representative, Mr Roger Curtis, according to her, to discuss how to progress the findings of the report. However, at that meeting the issue of how to “*deal with Mr Sanderson*” was discussed including termination of his contract. Following discussions with Mr Curtis, Cr Dracoulis provided the copy of the report to Mr Sanderson on 22 January 2025, some 9 days later, with a request for him to provide a response by 30 January 2025. It is the Panel’s view that the response time requested for a comprehensive report containing 73 recommendations, was entirely inadequate, especially for a person responsible for the day-to-day management of a Council.

Cr Dracoulis considered that findings in the report were largely attributable to Mr Sanderson as General Manager as he is responsible for the administration of the Council, despite acknowledging that the Council had been in “disarray” for some 20 years.

Despite Cr Dracoulis’ assessment that Mr Sanderson was responsible for many of the adverse findings in the report, in a General Manger performance review for the period February 2024 to February 2025 Mr Sanderson was rated as average in five of the KPIs and poor in only two.

Whilst Cr Dracoulis sought advice from Mr Curtis and the A/g Director of Local Government she was not able to articulate exactly what that advice was, apart from providing written advice from Mr Curtis dated 4 February 2025. This advice provided options for Council to deal with Mr Sanderson, it did not go into the management and communication that should occur to ensure natural justice was afforded to Mr Sanderson. Whilst it is usual for a General Manager and a Mayor of a Council to work together to address investigation findings, Cr Dracoulis chose not to do so in this instance.

Determination

As per section 28ZI of the Act the Investigating Panel determines that Cr Dracoulis has breached part of the Code of Conduct, viz., Part 7.1 (a) and therefore the Investigating Panel upholds this part of the complaint and dismisses it in relation to Parts 7.1 (b) and (c).

Reasons for determination

The Investigating Panel considered the information provided by Mr Sanderson in his complaint and the response by Cr Dracoulis, along with a supporting statutory declaration from Cr Lowe as well as oral evidence given at the hearing. The Investigating Panel concludes that Cr Dracoulis did breach Part 7.1(a) of the Code of Conduct but not Parts 7.1(b) and (c). Reasons for this determination by the Panel are detailed as follows:

Part 7.1(a)

The Panel concluded that Cr Dracoulis did not treat Mr Sanderson fairly as detailed above in this determination report. Whilst Cr Dracoulis stated that she relied on advice given to her by the Council's legal representative and the A/g Director of Local Government, Cr Dracoulis was unable to articulate exactly what that advice was and how it led to her behaviour towards Mr Sanderson. The Panel concluded that, as admitted by Cr Dracoulis, Mr Sanderson was not included in any discussions/meetings that occurred within Council following receipt of the River Road report even though some of those discussions were about his future as the General Manager. It is Cr Dracoulis' treatment of Mr Sanderson and related behaviours of not extending procedural fairness to him that the Panel find he was treated unfairly. The Panel upholds this part of the complaint.

Part 7.1(b)

Whilst Mr Sanderson claimed that he was offended and embarrassed by Cr Dracoulis' actions following the release of the River Road report he did not provide specific detailed examples of incidents and their impact on him. In the Panel's view as this matter was contained "in-house" and discussed in closed council forums, there was no evidence of any public embarrassment to Mr Sanderson. The Panel dismisses this part of the complaint.

Part 7.1(c)

Both Mr Sanderson and Cr Dracoulis stated at the hearing that there is no acrimony between them and they had a good working relationship up to the release of the River Road report. Even after that when the relationship was strained, the Panel viewed emails that transpired between both of them and found no evidence of any bullying and harassment. The Panel dismisses this part of the complaint.

Sanctions

Section 28ZI states that:

- (1) *After completing its investigation of a code of conduct complaint, the investigating Panel for the complaint is to determine the complaint by –*
 - (a) *upholding the complaint; or*
 - (b) *dismissing the complaint; or*
 - (c) *upholding part of the complaint and dismissing the remainder of the complaint.*

- (2) *If the code of conduct complaint or part of it is upheld, the investigating Panel for the complaint may impose one or more of the following sanctions on the councillor against whom the complaint is made:*
- (a) *a caution;*
 - (b) *a reprimand;*
 - (c) *a requirement to apologise to the complainant or other person affected by the contravention of the code of conduct;*
 - (d) *a requirement to attend counselling or a training course;*
 - (e) *a suspension from performing and exercising the functions and powers of his or her office as a councillor for a period not exceeding 3 months.*
- (3) *If the code of conduct complaint or part of it is dismissed, the investigating Panel for the complaint may determine that the complainant may not make a further complaint in relation to the same matter for a period not exceeding 12 months unless the complainant provides substantive new information in the further complaint.*

On 10 October 2025 the Panel invited Cr Dracoulis to make a submission within 14 days regarding what, if any, sanction should be applied. To provide some context for her consideration in making a submission the Panel provided a high-level summary of its findings.

Cr Dracoulis replied on 10 October 2025 by email saying she rejected the findings of the Panel and as such could not select a sanction.

Once Cr Dracoulis' response was received, the Panel met on 16 October 2025 to consider her response and determine an appropriate sanction.

However, on 20 October 2025, Cr Dracoulis sent a further email to the Panel stating that she had reconsidered the matter of sanction and considered a caution would be appropriate. As this advice was within the 14 days allocated for Cr Dracoulis to make a submission regarding sanction, the Panel accepted and considered the submission of 20 October 2025.

The Panel considered Cr Dracoulis' submission of 20 October 2025 together with all the evidence before it and noted that Cr Dracoulis had been cautioned in relation to a previous complaint. Furthermore, the Panel determined that Cr Dracoulis' treatment of Mr Sanderson by not affording him natural justice in relation to his future employment was a significant oversight on her part.

Accordingly, the Panel determines that Cr Dracoulis receive a reprimand for breaching Part 7.1 (a) by not treating Mr Sanderson fairly and essentially excluding him from processes contributing to his ongoing employment as General Manager.

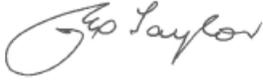
Timing of the Determination

In accordance with section 28ZD(1) the Investigating Panel is to make every endeavour to investigate and determine a code of conduct complaint within 90 days of the Initial Assessor's determination that the complaint is to be investigated.

The Panel has been unable to determine the complaint within 90 days, owing to the significant amount of documentation presented to the Panel, other commitments of Panel members during the investigation period and arranging the hearing to at mutually agreed dates.

Right to review

A person aggrieved by the determination of the Investigating Panel, on the ground that the Panel failed to comply with the rules of natural justice, is entitled under section 28ZP of the Act to apply to the Magistrates Court (Administrative Appeals Division) for a review of that determination



Jill Taylor
Chairperson



David Tilley
Member



Jenny Richardson
Member

DATE: 22 October 2025