

# Ordinary Board Meeting

## **Agenda**

Friday 13<sup>th</sup> September 2019  
11.30 am

Drouin Library Meeting Room  
136 Princes Way, Drouin



| West Gippsland  
Libraries

#IHEARTWGL  
[wgrlc.vic.gov.au](http://wgrlc.vic.gov.au)

# Our mission and strategy

West Gippsland Libraries provide library services, programs and collections that are accessible and equitable. We create partnerships to improve our service, share our knowledge and facilitate interaction within our communities and continuously strive to improve our value to the community. We are a library service that is constantly listening, testing and adapting to the changing needs of our community.

## Values

We will **bravely** adapt with the changing needs of our communities.  
We will build **relationships** with our stakeholders, communities and each other.  
We will deliver **excellence** in everything we do.  
We are West Gippsland Libraries and we are here to change lives.

### Notice of meeting

Notice is hereby given pursuant to section 84 of the *Local Government Act (Vic) 1989* that an Ordinary Meeting of the West Gippsland Libraries Board will be held at the Drouin Library, 136 Princes Way, Drouin on Friday, 13<sup>th</sup> September 2019 at 11.30 am.  
Date of notice: Monday 9<sup>th</sup> September 2019  
Leanne Williams  
**Chief Executive Officer**



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**1. Statement of acknowledgement**

The West Gippsland Libraries respectfully acknowledges the traditional owners of this land, their spirits and ancestors. We would also like to pay respect to elders from other country who may be present here today.

**2. Our Child Safety Commitment**

West Gippsland Libraries is committed to the safety and wellbeing of all children and young people.

**3. Apologies**

Cr Geoff Ellis

**4. Declarations of interest/conflict of interest**

**5. Minutes of previous meeting**

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**Recommendation**

That the Board adopt the minutes from the Ordinary meeting held 28<sup>th</sup> June 2019 and the Special meeting held 9<sup>th</sup> August 2019.

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**Attachments**

Attachment 5.1.1 – Minutes of the Ordinary Board meeting 28<sup>th</sup> June 2019 and in camera session provided under separate cover

Attachment 5.1.2 – Minutes of the Special Board meeting 9<sup>th</sup> August 2019

**6. Audit Overview**

**Presented by:** *Rochelle Wrigglesworth, Director – DMG Audit and Advisory (via phone)*

The External Auditor (on behalf of the Victorian Auditor General's Office) will provide a verbal update on the results of the year-end audit.

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**Recommendation**

That the Board note the verbal report provided by the auditor.

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**Attachments**

Nil

**7. VAGO Closing Report and Management Letter 2018.19**

**Presented by:** Rochelle Wrigglesworth, Director – DMG Audit and Advisory (via phone)

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**Recommendation**

That the Board note the verbal report provided by the auditor.

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**Attachments**

Attachment 7.1.1 – VAGO Closing Report

Attachment 7.1.2 – VAGO Management Letter

**8.1. Annual In Camera Session with the External Auditor (without management present)**

**Presented by:** Rochelle Wrigglesworth, Director – DMG Audit and Advisory (via phone)

**Report Prepared by Chief Executive Officer**

**Executive summary**

Each year the Board (in lieu of an Audit Committee) should meet with the External Auditor in camera without management being present. This is recommended in the ‘Audit Committees - A Guide to Good Practice for Local Government’. This gives the Board an opportunity to ask the auditors questions pertaining to the controls of the organisation.

The Board last met in camera with the External Auditor in September 2018.

**8.2. In camera session – personnel matters**

In camera report provided under separate cover.

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**Recommendation**

That the Board go in camera under section 89 of the *Local Government Act 1989* for:

- a) Meeting with the External Auditor for its annual update without management present.
  - b) Personnel matters relating to the CEO’s KPI’s and contract.
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Board in camera session

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**Recommendation**

That the Board move out of camera.

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**Attachments**

Nil

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## **9. Standing items**

### **9.1. Business arising from the previous meeting**

Staff working alone policy – due November 2019

E-resources added as a separate indicator to the Quarterly Finance and Performance Report – due November 2019

### **9.2. Update from the Community Advisory Committee**

Chair – David Lyons to provide a verbal update.

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#### **Recommendation**

That the Board note the Community Advisory Committee's verbal report and the minutes from its meeting held 28<sup>th</sup> June 2019.

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#### **Attachments**

Attachment 9.2.1 – Minutes of the CAC 28.6.19

## **10. Questions from the gallery**

Any member of the public or community addressing the Board must extend due courtesy and respect to the Board and the processes under which it operates and must take direction from the Chairperson whenever called upon to do so.

## **11. Reports**



## **11.1 Annual Financial Report 2018.19**

**Presented by:** Brad Tomholt (Associate Partner), Crowe Horwath

**Report Prepared by** Chief Executive Officer

### **Executive summary**

This report presents the Annual Financial Report for the year ended 30 June 2019 for adoption.

West Gippsland Libraries has performed well for the financial year, achieving a surplus of \$401K (\$371K in 2017.18). Overall there was a \$174K increase in cash held at the end of the financial year compared to the same time last year.

Grant income overall is higher than the prior year. This is due to above budgeted Public Libraries Grant Program that increased due to the population increase, predominately relating to Baw Baw Shire as well as receiving a Living Libraries grant of \$69,000 for the Foster Library Redevelopment.

Employee costs increased by 2.84% yet was less than budgeted by \$59K or 1.6%. This is due to an EBA increment of 1.96% and positions previously vacant being filled early in the financial year, additional opening hours at Phillip Island Library and more program hours being delivered by staff for the community.

The Facilities reserve decreased by \$52K at the end of the year. This was due to funds from the reserve being used for the Foster and Drouin redevelopments. Bass Coast facilities reserve increased by \$15K to a balance of \$182K, Baw Baw's decreased by \$37K to a balance of \$102K and South Gippsland's decreased by \$29K to a balance of \$103K.

Audit of the financial statements revealed no issues and West Gippsland Libraries continues to operate in a financially sustainable manner with strong financial controls implemented.

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### **Recommendation**

That:

- i. the Board adopt the Annual Financial Report for the year ended 30 June 2019 as presented; and
  - ii. Cr Keith Cook and Faith Page be authorised to certify the Annual Financial Report for the year ended 30 June 2019 on behalf of West Gippsland Libraries.
- 

### **Background**

Each year West Gippsland Libraries is required to prepare an Annual Financial Report containing financial statements that are audited to Australian Accounting Standards.

The financial statements show our financial performance, financial position and cash flows against the previous year, and comprise of a:

- Comprehensive income statement;
- Balance sheet
- Statement of changes in equity
- Statement of cash flows; and
- Statement of capital works.

### **Policy and legislative implications**

Section 131 of the *Local Government Act 1989* requires West Gippsland Libraries to prepare an annual report which contains audited financial statements.



Section 132 of the *Local Government Act 1989* requires West Gippsland Libraries to submit an annual financial report which is audited.

Part 3 of the Audit Act 1994 requires West Gippsland Libraries auditors to prepare a report on the financial statements.

### **Conclusion**

West Gippsland Libraries ended the financial year with a healthy surplus and maintains strong financial controls and budget management. The auditors advised there were no issues relating to the audit. It is recommended that the Board adopt the Annual Financial Report.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 11.1.1 – Annual Financial Report



## **11.2 Annual Report 2018.19**

**Report Prepared by Manager Strategy and Communication**

### **Executive summary**

West Gippsland Libraries is pleased to present its Annual Report for the year ending 30 June 2019. This is a celebration of the achievements of the past 12 months and the future dynamic direction of the service.

The breadth of the organisation's achievements is reflected in the Annual Report, including:

- The completion of works and refurbishments to Drouin Library, including a bold new façade;
- The completion of works and refurbishments to Foster Library, to allow for 24-hour access;
- A brand new website and implementation of email marketing to help keep patrons engaged in library services between visits; and
- The opening of the Welshpool Community Library as part of the South Coast Mobile Library transition to new services.

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### **Recommendation**

That

- i. The Board adopt the Annual Report for the year ended 30 June 2019.
  - ii. The Board delegate to the CEO the ability to make editorial amendments and typographical corrections to the Annual Report.
- 

### **Policy and legislative implications**

The Annual Report highlights the achievements of West Gippsland Libraries over the past year and the outcomes delivered as set out in the Library Plan. It contains the following statutory information:

- Report of library operations;
- Audited financial statements;
- Audit report; and
- Other matters as required by the *Local Government (Planning and Reporting) Regulations 2014* and *Local Government (General) Regulations 2004*.

The Annual Report will be available to the public on the West Gippsland Libraries website, its own separate website as outlined in this report and in branch libraries.

### **Conclusion**

West Gippsland Libraries has achieved significant outcomes over the past year and the Annual Report is a celebration of the contributions from the Board, staff and community. It is recommended that the Board adopt the Annual Report 2018.19.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 11.2.1 – Annual Report 2018.19



## **11.3 Extension of Library Agreement**

**Report Prepared by Chief Executive Officer**

### **Executive summary**

The purpose of this report is to outline the process that will be undertaken to conduct a review of the Regional Library Agreement (the Agreement) between the member Councils of Baw Baw, Bass Coast and South Gippsland Shire Councils.

To facilitate the review taking place it is requested that the Board extend the current Agreement for a period of 18 months to allow for a thorough review to take place.

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### **Recommendation**

That the Board extend the current Regional Library Agreement for a period of 18 months to 22 April 2021 to allow for the five year review to take place in accordance with clause 16 of the Agreement.

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### **Overview**

West Gippsland Libraries is established under section 196 of the *Local Government Act* and is governed by the Agreement between the member Councils of Baw Baw, South Gippsland and Bass Coast. The Regional Library Corporation was established by the Councils on 11<sup>th</sup> December 1995 (The Original Agreement) and operates as a separate legal entity with a Board of Directors representing each member Council.

Clause 16 of the Agreement requires the parties (member Councils) together with the Library Board to review the operations of the Agreement at least once every five years. The Agreement is due for review in October 2019.

The proposed review of the Agreement considers the following:

- Membership of the Board and opportunities for growth (i.e. onboarding additional member Councils).
- Opportunities for innovation that support the community now and in the future.
- Financial contributions to ensure West Gippsland Libraries is financially sustainable for the future.
- Strategic planning and annual budgeting processes.
- Schedule of assets and maintenance responsibilities.

A failure to undertake a review within the five year timeframe outlined in the Agreement does not affect the continuation of the Corporation as the Agreement does not have an expiry date.

The process for review of the Agreement will require:

- Consultation with each member Council individually to ensure Library services meet the needs of the community.
- Consideration of each Council's future desires for each element of the Agreement.
- Consolidation of member Council's feedback, review and consideration by the Library Board.
- Board resolution to endorse the reviewed/renewed Agreement.
- Resolution from each member Council adopting the review/revised Agreement.

The review process will be undertaken internally by West Gippsland Libraries and led by the CEO. It is expected to take approximately 12 months and be conducted within existing budget and strategic



framework. Councils will be entering the caretaker period in October 2020 so it is proposed that the Agreement be extended for 18 months so that it does not clash with the Council election period.

### **Policy and legislative implications**

Section 196 of the *Local Government Act*

West Gippsland Libraries Library Agreement

### **Conclusion**

It is recommended that the Board extend the existing Agreement in its current form for a period of 18 months to allow for a thorough review to be undertaken as outlined in this report.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Nil



## **11.4 Investment Policy**

**Report Prepared by Chief Executive Officer**

### **Executive summary**

An Investment Policy provides good governance and guidance to the management of West Gippsland Libraries cash and investments. An Investment Policy has been developed to provide guidance to officers managing, investing and redeeming WGL's funds to:

- Maximise earnings whilst managing risk;
- Meet liquidity requirements;
- Ensure the security of WGL funds; and
- Comply with section 143 of the *Local Government Act of 1989* (The Act).

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### **Recommendation**

That the Board:

- a) Adopt the Investment Policy attached to this report; and
  - b) Note that West Gippsland Libraries does not comply with the policy currently yet acknowledges that as term deposits become due, they will be invested in accordance with the policy.
- 

### **Overview**

As at 30 June 2019, WGL had a cash and investment balance of \$2.48 million. The investment portfolio is reflected in the table below:

| <b>Bank</b>       | <b>% per Bank</b> |
|-------------------|-------------------|
| Commonwealth Bank | 39.60%            |
| Bendigo Bank      | 40.27%            |
| National Bank     | 20.13%            |
| <b>Total</b>      | <b>100.00%</b>    |

At 31 August the cash and investment balance was \$3.05 million and was reflected as follows:

| <b>Bank</b>       | <b>% per Bank</b> |
|-------------------|-------------------|
| Commonwealth Bank | 51%               |
| Bendigo Bank      | 49%               |
| <b>Total</b>      | <b>100.00%</b>    |

When the next term deposit of \$500,000 falls due, reinvestment of the funds will be in accordance with the policy. It is anticipated the portfolio would shift to percentages outlined below:

| <b>Bank</b>       | <b>% per Bank</b> |
|-------------------|-------------------|
| Commonwealth Bank | 50%               |
| Bendigo Bank      | 33%               |



|                   |                |
|-------------------|----------------|
| Other institution | 17%            |
| <b>Total</b>      | <b>100.00%</b> |

As at 31 August 2019, WGL does not comply with the policy and portfolio guidelines as it is written. This report outlines from the tables above that as term deposits become due, WGL will ensure funds are invested in accordance with the policy to ensure compliance.

Compliance with the policy will be monitored on an ongoing basis and reported to the Board quarterly as part of the Quarterly Finance and Performance Report. This will include interest rate comparisons and interest revenue forgone to comply with the policy.

### **Financial implications**

Compliance with the policy may mean that the best interest rate is not always able to be achieved. It is expected this will have a minor impact on the interest revenue. If interest rates vary significantly between institutions, then approval will be sought from the Board for non-compliance to maximize interest rate revenue.

### **Policy and legislative implications**

Section 143 of the *Local Government Act of 1989* (The Act).

### **Conclusion**

It is recommended that the Board adopt the Investment Policy noting that WGL does not currently comply. It is recommended that the Board recognise that management will ensure that as term deposits fall due, they will be reinvested to comply with the policy.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 11.4.1 – Investment Policy



**12. Presentations**

**12.1. Books by Us Project** – Nansi Kunze (Author), Kathie Olden (Manager Northern Libraries) and Lynn Seymour (Branch Manager – Northern Mobile)

**12.3. Future Labs** – Drew Wilson (Library Officer)

**13. General Business**

**14. For information**

Nil

**15. Next Meeting**

Ordinary Board meeting Friday, 1<sup>st</sup> November 2019 at the Phillip Island Library, 89 Thompson Ave, Cowes.



# Ordinary Board Meeting

## Minutes

Friday 28<sup>th</sup> June 2019

11.30 am

These minutes are due to be confirmed on 13 September 2019.

Any decision included in these minutes is subject to change resulting from a rescission motion passed by the Board.

Memorial Hall (Council Chambers)  
6 McCartin Street, Leongatha



| West Gippsland  
Libraries

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# Our mission and strategy

West Gippsland Libraries provide library services, programs and collections that are accessible and equitable. We create partnerships to improve our service, share our knowledge and facilitate interaction within our communities and continuously strive to improve our value to the community. We are a library service that is constantly listening, testing and adapting to the changing needs of our community.

## Values

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## **In attendance**

### **Board**

Cr Geoff Ellis – Bass Coast Shire Council (Chair)

Cr Keith Cook – Baw Baw Shire Council

Faith Page – South Gippsland Shire Council

Mark Dupe – Baw Baw Shire Council

Lisa Barham-Lomax – Substitute for Jodi Kennedy, Bass Coast Shire Council

### **WGL Officers**

Leanne Williams – Chief Executive Officer

Linda Fowler – Manager People and Culture

Kathie Olden – Manager Library Services (Northern)

### **Meeting opened at 11.36 am**

#### **1. Statement of acknowledgement**

The West Gippsland Libraries respectfully acknowledges the traditional owners of this land, their spirits and ancestors. We would also like to pay respect to elders from other country who may be present here today.

#### **2. Our Child Safety Commitment**

West Gippsland Libraries is committed to the safety and wellbeing of all children and young people.

#### **3. Apologies**

Jodie Kennedy – Bass Coast Shire Council

Julie Eisenbise – Administrator South Gippsland Shire Council

Shaun Inguanzo – Manager Strategy and Communication

#### **4. Declarations of interest/conflict of interest**

Nil

#### **5. Farewell and thanks to former Cr Alyson Skinner**

The Board Chair thanks former Cr Alyson Skinner for her significant contribution to the West Gippsland Libraries Board over the past two years and presented a gift on behalf of the organisation.

#### **6. Nominations for Deputy Chair**

The Chair called for nominations for Deputy Chair.

The Library agreement specifies that the Chair and Board Chair positions must be held by a Councilor.

Mark Dupe nominated Cr Keith Cook for the position of Deputy Chair for the period ending December 2019. Cr Cook accepted the nomination.

**Resolution**

That the Board elect Cr Keith Cook as the Deputy Chair.

**Moved:** Mark Dupe

**Seconded:** Faith Page

**Carried unanimously**

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**7. Minutes of previous meeting****Recommendation**

That the Board adopt the minutes from the Ordinary meeting held 5<sup>th</sup> April 2019 and the Special meeting held 14<sup>th</sup> June 2019.

**Resolution**

That the Board adopt the minutes from the Ordinary meeting held 5<sup>th</sup> April 2019 and the Special meeting held 14<sup>th</sup> June 2019.

**Moved:** Cr Keith Cook

**Seconded:** Mark Dupe

**Carried unanimously**

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**Attachments**

Attachment 7.1.1 – Minutes of the Ordinary Board meeting 5<sup>th</sup> April 2019

Attachment 7.1.2 – Minutes of the Special Board meeting 14<sup>th</sup> June 2019

## 8. Standing items

### 8.1. Business arising from the previous meeting

Nil

### 8.2. Update from the Community Advisory Committee

CAC members in attendance:

Mary Schooneveldt – Bass Coast area representative

Catherine Robinson – Bass Coast area representative

Deputy Chair and Secretary of the CAC, Mary Schooneveldt provided a verbal update on the CAC's meeting held earlier in the day.

The following questions from the CAC were asked of the Board:

**Question 1** (Mary Schooneveldt): Will consistent there be consistent staffing arrangements at the new library facilities (*i.e. Waterline Community Library*)?

**CEO Response:** Yes consistent staffing will be provided at the new community libraries and an internal process is currently being undertaken in accordance with WGL's Enterprise Agreement.

**Question 2** (Mary Schooneveldt): What opportunities are there for a Friends Group to form in the Waterline area?

**CEO Response:** There are a number of Friends groups across the West Gippsland Libraries region. Some are successful such as Inverloch and the Corner Inlet groups. Some have disbanded over the years. Friends groups are driven by the local area and not by WGL. WGL can provide support in a number of ways such as promotion of events being organized by the friends groups.

**Question 3** (Catherine Robinson): What are the security arrangements at the Cowes Library and for staff working alone in libraries?

**CEO Response:** WGL has security systems, alarms and cameras in most libraries. There are also policies and procedures in place to support staff, their safety and OHS requirements. The CEO took the question on notice to provide greater detail back to the Board on the *Staff working alone policy*.

**Action:** CEO to provide a briefing to the Board on the Staff working alone policy later in the year.

**Question 4** (Mary Schooneveldt): Can e-resources be added as a separate indicator in the quarterly report?

**CEO Response:** Yes absolutely. E-resources are the biggest growing area within the service and currently has increased over 60% on the prior year.

**Question 5** (Mary Schooneveldt): Is it possible for WGL to organize for the CAC to visit new libraries?

**CEO Response:** Yes and there is a number of ways that the CAC can see new libraries. An annual visit by a bus organized by WGL could be organized. Also videos taken by staff can also be brought back to show the CAC of new and emerging facilities and services.

**Question 6** (Mary Schooneveldt): Is there a community bus from say Corinella and Coronet Bay that could coincide with Grantville?

**Board Member Response** (Lisa Barham-Lomax): An overview was provided of the community bus provided by the Community Centres in the area and the transport provided by Public Transport Victoria.

**CEO Response:** The CEO added that she and the Board Chair had met with the Bass Valley Community Centre who service the area very well and are very well equipped to support vulnerable people in the Waterline Area. WGL is able to provide library programs by visiting the Bass Valley Community Centre.



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### **Recommendation**

That the Board note the Community Advisory Committee's verbal report and the minutes from its meeting held 5<sup>th</sup> April 2019.

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### **Resolution**

That the Board note the Community Advisory Committee's verbal report and the minutes from its meeting held 5<sup>th</sup> April 2019.

**Moved:** Faith Page

**Seconded:** Cr Keith Cook

**Carried unanimously**

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### **Attachments**

Attachment 8.2.1 – Minutes of the CAC 5.4.19

## **9. Questions from the gallery**

Any member of the public or community addressing the Board must extend due courtesy and respect to the Board and the processes under which it operates and must take direction from the Chairperson whenever called upon to do so.

There were no questions from the gallery.

## **10. Reports**

### **10.1. Audit Strategy**

*Report Prepared by Chief Executive Officer*

### **Executive summary**

West Gippsland Libraries is required to undergo an annual financial audit by the Victorian Auditor General's Office (VAGO) each year. This is to ensure the financial statements prepared are fairly and in all material respects accurate. The financial statements must also be prepared in accordance with Australian Accounting Standards and the financial reporting requirements of the Local Government Act 1989.

The audit is undertaken in two parts. An interim audit was conducted in April where the financial controls were tested to ensure they are working, and ensure the auditors have an understanding of our operations over the last 12 months. As part of the interim stage VAGO prepare and provide an audit strategy (annexed to this report in attachment 8.1.1) which outlines their approach to the audit.

The second part of the audit is undertaken in August, where balances are reviewed and substantiated for the annual financial statements. The annual financial statements are then presented to the Board for adoption in September and submission to the Minister for Local Government Victoria.

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### **Recommendation**

That the Board adopt the 2018.19 VAGO Audit Strategy.

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### **Resolution**

That the Board adopt the 2018.19 VAGO Audit Strategy.

**Moved:** Mark Dupe

**Seconded:** Cr Keith Cook

**Carried unanimously**

### **Board Discussion**

Mark Dupe noted that there was an increase in the audit fee and that nothing had been found in the interim audit.

Mark Dupe requested that report items 10.1 and 10.2 be moved as a block and the board agreed.

### **Financial implications**

The financial audit fee for 2018.19 has been estimated to cost \$10,100 + GST by the Victorian Auditor General's Office. Last year the audit fee was \$9,900 + GST.

Crowe Horwath prepare the financial statements on West Gippsland Libraries behalf. This is an additional fee on top of their monthly service to provide financial support estimated at \$15,000 and consistent with prior years.

### **Policy and legislative implications**

Section 131 of the Local Government Act 1989 (Annual Report – contents) requires West Gippsland Libraries to prepare audited financial statements each year.

Part 3 of the Audit Act 1994 requires the auditors to prepare a report on the financial statements.

### **Conclusion**

It is recommended that the Board adopt the Audit Strategy for the year ending 30 June 2019.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 10.1.1 – Audit Strategy Memorandum

Attachment 10.1.2 – VAGO Audit Fee Letter

Attachment 10.1.3 – VAGO Signed Engagement Letter

## **10.2. VAGO Interim Management Letter**

***Report Prepared by Chief Executive Officer***

### **Executive summary**

As part of the overall annual audit conducted by the DMG Audit and Advisory on behalf of the Victorian Auditor General's Office, an interim audit was conducted in April 2019. During this visit the auditors conducted testing of the financial controls and then provided an Interim Management Letter to the Board outlining their findings, if any.

The purpose of this report is to provide the Board with the Interim Management Letter for 2018.19 received on 16 May 2019 and highlight that there were no issues of significance that arose during the interim audit visit.

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### **Recommendation**

That the Board accept the VAGO Interim Management Letter for 2018.19.

### **Resolution**

That the Board accept the VAGO Interim Management Letter for 2018.19.

**Moved:** Mark Dupe

**Seconded:** Cr Keith Cook

**Carried unanimously**

### **Conclusion**

It is recommended that the Board accept the Interim Management Letter 2018.19.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 10.2.1 – Interim Management Letter



## **10.3 Procurement Policy**

**Report Prepared by Manager People and Culture**

### **Executive summary**

The Procurement Policy is an important document that provides policy and guidance to allow consistency and control over procurement activities, ensure compliance with legislation, provides a framework for West Gippsland Libraries to achieve best outcomes, demonstrates best practice in purchasing and demonstrates accountability.

The Procurement Policy is required to be reviewed each year and this year a minor review has been undertaken as outlined in the draft Procurement Policy 2019 that shows tracked changes.

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### **Recommendation**

The Board adopt the amended Procurement Policy 2019.

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### **Resolution**

The Board adopt the amended Procurement Policy 2019 with the amendment to the procedural exemption form "Authorised by the CEO".

**Moved:** Lisa Barham-Lomax

**Seconded:** Mark Dupe

**Carried unanimously**

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### **Board Discussion**

Mark Dupe asked what is the procedural exemption for and who signs off on the procedural exemption?

The CEO responded saying that the CEO is required to sign off all purchase exemptions. Procedural exemptions are required when there may be only one supplier available and thus the purchasing officer is unable to meet the requirements of the Procurement Policy.

Mark Dupe asked that the *Purchase Exemption Form* in appendix A be amended to *Authorised by the CEO*.

### **Background**

West Gippsland Libraries Procurement Policy requires that purchasing and contract management activities support the corporate strategies, aims and objectives.

The objectives of the Procurement Policy are to:

- Achieve value for money;
- Ensure open and fair competition;
- Ensure openness and transparency of the decision making process;
- Achieve compliance with legislation;
- Promote environmental sustainability;
- Seek to support local procurement; and
- Progress West Gippsland Libraries commitment to continuous improvement and collaboration.



## **Review undertaken**

A review of the 2018 Procurement Policy was conducted May 2019.

Reviewing policies and procedures keeps our organisation up to date with regulations, technology, and industry best practices. In collaboration with the finance officer we have reviewed the policy and compared to industry standards. We have included an e-procurement section to allow for a process to be followed by staff for any e-commerce transactions to minimise risk.

## **Policy and legislative implications**

West Gippsland Libraries Procurement Policy is developed under Section 186A of the Local Government Act 1989. This section of the Act requires the Corporation to prepare, approve and comply with a procurement policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Corporation. Section 186A (7) requires a review of this policy at least once in each financial year.

## **Conclusion**

An extensive review has been undertaken of the Procurement Policy this year. It is recommended that the revised Procurement Policy be adopted.

## **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

## **Attachments**

Attachment 10.3.1 – Procurement Policy 2019 (inclusive of tracked changes)

## **10.4. San Remo Community Library**

***Report Prepared by Chief Executive Officer***

### **Executive Summary**

This report presents an overview and recommendation to the Board about the establishment of a Community Library in San Remo. West Gippsland Libraries sees an opportunity to provide an enhanced library service to the San Remo community. Providing greater access to a new collection, longer opening hours, continued ongoing support from a librarian and a self-checkout unit that increases the convenience for patrons reflects the changing needs of library users. This proposed delivery of library services also allows for growth to the service with an increase in population expected in the area in coming years.

Extensive analysis and community engagement for a community library in San Remo has been undertaken. Establishing the community library at the San Remo Recreation Reserve is an excellent opportunity because:

- The South Coast Mobile already stops at this location on Tuesdays and Wednesdays each week;
- The Recreational Reserve Committee has expressed an interest to provide a suitable space in the building pending approval from DELWP and their other stakeholders;
- Services aligned with the library including the primary school and kindergarten are within walking distance;
- There is scope for West Gippsland Libraries to apply for a small Living Libraries Infrastructure Grant to provide out of hours access next financial year, further progressing West Gippsland Libraries values of providing more access to more people; and
- Other locations investigated would be unaffordable due to commercial rent requirements.

The resolution by the Board for the location of the San Remo Community Library will be provided to Bass Coast Council for final endorsement as outlined by Bass Coast Council at its March 2019 meeting.

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### **Recommendation**

That the Board:

- a) Recommends to Bass Coast Council the San Remo Recreational Reserve be the preferred location for the Community Library in San Remo;
- b) Delegate the Chief Executive Officer to undertake negotiations with the San Remo Recreation Committee of Management and Department of Land, Water and Planning to establish a lease agreement within the constraints of the annual budget;
- c) Allocate a budget of \$60,000 expenditure in the 2019.20 Budget to be funded from the Bass Coast Facilities Reserve to fit out the library space; and
- d) The CEO explore grant opportunities in consultation with the San Remo Recreational Reserve Committee to provide a 24/7 library model consistent with operations of the Foster Library, to support more library access to more people in the community.

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### **Resolution**

That the Board:

- a) Recommends to Bass Coast Council the San Remo Recreational Reserve be the preferred location for the Community Library in San Remo;
- b) Delegate the Chief Executive Officer to undertake negotiations with the San Remo Recreation Committee of Management and Department of Land, Water and Planning to establish a lease agreement within the constraints of the annual budget;
- c) Allocate a budget of \$60,000 expenditure to be funded from the Bass Coast Facilities Reserve to fit



- out the library space; and
- d) The CEO explore grant opportunities in consultation with the San Remo Recreational Reserve Committee to provide a 24/7 library model consistent with operations of the Foster Library, to support more library access to more people in the community.

**Moved:** Faith Page

**Seconded:** Cr Keith Cook

**Carried unanimously**

### **Board Discussion**

The CEO presented the report to the Board.

The CEO requested the exclusion from the resolution in item c) '*in the 2019.20 Budget*'

There were no questions from the Board.

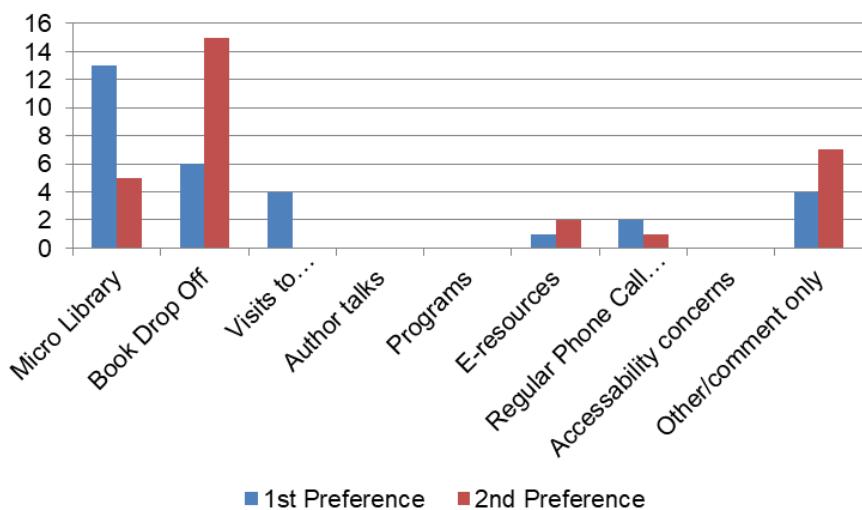
### **Background**

The Board noted its December 2018 ordinary meeting that San Remo be an option to establish a community library based on analysis and community engagement undertaken. At that time, options for a preferred location were still being explored and so the Board deferred its decision to a later date with the aim of undertaking further consultation.

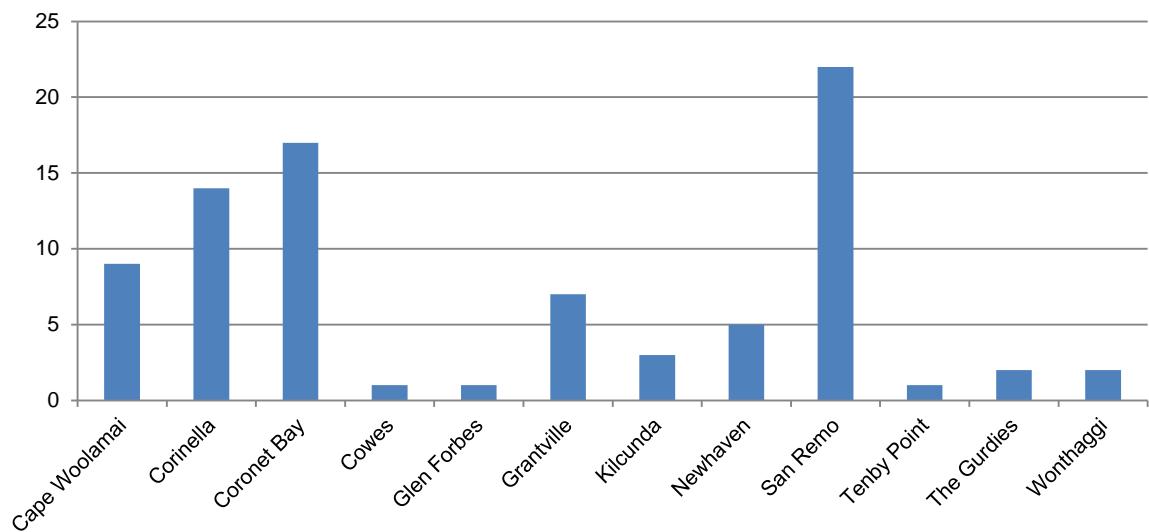
### **Consultation and survey**

At the time of December 2018 report, San Remo represented 27% of the total loans and 23% of the total users of the South Coast Mobile (SCM) across both Bass Coast and South Gippsland Shires and all mobile library stops. San Remo being a high use area was also supported by the respondents to the survey conducted from 23<sup>rd</sup> October to 30 November 2018 who represented 35% in the San Remo, Kilcunda and Newhaven areas received in the Bass Coast area.

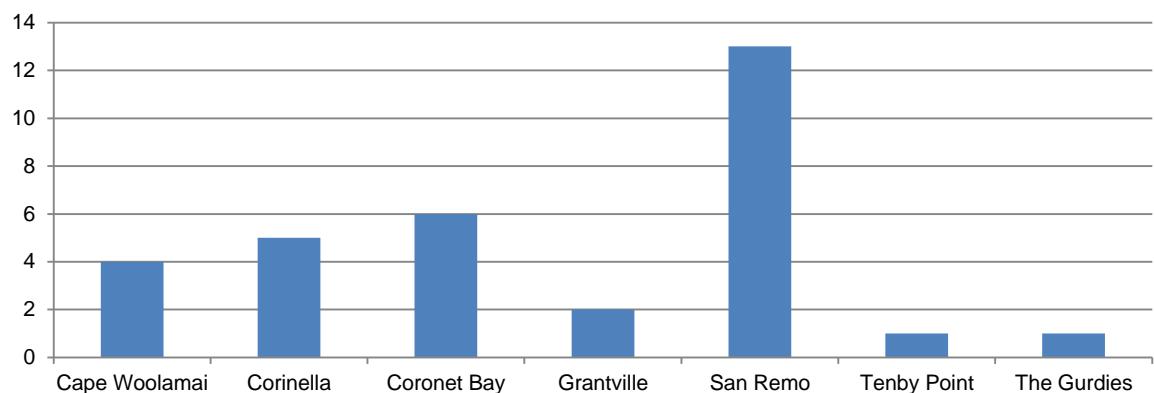
The first and second preference results from the 30 respondents to the survey in the San Remo, Kilcunda and Newhaven areas are summarised in the following graph:



### BC Surveys by Town



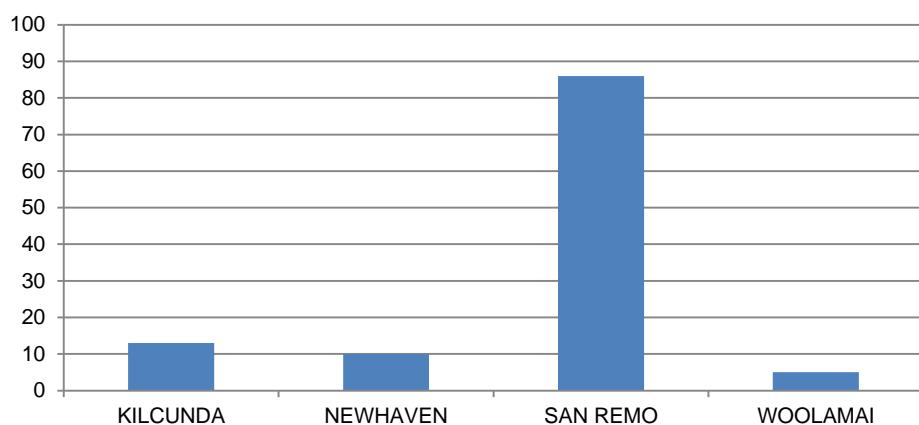
### Community library 1st Pref - total 32/75

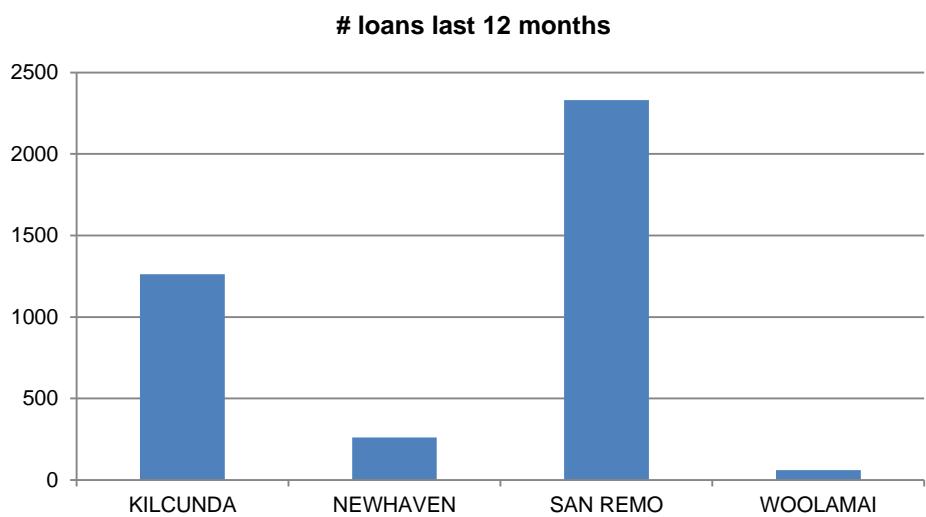


### Membership and loans overview

In preparation for this report, an analysis was undertaken of the active members who have borrowed from the South Coast Mobile who reside in the San Remo, Newhaven, Woolami and Kilcunda areas in the past 12 months. The graph below provides an overview.

### # active users last 12 months





### **Analysis of services**

Benefits to the library service by providing a range of services outlined in the report include:

| Details                                | Current service                | Proposed Service  |
|--|--------------------------------|---|
| Hours the librarian is in attendance.  | San Remo – 7.25 hours per week | 1 x 6 hour library session<br>1 x 5.5 hour session<br><b>(an additional 4.25 hours per week).</b>   |
| Programs                               | Nil                            | <ul style="list-style-type: none"> <li>A Community Library will offer a permanent space for the community to attend various programs for all ages and connect in with programs already delivered at the facility.</li> <li>Author talks as requested.</li> <li>Early years programs and connection with the primary school and kindergarten.</li> </ul> |
| Outreach                               | Nil                            | Opportunities to connect with existing groups including planned activity groups, maternal child health and aged care facilities.  |
| Self-checkout access to the collection | Nil                            | <ul style="list-style-type: none"> <li>Seeking partnership opportunities in the San Remo Community to provide greater access to library services within existing facilities.</li> <li>Explore a living libraries grant to support 24/7 access similar to Foster.</li> </ul>   |

| Details             | Current service | Proposed Service  |
|---------------------|-----------------|---|
| Enhanced collection | N/A             | <ul style="list-style-type: none"> <li>• Purchase of approximately 500 new collection items supported by an additional 1,000 items reallocated from the SCM.</li> <li>• New procedure developed to support curating the collection to ensure it remains fresh and caters to the demands of the local community.</li> <li>• Monthly email newsletter that promotes new collection items and personalised interests of members and programs on offer.</li> <li>• Ongoing monitoring of collection and users needs.</li> </ul> |

### Financial Implications

Budget allocation to establish a community library and fit out the location, including carpet, furniture, shelving and additional power is proposed to be \$60,000 and recommended for allocation in the 2019.20 budget.

Staffing opening hours for the library will increase due to the travel time previously allocated driving the truck from Foster to Wonthaggi and San Remo. Operating costs previously allocated to the running and maintaining the truck and trailer will be allocated to the San Remo and Waterline Community Libraries. The annual Budget and contribution sought from Bass Coast Council will remain consistent with prior years.

### Risk analysis

The following principles and factors have been considered when determining a location for a community library include:

- Housing a collection in a comfortable environment;
- Ability to provide computers and wifi;
- Ability to increase access by any or all of the following means:
  - Partnership opportunities with other community organisations;
  - A location in walking proximity to primary schools, kindergarten, aged care facilities or shopping precincts;
  - Unstaffed access and utilisation of self-check out; and
  - Size of space available.
- Existing library membership
- Rental requirements
- WGL budget constraints

The following table provides an overview of the risks, their impact and possible mitigation as part of establishing a community library in San Remo.

| Risk   | Impact  | Mitigation  |
|--|---|---|
| Strategic risk – Partnership agreement and lease arrangement with San Remo Committee of Management | Facility managed by a Committee of Management (CoM) that reports to DELWP and agreement is still required to be sought. | <p>Discussions have taken place with the San Remo CoM. Correspondence received from the CoM is outlined as follows:</p> <p><i>The Committee of Management considered this matter at its meeting on 3 June 2019 and agreed in principle to the proposed occupancy subject to:</i></p> <ul style="list-style-type: none"> <li>• <i>The grant of a planning permit (if applicable) from Bass Coast Shire Council.</i></li> <li>• <i>Approval from Department of Environment, Land, Water and Planning for a Licence/Lease Agreement between West Gippsland Libraries and the San Remo Recreation Centre Inc Committee of Management.</i></li> <li>• <i>A schedule of terms and conditions for the occupancy yet to be negotiated between the parties.</i></li> </ul> <p><i>The CoM considers this proposal to be an important initiative in maintaining and potentially enhancing library services for the San Remo and broader community.</i></p> |
| Reputational risk  | Loss of patrons to our service  | Consultation with patrons on how the service can be enhanced will continue. The proposed location of the Community Library is the same as where the mobile library currently stops so this option reduces the inconvenience to existing patrons.  |
| People risk  | Negative impact on staff culture and morale.  | Information updates to staff continues. The past nine months has been difficult for mobile library staff. A decision on a San Remo location is the final requirement in retiring the mobile library.  |
| People risk  | Staff and patrons may not like change due to not understanding what that change means.                                  | This option for a community library provides significantly more opportunities for the community to engage with library services. Clear communications plan and detailed FAQ's provided and promoted.  |

| Risk           | Impact  | Mitigation  |
|----------------|---|---|
| People risk    | Patrons may not be able to physically get to a static library.                      | The San Remo Community Library is proposed to be located where the truck already stops.<br><br>Patrons in surrounding areas and conversations had with patrons by staff indicate a community library accompanied by click and collect options meets the needs and expectations of existing patrons. |
| Strategic risk | Perception and negative media attention indicating this is a cost cutting exercise. | Proactive engagement with the media and social media videos explaining the new and enhanced service.<br><br>Work with community organisations to provide flyers and promote the new community library.  |

## Conclusion

West Gippsland Libraries sees this as an opportunity to provide an enhanced library service to the San Remo community. Providing greater access to a new collection, longer opening hours, continued ongoing support from a librarian and a self-checkout unit that increases the convenience for patrons reflects the changing needs of library users.

This proposed delivery of library services also allows for growth to the service with an increase in population expected in the area in coming years. It is recommended that the Board adopt the recommendation.

## Conflict of Interest

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

## Attachments

Nil

## **10.5. Consideration of submissions**

**Report Prepared by Chief Executive Officer**

### **Executive summary**

West Gippsland Libraries received one submission as part of the community consultation undertaken pursuant to section 223 of the *Local Government Act (Vic) 1989*. The submission was received by the Community Advisory Committee (CAC) who presented to the Board at the Special Meeting held 14<sup>th</sup> June 2019.

The CAC is governed by Terms of Reference that outlines the CAC be committed to:

- Improving the quality of the library service for residents of the region;
- Meeting the needs and interests of the users/potential users of the service;
- Achieving the best possible standard of service;
- Communicating effectively, supporting each other and working in a partnership based on mutual respect; and
- Recognising the vital role each party plays and their reliance upon each other in meeting service objectives.

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### **Recommendation**

That the Board:

- a) Thank the Community Advisory Committee for their time taken to prepare and present their submission pursuant to section 223 of the *Local Government Act (Vic) 1989*;
- b) Work with the CAC to develop a community engagement program that works with the community to shape what services look like in the short and long term future; and
- c) The community engagement program be developed within the constraints of the Draft Annual Budget 2019.20.

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### **Resolution**

That the Board:

- a) Thank the Community Advisory Committee for their time taken to prepare and present their submission pursuant to section 223 of the *Local Government Act (Vic) 1989*;
- b) Work with the CAC to develop a community engagement program that works with the community to shape what services look like in the short and long term future; and
- c) The community engagement program be developed within the constraints of the Draft Annual Budget 2019.20.

**Moved:** Mark Dupe

**Seconded:** Lisa Barham-Lomax

**Carried unanimously**

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### **Board Discussion**

The CEO presented the report to the Board.

There were no questions from the Board.



## **Background**

The CAC provided a strategic submission that is focused both on the short term and long term objectives and services offered by WGL. The three top strategic points raised in the submission were addressed below.

### **One – Build relationships**

The submission raised a number of points in relation to how WGL engages with missing demographics, government agencies, programs that meet the needs of the community and the ability to engage in community events. The overarching value here is increasing access to library services to more people to build a healthy community.

WGL will develop a community engagement program that works with the community to shape what our services look like in the short and long term future. This work will help shape the next four year strategic Library Plan (2021 – 2024). It is intended that the CAC will work with the WGL Leadership Team to develop the engagement program to ensure WGL hears from more people in the community and strengthens our relationships across West Gippsland.

### **Two – Growth and branding**

The CAC in their submission makes reference to the need for a re-brand. More specifically:

- Is the name appropriately representing the geographical area of the service; and
- Questioning the term 'Library' as being reflective of the current services.

WGL notes this and will research and consider these points in more detail over the next six months and report back to the CAC with the findings.

### **Three – Community needs**

The submission highlighted the need for transparency and community input at all stages of service review and development. WGL recognizes this and will develop a community engagement program in consultation with the CAC. WGL also highlights that one of its strengths is the ability to adapt to the changing needs of the community. This is done by the daily interactions between staff and patrons who know and use the service.

### **Detailed response**

The table below was submitted as part of the CAC's submission. WGL has provided responses to each priority in addition to the three strategic points already outlined.

| Priorities         | Detail  | WGL Actions   |
|--------------------|---|---|
| Support to seniors | More tech talks<br>Alternative to online bookings<br>Hard copy PR (font size)<br>Outreach (aged care) | Grant funded Social Seniors 'digital story' and social media workshops to be delivered at Foster Library, Phillip Island Library and Wonthaggi Library.<br>Ongoing Tech Talks throughout the region.<br>Staff to advise customers they can ring or drop into a branch anytime for event booking assistance.<br>Expanded age care visits 19/20 as part of enhanced transition services.<br>Printed flyers are available in branch promoting upcoming events. |
| Decision making    | Community input at all stages<br>Transparency   | CAC shares the thoughts and ideas of their communities with the Board and CEO.<br>CAC participate in working parties and forums on library issues.  |

| Priorities                                | Detail   | WGL Actions  |
|---|--|--|
|   |  | <p>CAC assist in the development of positive relationships between the community and the library service to improve the responsiveness of the service.</p> <p>CAC attend board meetings.</p> <p>CAC respond to requests for advice from the board.</p> <p>CAC provide an additional avenue for dissemination of information about the library service.</p>     |
| Under staffing and supervision            | <p>Observation that staff are busy</p> <p>Improved security e.g. Panic button from the desk being able to see the whole library</p> <p>Teaching people how to self-checkout</p>  | <p>Security cameras are positioned strategically at branches.</p> <p>Branch layouts reviewed and OH&amp;S assessments made on an ongoing basis.</p> <p>Ongoing staff training and roving model adopted throughout branches.</p>  |
|   | <p>New volunteer strategy coverage of roles and valuing and updating the policy 2002</p> <p>Support to friends groups valuable and programs much loved and value.</p>  | <p>Create Volunteer strategy in line with Outreach Framework and Services.</p> <p>Friends groups to actively communicate program ideas to Branch Managers for development throughout the year.</p>   |
| Planning for growth                       | <p>Budget for growth</p> <p>Branding for better engagement</p> <p>Is library the best term</p> <p>Is West Gippsland the best branding</p> <p>Change in mindset around e-resources</p> <p>Need to expand &amp; differentiate library spaces</p> <p>'Freemium &amp; 'Premium'???</p> | <p>'MEET UP' branding tested as part of youth week Grant. Adoption of this branding for future MEET UP events.</p> <p>Signage audit to be completed by Branch Managers to ensure consistent use of the modern WGL branding.</p> <p>New Website Launch with e-resource focus.</p> <p>'Freemium' versus 'Premium' (strategy 8) will continue to be explored.</p> |
| Community engagement: build relationships | <p>Van &amp; activities at community events</p> <p>Missing demographics (middle aged?)</p> <p>Partnerships/community relationships</p> <p>Access to government agencies</p> <p>Programs tailors to community needs</p>   | <p>New marketing and social media campaign promoting library services to missing demographics.</p> <p>Ongoing partnership and external stakeholder relationships reviewed and developed.</p> <p>Outreach focus will continue in the coming year and connect with more community events.</p>  |

| Priorities                             | Detail                                   | WGL Actions   |
|--|--|---|
| Library visits and information sharing | Visiting other services<br>Library tours | Consideration given to developing an annual library tour for the CAC.<br>Continue staff connections with PLV and State library for sector wide updates.<br>Provide video updates to CAC highlighting sector developments and modern spaces in lieu of physical tours. |

### Conclusion

The CAC provided a strategic submission that is focused both on the short term and long term objectives and services offered by WGL. WGL appreciates the feedback, time and preparation taken to prepare the submission. It is recommended that the Board support the development of a community engagement program.

### Conflict of interest

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### Attachments

Attachment 10.5.1 – Submission 1 – CAC Plan – Future Priorities

## **10.6 Annual Budget 2019.20**

***Report Prepared by Chief Executive Officer***

### **Executive summary**

This report presents the 2019.20 Budget for adoption. The Budget has been developed to build on the significant work undertaken in 2018.19 to ensure that West Gippsland Libraries is a modern and dynamic place to discover, connect and enjoy. This is made possible by the dedication and support of all staff at West Gippsland Libraries. They are the heart of the service and their delivery of high quality library services to the community is second to none.

The 2019.20 Budget has been developed to support the team at West Gippsland Libraries delivery on the strategies and actions set out in the Library Plan. It has also been developed from scratch to ensure all income and expenditure is reviewed to ensure long term financial sustainability.

The major initiative proposed for the year and ongoing into the future is the removal of fines on overdue items. Overdue fines are a barrier to people coming to our libraries. The people who can least afford to pay fines are often the ones who need the library most. There is no evidence that suggests overdue fines encourage meaningful compliance.

The Budget also makes provision for increases in the e-resources collection, programs, outreach and renewal of furniture and equipment to ensure our libraries are modern and vibrant.

One submission was received for the 2019.20 Annual Budget.

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### **Recommendation**

That the Board:

- a) Adopt the West Gippsland Libraries 2019.20 Annual Budget and Long Term Financial Plan subject to the following amendments:
  - i. Inclusion of an additional nine opening hours equalling \$24,800 for the Drouin library and subsequent effects on the Long Term Financial Plan;
  - ii. Inclusion of \$60,000 for fit out of the San Remo Community Library, funded from the Bass Coast facilities reserve; and
  - iii. Inclusion of \$30,000 for fit out of the Waterline Area Community Libraries.
- b) Authorise the Chief Executive Officer to make typographical corrections to the budget document.
- c) Authorise the Chief Executive Officer to give public notice of the adoption of the 2019.20 Annual Budget and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

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### **Resolution**

That the Board

- a) Defer the adoption of the Annual Budget 2019.20 until the South Gippsland Shire Council Annual Budget 2019.20 has been adopted.
- b) Hold a special meeting of the Board on 26 July 2019 at 11.30 am at the Regional Support Centre, 65 Victoria Street Warragul.

**Moved:** Faith Page

**Seconded:** Cr Keith Cook

**Carried unanimously**



## **Board Discussion**

Faith Page provided an overview of the activities at South Gippsland Shire going into administration and the adoption of the South Gippsland Annual Budget being deferred until 24<sup>th</sup> July 2019. The Administrator Julie Eisenbisse only commenced this week.

The CEO noted that the WGL Library Agreement clause 9.2e states *The Regional Library must not adopt an annual budget or a revised annual budget which has not been approved, in writing by the Councils.*

And clause 10.4 states *If the proposed annual Budget has not been approved by the Board and each Council by 1 July the first installment shall be the same amount paid by the Council in the previous quarter and the second installment shall include any adjustment to ensure the two installments together equal half the amount payable by that Council for the financial year in accordance with clause 10.1(a).*

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## **Resolution**

That the Board adopt to proceed

- a) To remove overdue fines from 1 July 2019
- b) Proceed with the inclusion of additional opening hours equalling \$24,800 for the Drouin library and subsequent effects on the Long Term Financial Plan;

**Moved:** Cr Keith Cook

**Seconded:** Mark Dupe

**Carried unanimously**

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## **Board Discussion**

Cr Keith Cook put forward an addition motion to proceed with the removal of fines despite the budget not being adopted as it was considered immaterial to the budget. Cr Cook noted it was an important strategy to continue.

Cr Keith Cook also put forward an additional motion to proceed with the additional opening hours of the Drouin Library. This is an exciting step forward for WGL and provides consistency in opening hours across the week which is really important for patrons. He noted the population increase in Drouin and the increase in the program attendance for Drouin Library. He also noted the Libraries Change Lives event and that for every dollar invested in libraries, there is \$4.30 returned back to the community.

Mark Dupe seconded the motion and reiterated Cr Cook's comments and noted that this is great for Drouin residents.

Faith Page supported how important the removal of fines is to reduce barriers for people coming to the library. This was reiterated by Cr Geoff Ellis.

## **Major initiative – Removal of fines on overdue items**

- That the recurring budget initiative for 2019.20 is to remove fines from being imposed on overdue items. The revenue derived from fines in 2017.18 was \$23,194.
- This recurring initiative is funded from efficiency savings within the service.
- That this is an ongoing program.

The West Gippsland Libraries focus is to ensure it is pioneering modern and adaptive library services for its community. To facilitate adaptability, we strive to create a culture that is inclusive and welcoming and is accessible for all. A barrier to achieving this is having fines on overdue items that prevent people from coming back to the library and it can create an adversarial relationship between staff and patrons.

It takes resources to manage this process and anecdotally staff would spend more time administering the fine than the dollar amount collected.

West Gippsland Libraries has in place fines for overdue items (\$0.25 per day up to \$5.00 per item) for adults, while children do not incur overdue fines on print items. While it remains unpopular with customers and staff, it is not clear that the fine process currently in place actually encourages library users to comply with borrowing terms.

West Gippsland Libraries has tried to limit the impact of fines on customers and staff have been encouraged to exercise discretion, particularly when there is obvious hardship. Over the years there have been a number of other initiatives put in place such as Fine Free February 2018 which forgave a total of \$20,128 including lost items and overdue fines. The amount of revenue being collected from fines has also been declining and in the 2017.18 financial year represented \$23,194 (budgeted at \$30,000) and is YTD tracking lower than last year. Following the Fine Free February campaign there was a spike in active users of 556 in the following two months.

WGL is actively working hard to successfully bring in new patrons however there is a big challenge to maintain existing members. Every six months we undertake a win back user's campaign. The most recent email campaign also included a survey as to why they had not been using the library. Analysis of the campaign, lending history and fine history were undertaken. Of the 380 people who responded, 120 had fines. The estimated total (conservative estimate) was \$2,196 in fines owing. The Manager of Strategy and Communications estimates that it would cost at least \$800 to reacquire these people as members if their fines were not cleared. Members in their survey made it clear they would not use the service to avoid paying them altogether, so the fines serve as a barrier to using the library, not a deterrent for late returns.

At the Annual Staff Development Day in 2018, when asked what West Gippsland Libraries looks like in the future there was a collective view from staff that they would be fine free.

Library fines undermine one of the core principles of public libraries - the provision of free and universal access to information. The people who can least afford to pay fines are often the ones who need the library service the most. There is no evidence that overdue fines encourage meaningful compliance.

The City of Port Phillip Library service has not charged overdue fines for nearly 8 years. There was no discernible increase in the number of items long overdue and lost when fines were removed. They report no ongoing issues with compliance. Reminder notices continue to be issued to borrowers, and non-compliance is managed through temporary reductions to loan entitlements, and in extreme cases members are prevented from borrowing entirely.

Casey Cardinia Libraries have now been fine free for just over a year and have reported benefits including an increase in loans, lost items being down, long term overdue items being stable and the appreciation within the staff and community has skyrocketed.

The removal of overdue fines will enable West Gippsland Libraries to redefine its relationship with the community to more truly reflect our shared values.

### **Who will the proposal benefit?**

West Gippsland Libraries vision is to support everyone in our community. Our mission is to provide library services, programs and collections that are accessible and equitable and to continuously improve our value to the community. Our values include being universally accessible centres for reading, learning and enjoyment.

West Gippsland Libraries has in place fines for overdue items (\$0.25 per day up to \$5.00 per item) for adults, while children do not incur overdue fines on print items. This proposal aligns with Library Plan Strategies one and five as outlined below:

Strategy one – enhance our library service models to better meet the needs of our community.

Strategy five – test alternative engagement approaches to promote true inclusivity and accessibility.

Benefactors of this proposal are:

- Patrons who use the service, particularly the patrons who can least afford to pay fines.
- Staff will benefit by creating a more welcoming and inclusive environment where disagreements over overdue fines will be a thing of the past.

- Good will also be achieved by the implementation of donation tap points as part of the removal of fines that means contributing to the service is voluntary rather than imposed.

### **What are the financial impacts of the proposal?**

This proposal is anticipated to be a cost neutral exercise. Revenue from fines has been declining, and in many cases more time is spent collecting a fine than the amount being paid. There will be increased efficiency and wellbeing from staff by not having to confront and request payment for fines.

A proposal to be implemented at the same time as the removal of fines is to introduce donation tap points at the customer service desk as well as online. This will provide a seamless transition for patrons who see their fine as a donation to the library. Initially it is unknown what revenue donation tap points may bring, so it is not being factored into the budget.

### **Measures of success**

As part of removing fines (if adopted) a number of KPI's will be monitored to measure success:

- Number of loans (physical and virtual)
- Number of visits (physical and virtual)
- Customer feedback (Net Promoter Score)
- Turnover rate of stock
- Active membership
- Number of lost items
- Staff satisfaction survey

### **Programs and Outreach**

Programs and outreach are an increasing focus for West Gippsland Libraries due to the changing nature of libraries and the expectations of the communities we serve. Programs in 2018.19 year to date have increased by 29% to more than 35,000 attendees in just eight months (June 2018 to February 2019). Investing in programs and outreach is part of delivering on strategy two (Enable and facilitate new learning opportunities led by the community), strategy three (Improve our engagement with early years and young people) and strategy six (support our community to explore and learn about new and emerging trends).

### **Renewal of furniture and equipment**

It is recognised that some of our libraries are dated and do not have modern furniture that is comfortable to support our vision of discover, connect and enjoy. Strategy four of the library plan (Explore new and renovated spaces that reflect modern learning approaches) supports the investment in renewal of our furniture and equipment. A renewal plan will be developed as well as funds allocated for new furniture to support West Gippsland Libraries vision. This will be an ongoing strategy over the next few years as those spaces most used and in need are targeted first. This year will see \$95,000 allocated to the budget for renewal of furniture and equipment.

### **Investment in the collection**

E-resources are seeing the biggest increase in loans with a 60% increase in 2018.19 year to date (eight months from June 2018 to February 2019) to more than 65,000 loans. With this significant increase we want to ensure the e-resource collection is continuing to provide new releases and meet the needs of our patrons.

E-resources are increasingly popular for those with visual impairments as they can enlarge the text to suit their needs. E-resources also cater to a much wider group of patrons in our community who cannot visit a static branch as they are available any time of the day or night. E-resources are free for our members and provide an alternative to subscriptions such as audible where you pay over \$15 per month for access.

There will be an increase in the e-resource collection of \$35,000 for the year. This will bring the total

investment in e-resources for the year to no less than \$180,000. E-resources include e-books, e-audiobooks and e-magazines.

### **Planning and accountability framework**

The Strategic Resource Plan, part of and prepared in conjunction with the Library Plan, is a rolling four year plan that outlines the financial and non-financial resources that West Gippsland Libraries requires to achieve the strategic objectives described in the Library Plan.

The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives that contribute to achieving the strategic objectives specified in the Library Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Library Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election of Councillors. The Strategic Resource Plan is reviewed each year in advance of the commencement of the Annual Budget process.

### **Financial Goals**

It is important for West Gippsland Libraries to set financial goals to provide guidance and structure to the budget process and assist with maintaining consistent financial planning year on year. West Gippsland Libraries financial goals are to:

- Operate in a financially sustainable manner;
- Operate within the rate cap, with new initiatives that require funding above the rate cap being supported by well-developed and costed business cases;
- Minimise fluctuations in increments from year to year that affect the member Councils;
- Reinvest efficiency savings into strategies identified in the Library Plan and the Collection; and
- Provide transparency and accountability.

### **Rate cap**

For the 2019.20 financial year the Minister for Local Government has set the rate cap at 2.5%.

### **Budget development**

The Budget has been developed from first principles and incorporates savings that have been achieved over the past two years. Key assumptions that have influenced the development of the budget are:

- Fees and charges income is estimated to decrease due to the removal of overdue fines. This represented just over \$23,000 in 2017.18 and is forecast to further reduce in 2018.19.
- The increase in base wage rate for employees under the new Enterprise Agreement is directly linked to the rate cap set by the Minister for Local Government. The rate cap in 2019.20 is 2.5%. The increase applied to the base wage rate will be 2.18% in 2019.20 (1.96% in 2018.19).
- Materials and services costs have been reviewed based on changes to systems, new contract arrangements and past expenditure trends. Efficiency reductions have been incorporated as well as allowing for inflation of 5% based on historical trends.
- The budget provides for an increase in the collection of \$65,000 to ensure West Gippsland Libraries continues to provide a collection that is under five years old as identified in the Local Government Performance Reporting Indicators. New collection items will also be invested in e-resources to support their exponential utilisation by patrons.
- Renewal of furniture and equipment has been included in the financial statements to ensure our libraries are modern and vibrant places for our patrons to discover, connect and enjoy.

### **Policy and legislative implications**

The Budget 2019.20 is prepared in accordance with the Local Government Act 1989 and the Local

Government (Planning and Reporting) Regulations 2014.

- Section 196 – Regional libraries
- Section 127 – Council must prepare a budget
- Section 129 – Public notice
- Section 130 – Adoption of budget or revised budget
- Section 223 – Right to make a submission

## **Conclusion**

Significant work has been undertaken in the past 12 months to review expenditure, automate back end processes and ensure that West Gippsland Libraries can maximise the use of its funds to invest back into valued services.

Overall, West Gippsland Libraries is in a strong financial position and it is recommended that the Board adopt the 2019.20 Annual Budget.

## **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

## **Attachments**

Attachment 10.6.1 – 2019.20 Draft Annual Budget (as presented on exhibition)

## **10.7. Library Plan 2017.21 (Revised)**

***Report Prepared by Chief Executive Officer***

### **Executive summary**

The report presents the revised of the West Gippsland Libraries Library Plan 2017-21 (Revised 2019). The Library Plan is the guiding strategic document for the organisation, setting out our commitment to delivering library services to the communities of Baw Baw, South Gippsland and Bass Coast shires. It features eight strategic objectives and supporting actions to ensure that an accessible and dynamic library service is delivered to the community.

The revised plan includes a number of new actions, incorporating feedback from the Board, library staff and the Community Advisory Committee. The Board also undertook a values workshop to help West Gippsland Libraries deliver on its promise to the community. The revised Library Plan has amended what was previously outlined as its values (page 9) to become 'Our Purpose' that explains to the community what West Gippsland Libraries will provide. The organisations new values and commitment to the community are bravery, relationships and excellence.

*We will bravely adapt with the changing needs of our communities.*

*We will build relationships with our stakeholders, communities and each other.*

*We will deliver excellence in everything we do.*

We are West Gippsland Libraries and we are here to change lives.

The revised plan acknowledges and continues to focus on library services changing at a rapid and exciting pace, and that adapting is essential so more people can access library services for reading and learning, connecting or being creative and innovative.

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### **Recommendation**

That the Board:

- a) Adopt the West Gippsland Libraries Library Plan.
- b) Adopt the Strategic Resource Plan incorporated in the Library Plan incorporating the amendments made to the adopted budget outlined in report 10.6.
- c) Authorise the Chief Executive Officer to make typographical corrections to the Library Plan document.
- d) Authorise the Chief Executive Officer to give public notice of the adoption of the Library Plan and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

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### **Resolution**

That the Board:

- a) Defer the adoption of the West Gippsland Libraries Library Plan until the South Gippsland Shire Council Annual Budget 2019.20 has been adopted; and
- c) Hold a special meeting of the Board to adopt the Library Plan on 26 July 2019 at 11.30 am at the Regional Support Centre, 65 Victoria Street Warragul.

**Moved:** Cr Keith Cook

**Seconded:** Faith Page

**Carried unanimously**



## **Board Discussion**

The Board noted that because the Annual Budget has not been adopted and it features in the Strategic Resource Plan within the Library Plan, the Board would also defer the adoption of the revised Library Plan until the special meeting.

## **Highlights of the Revised Library Plan**

The Library Plan 2017-21 (Revised 2019) celebrates new values and a commitment to these values when delivering library services to the community. The Board undertook a values workshop and by agreeing on the cultural values of **brave, relationships** and **excellence** we are setting a standard that we will use as our compass. We are telling our communities and staff that these three values are important to us and we strive to respect them in our everyday activities.

The revised Library Plan has amended what was previously outlined as its values (page 9) to become 'Our Purpose' that explains to the community what West Gippsland Libraries will provide. The organisations new values and commitment to the community are:

*We will bravely adapt with the changing needs of our communities.*

*We will build relationships with our stakeholders, communities and each other.*

*We will deliver excellence in everything we do.*

We are West Gippsland Libraries and we are here to change lives.

The revised plan also includes a number of new actions for the organisation, incorporating feedback from the Board, library staff and the Community Advisory Committee.

The Library Plan will continue to focus on the following strategic objectives.

- Strategy One – Enhance our library service models to better meet the needs of our community.
- Strategy Two – Enable and facilitate new learning opportunities lead by the community Strategy
- Three – Improve our engagement with early years and teen members
- Strategy Four – Experiment with new and renovated spaces that reflect modern learning approaches
- Strategy Five – Test alternative engagement approaches to promote true inclusivity and accessibility
- Strategy Six – Support our community to explore and learn about new and emerging trends
- Strategy Seven – Promote a culture that encourages flexibility, experimentation and personal growth
- Strategy Eight – Explore diverse revenue opportunities to complement our service

The 2019.20 actions within the plan will continue to build on the achievements of previous years. The biggest action for 2019.20 and change to the service is the removal of fines on overdue items.

### **Strategy 1 – Remove fines on overdue items**

*Overdue fines are a barrier to people coming to our libraries. The people who can least afford to pay fines are often the ones who need the library most. There is no evidence that suggests overdue fines encourage meaningful compliance.*

Additional actions that have been included to address important areas of focus and build on existing work already being undertaken within the library service are:

### **Strategy 1 – Deploy accessible and modern community libraries in San Remo, Welshpool and the Bass Coast Waterline Area (encompassing Coronet Bay, Corinella and Grantville);**

*Many people in the community have not been able to access library services due to the short times the mobile library was available. Community libraries provide greater access to services with longer hours and the convenience of self-checkout. Our librarians will continue to staff community libraries to support our patrons.*

### **Strategy 1 – Pilot click and collect points across the region.**

*The West Gippsland region is large and our communities are looking for flexibility and convenience in locations where there is no static library.*

**Strategy 5 – Continue to enhance the user experience of the website.**

*Over 20,000 users visit our website each month. We want to make sure it continues to meet their needs.*

**Strategy 7 – Continue to develop our people with the skills to confidently engage with our diverse community.**

*Our communities are diverse and people visit our libraries for a range of services. Our success is determined by the quality of services those who use our services experience.*

Completed actions from the 2018 revised plan have been removed where they are not ongoing in nature or have become business as usual. The revised plan also contains the latest demographic and statistical information to reflect the membership and trends of the service.

### **Policy and Legislative Implications**

The West Gippsland Libraries Library Plan 2017-21 is prepared in accordance with the Local Government Act 1994 and the Local Government (Planning and Reporting) Regulations 2014.

- Section 196 – Regional Libraries
- Section 125 – Council Plan
- Section 126 – Strategic Resource Plan
- Section 223 – Right to make a submission.

### **Conclusion**

The revised plan aspires and challenges West Gippsland Libraries to be a service that is equipped to respond to the changing needs of our communities. The strategies within the plan are designed to motivate the organisation to think differently and ensure that we are prepared for the future. It is recommended that the revised Library Plan be adopted by the Board.

### **Conflict of Interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 10.7.1 – Revised Library Plan

## **10.8 Quarter 3 Finance and Performance Report – 31 March 2019**

***Report Prepared by Chief Executive Officer***

### **Executive summary**

This report presents to the Board the Quarterly Finance and Performance Report for the quarter ending 31 March 2019. This report highlights how West Gippsland Libraries delivered on its actions in the Library Plan and performed against budget for the quarter.

Progress for the quarter include:

- Ongoing consultation with the community about where community libraries will be established in the South Coast areas currently serviced by the mobile library;
- Development of a partnership agreement with Welshpool Transaction Centre to provide a community library;
- Planning work undertaken for the Foster Library redevelopment and 24/7 access model; and
- Development work for the new West Gippsland Libraries website.

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### **Recommendation**

That the Board adopt the Quarter 3 Finance and Performance Report for the quarter ending 31 March 2019.

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### **Resolution**

That the Board adopt the Quarter 3 Finance and Performance Report for the quarter ending 31 March 2019.

**Moved:** Cr Keith Cook

**Seconded:** Lisa Barham-Lomax

**Carried unanimously**

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### **Board Discussion**

The CEO spoke to the report. There were no further questions.

### **Background**

West Gippsland Libraries adopted its four year strategic plan in June 2017 in consultation with the community and staff and revised it again in June 2018. Eight key strategies were identified and actions were developed for each strategy. The Library Plan provides greater detail regarding why these actions have been chosen.

West Gippsland Libraries reports quarterly on its performance against budget and progress of actions pertaining to delivery of the strategies in the Library Plan and Annual Budget. The eight strategies are:

Strategy One – Enhance our library service models to better meet the needs of our community.

Strategy Two – Enable and facilitate new learning opportunities lead by the community.

Strategy Three – Improve our engagement with early years and teen members.

Strategy Four – Experiment with new and renovated spaces that reflect modern learning approaches.

Strategy Five – Test alternative engagement approaches to promote true inclusivity and accessibility.



Strategy Six – Support our community to explore and learn about new and emerging trends.

Strategy Seven – Promote a culture that encourages flexibility, experimentation and personal growth.

Strategy Eight – Explore diverse revenue opportunities to complement our service.

### **Financial implications**

The financial implications are outlined in the attached Quarterly Finance and Performance Report.

In its Annual Budget, West Gippsland Libraries has set financial goals to provide guidance and structure to the budget process and assist with maintaining consistent financial planning year on year. West Gippsland Libraries financial goals are to:

- Operate in a financially sustainable manner;
- Operate within the rate cap, with new initiatives that require funding above the rate cap being supported by well-developed and costed business cases;
- Minimise fluctuations in increments from year to year that affect the member Councils;
- Reinvest efficiency savings into strategies identified in the Library Plan and the Collection; and
- Provide transparency and accountability.

### **Policy and legislative implications**

The finance report contained within the Quarterly Report is prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

Section 196 – Regional libraries

Section 136 – Principles of sound financial management

Section 138 – Quarterly statements

The Library Plan is prepared in accordance with the *Local Government Act 1989* (the Act) and the *Local Government (Planning and Reporting) Regulations 2014*. Whilst the quarterly report is not a specific requirement of the Act, the Board has elected to continue to report to the community on its progress during the year.

### **Conclusion**

West Gippsland Libraries has delivered a number of key projects outlined in the Library Plan with great success. There will be a continued focus to build on these successes to deliver excellent outcomes for the community over the rest of the financial year.

It is recommended that the Board adopt the Quarter 3 Finance and Performance Report 2018.19.

### **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 10.8.1 – Quarter 3 Finance and Performance Report 2018.19

**11. General Business**

Nil

**12. For information**

Nil

**13. In camera session – CEO Annual Review**

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**Recommendation**

That the Board go in camera on matters relating to the CEO's annual performance review - section 89(2)(a) *Local Government Act 1989*

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**Resolution**

That the Board go in camera on matters relating to the CEO's annual performance review - section 89(2)(a) *Local Government Act 1989*

**Moved:** Cr Keith Cook

**Seconded:** Mark Dupe

**Carried unanimously**

In camera minutes recorded separately.

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**Resolution**

That the Board move out of camera on matters relating to the CEO's annual performance review - section 89(2)(a) *Local Government Act 1989*

**Moved:** Faith Page

**Seconded:** Mark Dupe

**Carried unanimously**

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**14. Next Meeting**

Ordinary Board meeting Friday, 13<sup>th</sup> September 2019 at the Drouin Library meeting room, 136 Princes Way Drouin.

**Meeting closed at 1.44 pm.**



# Special Board Meeting

## Minutes

Friday 9<sup>th</sup> August 2019

11.30 am

Regional Support Centre  
65 Victoria Street, Warragul

These minutes are due to be confirmed on 13 September 2019.

Any decision included in these minutes is subject to change resulting from a rescission motion passed by the Board.



# Our mission and strategy

West Gippsland Libraries provide library services, programs and collections that are accessible and equitable. We create partnerships to improve our service, share our knowledge and facilitate interaction within our communities and continuously strive to improve our value to the community. We are a library service that is constantly listening, testing and adapting to the changing needs of our community.

## Values

We will **bravely** adapt with the changing needs of our communities.  
We will build **relationships** with our stakeholders, communities and each other.  
We will deliver **excellence** in everything we do.  
We are West Gippsland Libraries and we are here to change lives.

### Notice of meeting

Notice is hereby given pursuant to section 84 of the *Local Government Act (Vic) 1989* that a Special Meeting of the West Gippsland Libraries Board will be held at the West Gippsland Libraries Regional Support Centre, 65 Victoria Street, Warragul on Friday, 9<sup>th</sup> August 2019 at 11.30 am.  
Date of notice: Friday, 2<sup>nd</sup> August 2019  
Leanne Williams  
**Chief Executive Officer**



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## **In attendance**

### **Board**

Cr Geoff Ellis – Bass Coast Shire Council (Chair)

Cr Keith Cook – Baw Baw Shire Council (Deputy Chair)

Faith Page – South Gippsland Shire Council

Mark Dupe – Baw Baw Shire Council

Jodi Kennedy – Bass Coast Shire Council

Rick Brown – South Gippsland Shire Council

### **WGL Officers**

Leanne Williams – Chief Executive Officer

Linda Fowler – Manager People and Culture

Shaun Inguanzo – Manager Strategy and Communication

### **Meeting opened at 11.53 am**

#### **1. Statement of acknowledgement**

The West Gippsland Libraries respectfully acknowledges the traditional owners of this land, their spirits and ancestors. We would also like to pay respect to elders from other country who may be present here today.

#### **2. Our Child Safety Commitment**

West Gippsland Libraries is committed to the safety and wellbeing of all children and young people.

#### **3. Apologies**

Nil

#### **4. Declarations of interest/conflict of interest**

Nil

#### **5. Questions from the gallery**

Any member of the public or community addressing the Board must extend due courtesy and respect to the Board and the processes under which it operates and must take direction from the Chairperson whenever called upon to do so.

This is a Special Meeting of the Board pursuant to section 84 of the *Local Government Act (Vic) 1989* and as such the Board will only take questions from the gallery relating to report 6.1 and 6.2 being considered by the Board.

Questions relating to any other matters must be submitted as questions on notice and held over to the ordinary meeting of the Board being held on Friday, 13<sup>th</sup> September 2019.

Nil



## **6. Reports**

### **6.1 Annual Budget 2019.20**

*Report Prepared by Chief Executive Officer*

#### **Executive summary**

This report presents the 2019.20 Budget for adoption. The Budget has been developed to build on the significant work undertaken in 2018.19 to ensure that West Gippsland Libraries is a modern and dynamic place to discover, connect and enjoy. This is made possible by the dedication and support of all staff at West Gippsland Libraries. They are the heart of the service and their delivery of high quality library services to the community is second to none.

The 2019.20 Budget has been developed to support the team at West Gippsland Libraries delivery on the strategies and actions set out in the Library Plan. It has also been developed from scratch to ensure all income and expenditure is reviewed to ensure long term financial sustainability.

The major initiative proposed for the year and ongoing into the future is the removal of fines on overdue items. Overdue fines are a barrier to people coming to our libraries. The people who can least afford to pay fines are often the ones who need the library most. There is no evidence that suggests overdue fines encourage meaningful compliance.

The Budget also makes provision for increases in the e-resources collection, programs, outreach and renewal of furniture and equipment to ensure our libraries are modern and vibrant.

One submission was received for the 2019.20 Annual Budget.

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#### **Recommendation**

That the Board:

- a) Adopt the West Gippsland Libraries 2019.20 Annual Budget and Long Term Financial Plan subject to the following amendments:
  - i. Inclusion of an additional opening and programming hours equalling \$24,800 for the Drouin library and subsequent effects on the Long Term Financial Plan; and
  - ii. Inclusion of \$60,000 for fit out of the San Remo Community Library, funded from the Bass Coast facilities reserve.
- b) Authorise the Chief Executive Officer to make typographical corrections to the budget document.
- c) Authorise the Chief Executive Officer to give public notice of the adoption of the 2019.20 Annual Budget and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

---

#### **Resolution**

That the Board:

- d) Adopt the West Gippsland Libraries 2019.20 Annual Budget and Long Term Financial Plan subject to the following amendments:
  - i. Inclusion of an additional opening and programming hours equalling \$24,800 for the Drouin library and subsequent effects on the Long Term Financial Plan; and
  - ii. Inclusion of \$60,000 for fit out of the San Remo Community Library, funded from the Bass Coast facilities reserve.
- e) Authorise the Chief Executive Officer to make typographical corrections to the budget document.
- f) Authorise the Chief Executive Officer to give public notice of the adoption of the 2019.20 Annual Budget and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.



**Moved:** Mark Dupe

**Seconded:** Cr Keith Cook

**Carried unanimously**

### **Board Discussion**

Mark Dupe spoke to the motion highlighting the importance of the Annual Budget to achieving the future goals of the organisation. Mark noted it was good to have surpluses in the Long Term Financial Plan along with incorporating efficiencies and bold initiatives such as the 24/7 library.

Cr Keith Cook spoke to the motion highlighting the positive social impact of the removal of fines for the community. Keith talked about how this will assist with the retention of existing members and how they can now return to the library because of the removal of fines. It also has benefits for staff to build relationships with the community. Keith noted the additional opening hours of the Drouin Library particularly given Drouin is the fastest growing town in regional Victoria and now the third largest town in Baw Baw Shire. The additional hours are terrific for Drouin.

### **Major initiatives**

The major initiative for the 2019.20 Budget was the removal of overdue fines. This was adopted by the Board as a separate resolution on 28<sup>th</sup> June 2019. The inclusion of additional opening and programming hours for the Drouin Library and purchases for the San Remo Community Library were also adopted at that meeting. The above resolution incorporates these major initiatives into the 2019.20 Budget.

### **Programs and Outreach**

Programs and outreach are an increasing focus for West Gippsland Libraries due to the changing nature of libraries and the expectations of the communities we serve. Programs in 2018.19 year to date have increased by 29% to more than 35,000 attendees in just eight months (June 2018 to February 2019). Investing in programs and outreach is part of delivering on strategy two (Enable and facilitate new learning opportunities led by the community), strategy three (Improve our engagement with early years and young people) and strategy six (support our community to explore and learn about new and emerging trends).

### **Renewal of furniture and equipment**

It is recognised that some of our libraries are dated and do not have modern furniture that is comfortable to support our vision of discover, connect and enjoy. Strategy four of the library plan (Explore new and renovated spaces that reflect modern learning approaches) supports the investment in renewal of our furniture and equipment. A renewal plan will be developed as well as funds allocated for new furniture to support West Gippsland Libraries vision. This will be an ongoing strategy over the next few years as those spaces most used and in need are targeted first. This year will see \$95,000 allocated to the budget for renewal of furniture and equipment.

### **Investment in the collection**

E-resources are seeing the biggest increase in loans with a 60% increase in 2018.19 year to date (eight months from June 2018 to February 2019) to more than 65,000 loans. With this significant increase we want to ensure the e-resource collection is continuing to provide new releases and meet the needs of our patrons.

E-resources are increasingly popular for those with visual impairments as they can enlarge the text to suit their needs. E-resources also cater to a much wider group of patrons in our community who cannot visit a static branch as they are available any time of the day or night. E-resources are free for our members and provide an alternative to subscriptions such as audible where you pay over \$15 per month for access.

There will be an increase in the e-resource collection of \$35,000 for the year. This will bring the total



investment in e-resources for the year to no less than \$180,000. E-resources include e-books, e-audiobooks and e-magazines.

### **Planning and accountability framework**

The Strategic Resource Plan, part of and prepared in conjunction with the Library Plan, is a rolling four year plan that outlines the financial and non-financial resources that West Gippsland Libraries requires to achieve the strategic objectives described in the Library Plan.

The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives that contribute to achieving the strategic objectives specified in the Library Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Library Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election of Councillors. The Strategic Resource Plan is reviewed each year in advance of the commencement of the Annual Budget process.

### **Financial Goals**

It is important for West Gippsland Libraries to set financial goals to provide guidance and structure to the budget process and assist with maintaining consistent financial planning year on year. West Gippsland Libraries financial goals are to:

- Operate in a financially sustainable manner;
- Operate within the rate cap, with new initiatives that require funding above the rate cap being supported by well-developed and costed business cases;
- Minimise fluctuations in increments from year to year that affect the member Councils;
- Reinvest efficiency savings into strategies identified in the Library Plan and the Collection; and
- Provide transparency and accountability.

### **Rate cap**

For the 2019.20 financial year the Minister for Local Government has set the rate cap at 2.5%.

### **Budget development**

The Budget has been developed from first principles and incorporates savings that have been achieved over the past two years. Key assumptions that have influenced the development of the budget are:

- Fees and charges income is estimated to decrease due to the removal of overdue fines. This represented just over \$23,000 in 2017.18 and is forecast to further reduce in 2018.19.
- The increase in base wage rate for employees under the new Enterprise Agreement is directly linked to the rate cap set by the Minister for Local Government. The rate cap in 2019.20 is 2.5%. The increase applied to the base wage rate will be 2.18% in 2019.20 (1.96% in 2018.19).
- Materials and services costs have been reviewed based on changes to systems, new contract arrangements and past expenditure trends. Efficiency reductions have been incorporated as well as allowing for inflation of 5% based on historical trends.
- The budget provides for an increase in the collection of \$65,000 to ensure West Gippsland Libraries continues to provide a collection that is under five years old as identified in the Local Government Performance Reporting Indicators. New collection items will also be invested in e-resources to support their exponential utilisation by patrons.
- Renewal of furniture and equipment has been included in the financial statements to ensure our libraries are modern and vibrant places for our patrons to discover, connect and enjoy.



## **Policy and legislative implications**

The Budget 2019.20 is prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

- Section 196 – Regional libraries
- Section 127 – Council must prepare a budget
- Section 129 – Public notice
- Section 130 – Adoption of budget or revised budget
- Section 223 – Right to make a submission

## **Conclusion**

Significant work has been undertaken in the past 12 months to review expenditure, automate back end processes and ensure that West Gippsland Libraries can maximise the use of its funds to invest back into valued services.

Overall, West Gippsland Libraries is in a strong financial position and it is recommended that the Board adopt the 2019.20 Annual Budget.

## **Conflict of interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

## **Attachments**

Attachment 6.1.1 – 2019.20 Draft Annual Budget (as presented on exhibition)



## 6.2. Library Plan 2017.21 (Revised)

*Report Prepared by Chief Executive Officer*

### Executive summary

The report presents the revised of the West Gippsland Libraries Library Plan 2017-21 (Revised 2019). The Library Plan is the guiding strategic document for the organisation, setting out our commitment to delivering library services to the communities of Baw Baw, South Gippsland and Bass Coast shires. It features eight strategic objectives and supporting actions to ensure that an accessible and dynamic library service is delivered to the community.

The revised plan includes a number of new actions, incorporating feedback from the Board, library staff and the Community Advisory Committee. The Board also undertook a values workshop to help West Gippsland Libraries deliver on its promise to the community. The revised Library Plan has amended what was previously outlined as its values (page 9) to become 'Our Purpose' that explains to the community what West Gippsland Libraries will provide. The organisations new values and commitment to the community are bravery, relationships and excellence.

*We will bravely adapt with the changing needs of our communities.*

*We will build relationships with our stakeholders, communities and each other.*

*We will deliver excellence in everything we do.*

We are West Gippsland Libraries and we are here to change lives.

The revised plan acknowledges and continues to focus on library services changing at a rapid and exciting pace, and that adapting is essential so more people can access library services for reading and learning, connecting or being creative and innovative.

---

### Recommendation

That the Board:

- a) Adopt the West Gippsland Libraries Library Plan.
- b) Adopt the Strategic Resource Plan incorporated in the Library Plan incorporating the amendments made to the adopted budget outlined in report 6.1.
- c) Authorise the Chief Executive Officer to make typographical corrections to the Library Plan document.
- d) Authorise the Chief Executive Officer to give public notice of the adoption of the Library Plan and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

---

### Resolution

That the Board:

- e) Adopt the West Gippsland Libraries Library Plan.
- f) Adopt the Strategic Resource Plan incorporated in the Library Plan incorporating the amendments made to the adopted budget outlined in report 6.1.
- g) Authorise the Chief Executive Officer to make typographical corrections to the Library Plan document.
- h) Authorise the Chief Executive Officer to give public notice of the adoption of the Library Plan and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

**Moved:** Rick Brown

**Seconded:** Faith Page

**Carried unanimously**



## **Highlights of the Revised Library Plan**

The Library Plan 2017-21 (Revised 2019) celebrates new values and a commitment to these values when delivering library services to the community. The Board undertook a values workshop and by agreeing on the cultural values of **brave, relationships** and **excellence** we are setting a standard that we will use as our compass. We are telling our communities and staff that these three values are important to us and we strive to respect them in our everyday activities.

The revised Library Plan has amended what was previously outlined as its values (page 9) to become 'Our Purpose' that explains to the community what West Gippsland Libraries will provide. The organisations new values and commitment to the community are:

*We will bravely adapt with the changing needs of our communities.*

*We will build relationships with our stakeholders, communities and each other.*

*We will deliver excellence in everything we do.*

We are West Gippsland Libraries and we are here to change lives.

The revised plan also includes a number of new actions for the organisation, incorporating feedback from the Board, library staff and the Community Advisory Committee.

The Library Plan will continue to focus on the following strategic objectives.

- Strategy One – Enhance our library service models to better meet the needs of our community.
- Strategy Two – Enable and facilitate new learning opportunities lead by the community Strategy
- Three – Improve our engagement with early years and teen members
- Strategy Four – Experiment with new and renovated spaces that reflect modern learning approaches
- Strategy Five – Test alternative engagement approaches to promote true inclusivity and accessibility
- Strategy Six – Support our community to explore and learn about new and emerging trends
- Strategy Seven – Promote a culture that encourages flexibility, experimentation and personal growth
- Strategy Eight – Explore diverse revenue opportunities to complement our service

The 2019.20 actions within the plan will continue to build on the achievements of previous years. The biggest action for 2019.20 and change to the service is the removal of fines on overdue items.

### **Strategy 1 – Remove fines on overdue items**

*Overdue fines are a barrier to people coming to our libraries. The people who can least afford to pay fines are often the ones who need the library most. There is no evidence that suggests overdue fines encourage meaningful compliance.*

Additional actions that have been included to address important areas of focus and build on existing work already being undertaken within the library service are:

### **Strategy 1 – Deploy accessible and modern community libraries in San Remo, Welshpool and the Bass Coast Waterline Area (encompassing Coronet Bay, Corinella and Grantville);**

*Many people in the community have not been able to access library services due to the short times the mobile library was available. Community libraries provide greater access to services with longer hours and the convenience of self-checkout. Our librarians will continue to staff community libraries to support our patrons.*

### **Strategy 1 – Pilot click and collect points across the region.**

*The West Gippsland region is large and our communities are looking for flexibility and convenience in locations where there is no static library.*

### **Strategy 5 – Continue to enhance the user experience of the website.**

*Over 20,000 users visit our website each month. We want to make sure it continues to meet their needs.*



## **Strategy 7 – Continue to develop our people with the skills to confidently engage with our diverse community.**

*Our communities are diverse and people visit our libraries for a range of services. Our success is determined by the quality of services those who use our services experience.*

Completed actions from the 2018 revised plan have been removed where they are not ongoing in nature or have become business as usual. The revised plan also contains the latest demographic and statistical information to reflect the membership and trends of the service.

### **Policy and Legislative Implications**

The West Gippsland Libraries Library Plan 2017-21 is prepared in accordance with the Local Government Act 1994 and the Local Government (Planning and Reporting) Regulations 2014.

- Section 196 – Regional Libraries
- Section 125 – Council Plan
- Section 126 – Strategic Resource Plan
- Section 223 – Right to make a submission.

### **Conclusion**

The revised plan aspires and challenges West Gippsland Libraries to be a service that is equipped to respond to the changing needs of our communities. The strategies within the plan are designed to motivate the organisation to think differently and ensure that we are prepared for the future. It is recommended that the revised Library Plan be adopted by the Board.

### **Conflict of Interest**

Under section 80C of the *Local Government Act 1989*, the CEO declares that there is no conflict of interest to disclose in providing this report.

### **Attachments**

Attachment 6.2.1 – Revised Library Plan

## **7. Video – The Library as a Movement**

R. David Lankes, Professor and Author

Director of the University of South Carolina's School of Library and Information Science and recipient of the American Library Association's 2016 Ken Haycock Award for Promoting Librarianship.

<https://davidlankes.org/>

David recorded a video for the State Library of Victoria and Public Libraries Victoria Summit held in July 2019. David joined Library sector leaders at the Summit via Skype for an insightful and entertaining Q&A. His prerecorded video has been made available to West Gippsland Libraries and will be showed at the Board meeting.

The Board and attendees watched David Lank's video (link below), followed by a discussion on the evolution of libraries and the emerging trends. The discussion was welcomed with those in attendance in gallery.

<https://vimeo.com/348729339/0be784cc02>

## **8. Next Meeting**

Ordinary Board meeting 11.30 am, Friday, 13<sup>th</sup> September 2019 at the Drouin Library Meeting Room, 136 Princes Way, Drouin.

**Meeting closed at 12.46 pm**



# West Gippsland Regional Library Corporation Closing Report

For the financial year ended 30 June 2019

Presented to the Board on 13 September 2019

## Background

I enclose for your information the closing report for the year ended 30 June 2019. The closing report provides a summary of results of our audit. This report will be discussed at the board meeting on 13 September 2019.

## Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during the interim phase of our audit.

Yours sincerely



Rochelle Wrigglesworth  
Director  
DMG Audit & Advisory  
VAGO Audit Service Provider

21 August 2019

# Introduction

## Purpose of the closing report

- Key document to summarise the results of our audit and communicate any significant audit findings to those charged with governance.
- This document should be read in conjunction with our audit strategy presented on 9 May 2019.

## Scope and purpose of the audit

- The Audit Act 1994 requires the Auditor-General to form an opinion on your entity's financial report and provide a copy of the independent auditor's report to you
- Copies of the independent auditor's report are provided also to the minister(s) responsible for your entity and to the Assistant Treasurer.

## The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine, on behalf of Parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction by either Parliament or the government.



# Audit completion status update

We have substantially completed our audit of the financial report. We performed our audit in accordance with the Audit Act 1994 and the terms of our engagement letter to provide reasonable assurance that the financial report is presented fairly in accordance with the Local Government Act 1989.

## Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly.

We consequently expect to issue an unmodified audit opinion.

## Outstanding audit matters

Our expected audit opinion is subject to us finalising our audit process. Key aspects still outstanding include:

- ➔ review of the financial report by VAGO
- ➔ performing our subsequent events review
- ➔ receipt of signed management representation letter
- ➔ receipt of signed certification of the financial statements

**representationix A** provides a detailed list of all outstanding audit matters.

# Areas of audit focus

As advised in our audit strategy, our audit focused on those financial statement balances / disclosures where we assessed there to be a higher risk of material misstatement to your financial report. We designed and performed procedures to be able to conclude with reasonable assurance whether or not the identified risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

| # | Risk of material misstatement   | Our audit response  | Results of our key procedures  |
|---|---|---|--|
| 1 | <b>Management override of controls</b><br><br>There is a risk of fraud due to management override of controls.<br><br>While the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.   | We assessed the processes in place to prevent and detect fraud.<br><br>The following were performed as per the specific audit procedures imposed by ASA 240: <ul style="list-style-type: none"> <li>→ Tested the appropriateness of journal entries and other adjustments made in preparing the financial report</li> <li>→ Reviewed accounting estimates for biases, and</li> <li>→ Reviewed significant unusual transactions.</li> </ul>  | Our procedures did not identify any fraud through management override of controls  |
| 2 | <b>Going concern</b><br><br>The sustainability of the Corporation is largely dependent upon the continued contribution by the three Councils.<br><br>The management agreement states that should there be any changes to the nature of the current arrangements; twelve months' notice must be given.   | Audit has obtained letters from the three Council members confirming their continued support for 12 months from the date of signing of the audit report.  | We are satisfied that the going concern assumption being applied to the financial statements of the Corporation for the year ending 30 June 2019, is appropriate.<br><br>Letters confirming their continued support for 12 months have been received from the three Council members.   |
| 3 | <b>Fair value of property, plant and equipment</b><br><br>Non-current physical assets represent a material component of the total assets of the entity and must be assessed annually by management to ensure they continue to be carried at fair value.<br><br>Fair value measurement involves complex assessments and significant judgements, including the need for experts to provide estimates. The library conducts an examination of the likelihood of a material change in the underlying replacement cost of its buildings. If this examination concludes that a material change has occurred since the | Reviewed management's annual assessment of fair value, including reasonableness of underlying assumptions, taking into consideration estimated useful lives, indexation factors and any impairment indicators.<br><br>Where assets are revalued, review the reports of independent (expert) valuers, and/or in-house experts, considering the reasonableness of assumptions applied, the process for consultation, plus procedures to ensure underlying data integrity, including data accuracy and the completeness thereof.<br><br>Tested the asset register to ensure additions, disposals | Audit procedures satisfactorily performed. Given the relatively short lives of books, the fact that the library is unlikely to have expensive long life books or first edition books, we are satisfied with the library carrying its books at depreciated cost, on the basis that this approximates the fair value of the books.<br><br>We reviewed the Corporation's fair value assessment of the movement in building indices and confirmed that a managerial revaluation was not required.<br><br>Satisfied that library collection assets are fairly stated at 30 June 2019. |

| # | Risk of material misstatement  | Our audit response  | Results of our key procedures   |
|---|--|---|---|
|   | <p>last formal valuation, a revaluation of the assets is conducted.</p> <p>No formal revaluations of the library's asset classes are due this year.</p> <p>In addition the asset register may not be up to date to reflect the most recent valuations and remaining useful lives of assets, which could result in a misstatement in depreciation and the carrying value of assets.</p> | <p>and depreciation have been appropriately recognised.</p> <p>Confirmed that the asset register reconciles to the general ledger, plus financial report disclosures.</p> <p>Ensured any adjustments are accurately recognised and disclosed in the financial report.</p> |   |
| 4 | <b>Grant revenue</b><br><br>Significant revenue is received through government grants.   | Assessed whether treatment of revenue is consistent with AASB 1004 Contributions.   | <p>Revenue recognition is in accordance with requirements of the accounting standards.</p> <p>We are satisfied that disclosed revenue is fairly stated.</p> |
| 5 | <b>Revenue recognition - contributions by Members</b><br><br>Contributions by councils should be recognised as revenue when received where the contribution is non-reciprocal.   | <p>We:</p> <ul style="list-style-type: none"> <li>→ Confirmed the accounting for contributions.</li> <li>→ Identified any material arrears or in advance contributions.</li> </ul>  | <p>Revenue recognition is in accordance with requirements of the accounting standards.</p> <p>We are satisfied that disclosed revenue is fairly stated.</p> |

# Audit findings—financial report

|                                   |   |
|-----------------------------------|---|
| <b>Materiality assessment</b>     | <p>A misstatement is considered material if its omission or misstatement could, individually or collectively, influence the economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature of the matter (quality).</p> <p>Our final materiality levels have not been reassessed and updated since we communicated our planning materiality levels to you in our audit strategy document.</p> <ul style="list-style-type: none"> <li>➔ Final overall materiality for the financial report is unchanged at \$293k</li> <li>➔ Performance materiality is unchanged at \$220k</li> <li>➔ Clearly trivial threshold unchanged from \$3k.</li> </ul>   |
| <b>Adjusted audit differences</b> | <p>We identified differences in the disclosures supporting the financial report which were adjusted by management.</p> <p>A detailed breakdown of adjusted audit differences is included in <b>Appendix B</b>.</p>  |
| <b>Control environment</b>        | <p>In accordance with ASA 265 <i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.</p> <p>We have considered the effectiveness of your internal control framework as part of our audit process. However our audit was not designed to assess, nor do we provide an opinion on, the effectiveness of your internal control. If we have identified any significant weaknesses in internal control during our audit, we communicate these to you via our management letters.</p> <p>A final management letter will be issued at the conclusion of our audit.</p> |

# Other audit findings

|  |   |
|--|---|
| Fraud, irregularities or regulatory non-compliance | We are not responsible for preventing or detecting fraud in the entity. However, we are required to consider the risk of material misstatement in the financial report that may be due to fraud when performing our risk assessments and in conducting our audit procedures.<br><br>Our audit procedures did not identify any specific financial report areas of fraud risk or regulatory non-compliance. |
| Waste, probity & financial prudence                | When performing our audits we are required to have due regard for waste, probity and financial prudence matters.<br><br>Our audit did not identify any material issues concerning waste, probity or lack of financial prudence.   |
| Accounting policies                                | We are not aware of any changes to material accounting policies or material transactions and/or events that occurred during the financial year or of accounting policies being adopted that relate to areas where there is a lack of authoritative guidance in the accounting standards.  |
| Disagreements with management                      | No issues noted.  |
| Difficulties encountered in performing the audit   | No issues noted.  |

# New and emerging developments



## Audit Act Amendment

The Audit Amendment Act 2018 (the Act) was passed in Parliament on 28 May 2019. The Act contains changes designed to resolve legacy issues in the Audit Act 1994 and strengthen VAGO's capacity to examine the performance and effectiveness of the public sector.

There are no significant changes relating to how we undertake our financial audits. Prior to the Act the legislation required the Auditor-General to audit statutory 'authorities.' To provide consistency with the Public Administration Act 2004 the definition of 'authority' has been changed to 'public body.' This change has included a number of new entities in our mandate to conduct financial audits.

In summary, the Bill introduces the following key changes:

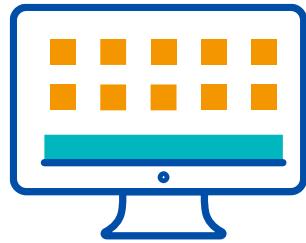
- ➔ restructure and modernise the Audit Act 1994 and better align how VAGO currently interacts with public sector agencies in Victoria
- ➔ provide a new power to conduct assurance reviews in targeted and low risk contexts with a requirement to report findings to Parliament
- ➔ strengthen and modernise VAGO's information and disclosure powers
- ➔ clarify our existing reporting obligations and powers.

## Data Analytic Development

- ➔ We are building a Data Analytics Toolset (Toolset) to help our auditors undertake more efficient and effective audits of financial reports. We have divided our work program into waves. The first wave consists of building a Toolset to support our audits of 35 audit clients across certain classes of transactions and account balances. We expect our Toolset to be rolled out to our auditors progressively from October 2019.

Your entity is not currently within the scope of our data analytics work program. We are however currently planning for our forward work program beyond October 2019. Your VAGO Sector Director will be in touch with you with further details to the extent that this affects you.

# Key VAGO links and resources



[VAGO's website](#)

[VAGO's role](#)

[Annual work plan](#)

[Strategic plan](#)

[Our reports](#)

[Audits in progress](#)

[Privacy policy](#)

[VAGO's accountability](#)

# Appendix A. Outstanding audit matters

The following items relating to the completion of our audit procedures are outstanding at the date of this report and need to be resolved before we issue our auditor's report.

| Item                                | Action required  | Responsibility       |
|-------------------------------------|--|----------------------|
| VAGO review of financial statements | Review of the financial report and performance statement by VAGO   | VAGO and audit       |
| Subsequent events update            | Provide details of significant transactions and events up to date of signing. Audit will assess for any impact on the financial report | Management and audit |
| Financial report certification      | To be signed on adoption of the accounts by the Board  | Management           |
| Management representation letter    | To be signed on same date as the certification   | Management           |

After the issue of our auditor's report we are required to undertake the following procedures related to your annual report. Any issues identified from these procedures will be reported to your accountable officer for appropriate remedial action.

| Item                                 | Action required   | Responsibility       |
|--------------------------------------|---|----------------------|
| Annual report                        | Provide contents of annual report. Audit will review its contents to confirm that the correct auditor's report is included. | Management and audit |
| Website publication of annual report | Review your annual report as published on your website to ensure the inclusion of the correct audit report                  | Management and audit |

# Appendix B. Adjusted audit differences

## Adjusted dollar differences

| Financial report component(s) affected | Amount adjusted | Underlying cause of difference |
|--|-----------------|--------------------------------|
| None                                   |                 |                                |

## Adjusted financial report disclosure differences

| Nature of financial report disclosure affected   | Nature of adjustment           | Underlying cause of difference                              |
|--|--------------------------------|---|
| Total remuneration disclosed in Note 6.1(c) Senior Officers Remuneration was amended for the addition of one further senior officer. | Total remuneration was amended | Newly appointed senior officer's details accidental omitted |

## Appendix C. Draft management representation letter

As part of our audit evidence gathering, we plan to obtain formal management representations in respect of a number of matters related to the preparation and presentation of the financial report. We do not rely solely on these representations, except where they are the only evidence reasonably available. A draft version of this letter is provided as a separate attachment.

There were no representations made by management on which we found it solely necessary to rely for the purpose of forming our audit opinion.

4 September 2019

Victorian Auditor-General's Office

Cr Geoff Ellis  
Board Chair  
West Gippsland Regional Library Corporation  
PO Box 304  
Warragul VIC 3820

Level 31 / 35 Collins Street  
Melbourne Vic 3000  
T 03 8601 7000  
[enquiries@audit.vic.gov.au](mailto:enquiries@audit.vic.gov.au)  
[www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Dear Geoff

### **FINANCIAL MANAGEMENT LETTER 2018-19**

The purpose of this correspondence is to bring to your attention any final matters arising from the audit of the financial report of West Gippsland Regional Library Corporation for the year ended 30 June 2019.

No issues of significance arose during the audit that warrant being brought to your attention in a management letter.

As explained in the audit strategy, the financial audit is designed to enable the Auditor-General to express an opinion on the annual financial report. It does not constitute a complete examination of all relevant data and was not designed to uncover all processing errors and therefore may not have detected all breaches and irregularities that could have occurred.

The assistance provided by management and staff during the course of the audit is acknowledged.

If you have any queries concerning this final management letter, please contact one of the following:

|                              |                  |  |
|------------------------------|------------------|--|
| Rochelle Wrigglesworth on    | ☎ (03) 5144 4422 | ✉ <a href="mailto:rwrigglesworth@dmgfinancial.com.au">rwrigglesworth@dmgfinancial.com.au</a>   |
| Jonathan Kyvelidis (VAGO) on | ☎ (03) 8601 7182 | ✉ <a href="mailto:jonathan.kyvelidis@audit.vic.gov.au">jonathan.kyvelidis@audit.vic.gov.au</a> |

Yours sincerely



Rochelle Wrigglesworth

Director

*VAGO Audit Service Provider*

4 September 2019

Victorian Auditor-General's Office

Leanne Williams  
CEO  
West Gippsland Regional Library Corporation  
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Warragul VIC 3820

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[www.audit.vic.gov.au](http://www.audit.vic.gov.au)

Dear Leanne

## FINANCIAL MANAGEMENT LETTER 2018-19

The purpose of this correspondence is to bring to your attention any final matters arising from the audit of the financial report of West Gippsland Regional Library Corporation for the year ended 30 June 2019.

No issues of significance arose during the audit that warrant being brought to your attention in a management letter.

As explained in the audit strategy, the financial audit is designed to enable the Auditor-General to express an opinion on the annual financial report. It does not constitute a complete examination of all relevant data and was not designed to uncover all processing errors and therefore may not have detected all breaches and irregularities that could have occurred.

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| Jonathan Kyvelidis (VAGO) on | ☎ (03) 8601 7182 | ✉ <a href="mailto:jonathan.kyvelidis@audit.vic.gov.au">jonathan.kyvelidis@audit.vic.gov.au</a> |

Yours sincerely

Rochelle Wrigglesworth

Director

*VAGO Audit Service Provider*

# **Community Advisory Committee Meeting: Leongatha Library Friday 28th June 2019**

---

## **Present**

Mary Schooneveldt, Catherine Robinson, Michelle Nichols

## **Apologies**

David Lyons, Nola Thorpe, Chris Kemper, Christine Wooller, Holly Perriam

## **Discussion Points**

- Is there a Community bus from say Corinella & Coronet Bay which could coincide with Grantville and San Remo opening hours or opening hours to coincide with bus
- Staffing - will there be a stable, continuing staff at Grantville and San Remo that community will get to know. Familiar faces.
- CAC would like a tour of new facilities when up and running.
- Value of Friends groups e.g. This would add considerable texture to proposed Grantville and San Remo static libraries.
- Stats
  - Ebook stats can there be a breakdown? In report?
  - Click & collect stats
  - Trend lines with stats
  - Stats for 24/7 Foster model required before this is introduced at say San Remo. How popular is this initiative at Foster? Teething problem with alarms so not yet started. Imminent. WGRLC Board will review this experiment.
- Branding should better reflect location. Why change word 'library'? Youth problem so using term Meetup for promotional purposes to this group.
- Paper material eg Latrobe City Library simplified plan <http://www.latrobe.vic.gov.au/files/2ba9a89d-d8d5-4451-bbeb-a850010f2f38/Library%20Plan%202017%20-%202021.pdf>
- Response from Michelle led to discussion re aspects of Branch Manager role.
  - Branch managers have autonomy to create eg signup sheets for events just as they now can create staffing and time allocation.

- Branch managers set library staffing arrangements within their tight budgets.  
Branch managers meet on a quarterly basis.
- Volunteer initiative part of outreach framework but focus has been on replacement services for South Coast Mobile so action delayed.

## **Questions to the Board**

- Community bus - add a stop to new libraries? Response: Community bus not responsibility of BCSC but organised by individual Centres. CEO is working with Corinella and Bass Coast Centres who operate community buses to provide alternative library service.
- Encourage Grantville (Waterline) and San Remo communities to form Friends groups to support activities in new libraries. Response: CEO advised that this is a matter for local people not Board or Corporation.
- There will be a stable staffing arrangement at new facilities i.e. Familiar faces
- Security within Library. Catherine suggested that security especially for lone staff members be increased eg personal panic style button on a lanyard.  
Response: Leanne described protocols/procedures already in place but will investigate.
- CAC (Mary Schooneveldt) added their thanks to Cr Geoff Ellis's presentation and thanks on behalf of WGRLC Board to former South Gippsland Councillor Alyson Skinner for her years of involvement, diplomatic grace and interest in encouraging a community voice.

## **Notes from WGRLC Board meeting**

- Budget and Library Plan deferred to 26th July special meeting because of South Gippsland deferral of passing their budget to 24th because of change to Council Administration.
- Permanent removal of fines.
- Public Libraries Conference - funded place for a CAC attendee. invitation to be sent

## **Next meeting: Friday 13 September 2019 at Drouin Library**

- Michelle: can you arrange a CAC meeting room at Drouin? NB: Last time we met in general Library space.

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|                  | 8.3. Superannuation  | 38   |

**WEST GIPPSLAND REGIONAL LIBRARY CORPORATION  
CERTIFICATION OF THE FINANCIAL REPORT**

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

*Leanne Williams*  
**Principal Accounting Officer**

**Date:** 13th September 2019  
*Drouin*

In our opinion, the accompanying financial statements present fairly the financial transactions of West Gippsland Regional Library Corporation for the year ended 30 June 2019 and the financial position of the Corporation as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Corporation and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

*Cr Geoff Ellis - Bass Coast Shire Council*  
**Board Member**

**Date:** 13th September 2019  
*Drouin*

*Cr Keith Cook – Baw Baw Shire Council*  
**Board Member**

**Date:** 13th September 2019  
*Drouin*

*Leanne Williams*  
**Chief Executive  
Officer**

**Date:** 13th September 2019  
*Drouin*

Insert VAGO Report



## COMPREHENSIVE INCOME STATEMENT

For the year ended 30 June 2019

|                                   | Note | 2019             | 2018             |
|-----------------------------------|------|------------------|------------------|
|                                   |      | \$               | \$               |
| <b>INCOME</b>                     |      |                  |                  |
| User Fees                         | 2.1  | 76,810           | 76,868           |
| Grants (recurrent)                | 2.2  | 878,547          | 857,487          |
| Grants (non-recurrent)            | 2.2  | 83,486           | 6,250            |
| Contributions - monetary          | 2.3  | 5,075,741        | 4,969,948        |
| Other Income                      | 2.4  | 75,342           | 73,946           |
| <b>TOTAL INCOME</b>               |      | <b>6,189,926</b> | <b>5,984,499</b> |
| <b>EXPENSES</b>                   |      |                  |                  |
| Employee Costs                    | 3.1  | 3,720,341        | 3,617,633        |
| Materials and services            | 3.2  | 803,315          | 748,716          |
| Depreciation & Amortisation       | 3.3  | 839,509          | 762,652          |
| Borrowing Costs                   | 3.4  | 95,558           | 102,922          |
| Other Expenses                    | 3.5  | 329,729          | 381,303          |
| <b>TOTAL EXPENSES</b>             |      | <b>5,788,452</b> | <b>5,613,226</b> |
| <b>SURPLUS FOR THE YEAR</b>       |      | <b>401,474</b>   | <b>371,273</b>   |
| <b>TOTAL COMPREHENSIVE RESULT</b> |      | <b>401,474</b>   | <b>371,273</b>   |

The above comprehensive income statement should be read with the accompanying notes.

## BALANCE SHEET

As at 30 June 2019

|                                      | Note | 2019             | 2018             |
|--------------------------------------|------|------------------|------------------|
|                                      |      | \$               | \$               |
| <b>ASSETS</b>                        |      |                  |                  |
| <b>Current Assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 4.1  | 1,482,236        | 1,307,774        |
| Other financial assets               | 4.1  | 1,000,000        | 1,000,000        |
| Trade and other receivables          | 4.1  | 19,732           | 22,761           |
| Other assets                         | 4.2  | 31,941           | 12,562           |
| <b>Total Current Assets</b>          |      | <b>2,533,909</b> | <b>2,343,097</b> |
| <b>Non-Current Assets</b>            |      |                  |                  |
| Property, plant and equipment        | 5.1  | 4,253,251        | 4,135,020        |
| <b>Total Non-Current Assets</b>      |      | <b>4,253,251</b> | <b>4,135,020</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>6,787,160</b> | <b>6,478,117</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>Current Liabilities</b>           |      |                  |                  |
| Trade and other payables             | 4.3  | 306,513          | 313,455          |
| Provisions                           | 4.5  | 749,985          | 753,047          |
| Interest-bearing liabilities         | 4.4  | 112,871          | 114,647          |
| <b>Total Current Liabilities</b>     |      | <b>1,169,369</b> | <b>1,181,149</b> |
| <b>Non-Current Liabilities</b>       |      |                  |                  |
| Provisions                           | 4.5  | 102,974          | 70,753           |
| Interest-bearing liabilities         | 4.4  | 1,066,896        | 1,179,768        |
| <b>Total Non-Current Liabilities</b> |      | <b>1,169,870</b> | <b>1,250,521</b> |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,339,239</b> | <b>2,431,670</b> |
| <b>NET ASSETS</b>                    |      | <b>4,447,921</b> | <b>4,046,447</b> |
| <b>EQUITY</b>                        |      |                  |                  |
| Accumulated Surplus                  |      | 3,425,836        | 2,972,224        |
| Reserves                             | 8.1  | 1,022,085        | 1,074,223        |
| <b>TOTAL EQUITY</b>                  |      | <b>4,447,921</b> | <b>4,046,447</b> |

The above balance sheet should be read with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

|   | Note | Total            | Accumulated Surplus | Revaluation Reserve | Facilities Reserve |
|---|------|------------------|---------------------|---------------------|--------------------|
|   |      | 2019             | 2019                | 2019                | 2019               |
|   |      | \$               | \$                  | \$                  | \$                 |
| <b>2019</b>                                 |      |                  |                     |                     |                    |
| Balance at beginning of the financial year  |      | 4,046,447        | 2,972,224           | 634,239             | 439,984            |
| Surplus for the year                        |      | 401,474          | 401,474             | -                   | -                  |
| Transfer to Reserves                        | 8.1  | -                | 52,138              | -                   | (52,138)           |
| <b>Balance at end of the financial year</b> |      | <b>4,447,921</b> | <b>3,425,836</b>    | <b>634,239</b>      | <b>387,846</b>     |
|   |      |                  |                     |                     |                    |
|   |      | Total            | Accumulated Surplus | Revaluation Reserve | Facilities Reserve |
|   |      | 2018             | 2018                | 2018                | 2018               |
|   |      | \$               | \$                  | \$                  | \$                 |
| <b>2018</b>                                 |      |                  |                     |                     |                    |
| Balance at beginning of the financial year  |      | 3,675,174        | 2,743,806           | 634,239             | 297,129            |
| Surplus for the year                        |      | 371,273          | 371,273             | -                   | -                  |
| Transfer to Reserves                        | 8.1  | -                | (142,855)           | -                   | 142,855            |
| <b>Balance at end of the financial year</b> |      | <b>4,046,447</b> | <b>2,972,224</b>    | <b>634,239</b>      | <b>439,984</b>     |

The above statement of changes in equity should be read with the accompanying notes.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

|   | Note       | 2019<br>Inflows/<br>(Outflows) | 2018<br>Inflows/<br>(Outflows) |
|---|------------|--------------------------------|--------------------------------|
|   |            | \$                             | \$                             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |            |                                |                                |
| User Fees   |            | 83,899                         | 83,447                         |
| Grants  |            | 962,033                        | 863,737                        |
| Contributions and Donations                                       |            | 5,072,031                      | 4,968,459                      |
| Interest  |            | 53,044                         | 42,696                         |
| Other receipts  |            | 22,915                         | 26,792                         |
| Net GST Refund  |            | 200,352                        | 173,457                        |
| Payments to Suppliers   |            | (1,374,981)                    | (1,254,781)                    |
| Payments to Employees   |            | (3,675,229)                    | (3,608,259)                    |
| Other payments  |            | (1,265)                        | (1,687)                        |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                  | <b>8.2</b> | <b>1,342,799</b>               | <b>1,293,861</b>               |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>                    |            |                                |                                |
| Payments for property, plant and equipment                        |            | (957,740)                      | (645,554)                      |
| Payments for investments  |            | -                              | (1,000,000)                    |
| Proceeds from sale of property, plant and equipment               |            | -                              | -                              |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                      |            | <b>(957,740)</b>               | <b>(1,645,554)</b>             |
| <b>CASH FLOWS USED IN / FROM FINANCING ACTIVITIES</b>             |            |                                |                                |
| Finance costs   |            | (95,950)                       | (103,129)                      |
| Proceeds from borrowings  |            | -                              | -                              |
| Repayment of borrowings   |            | (114,647)                      | (118,636)                      |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                      |            | <b>(210,597)</b>               | <b>(221,765)</b>               |
| Net increase / (decrease) in cash and cash equivalents            |            | 174,462                        | (573,458)                      |
| Cash and cash equivalents at the beginning of the financial year  |            | 1,307,774                      | 1,881,232                      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b> | <b>4.1</b> | <b>1,482,236</b>               | <b>1,307,774</b>               |

The above statement of cash flows should be read with the accompanying notes.

## STATEMENT OF CAPITAL WORKS

For the year ended 30 June 2019

|  | Note       | 2019           | 2018           |
|--|------------|----------------|----------------|
|  |            | \$             | \$             |
| <b>PROPERTY</b>                        |            |                |                |
| <b>Buildings</b>                       |            |                |                |
| Leasehold Improvements                 |            | 73,970         | 1,650          |
| <b>TOTAL PROPERTY</b>                  |            | <b>73,970</b>  | <b>1,650</b>   |
| <b>PLANT &amp; EQUIPMENT</b>           |            |                |                |
| Motor Vehicles                         |            |                |                |
|  |            | 1,955          | -              |
| Fixtures, Fittings & Furniture         |            | 112,897        | 22,450         |
| Computers & Telecommunications         |            | 113,662        | 27,160         |
| Library Collection                     |            | 655,256        | 594,294        |
| <b>TOTAL PLANT &amp; EQUIPMENT</b>     |            | <b>883,770</b> | <b>643,904</b> |
| <b>TOTAL CAPITAL WORKS EXPENDITURE</b> | <b>5.1</b> | <b>957,740</b> | <b>645,554</b> |
| <b>Represented by:</b>                 |            |                |                |
| New Asset Expenditure                  |            | 228,514        | 49,610         |
| Asset Renewal Expenditure              |            | 655,256        | 594,294        |
| Asset Upgrade Expenditure              |            | 73,970         | 1,650          |
| <b>TOTAL CAPITAL WORKS EXPENDITURE</b> | <b>5.1</b> | <b>957,740</b> | <b>645,554</b> |

The above statement of capital works should be read with the accompanying notes.

# NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

## OVERVIEW

### Introduction

The West Gippsland Regional Library Corporation was established by an Order of the Governor in Council on 11 December 1995 and is a body corporate.

The Corporation's main office is located at 65 Victoria Street, Warragul.

### Statement of Compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

### Significant accounting policies

#### (a) Basis of Accounting

The accruals basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 1 Performance against budget

The performance against budget notes compare the Corporation's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. The Corporation has adopted a materiality threshold of the lower of 10 percent or \$50,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by the Corporation on 28 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. The Corporation sets guidelines and parameters for income and expense targets in this budget in order to meet the Corporations planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

#### 1.1. Income and Expenditure

|                                       |     | Budget<br>2019   | Actual<br>2019   | Variance<br>2019 | Variance     |
|---------------------------------------|-----|------------------|------------------|------------------|--------------|
|                                       | Ref | \$               | \$               | \$               | %            |
| <b>INCOME</b>                         |     |                  |                  |                  |              |
| Grants                                | 1   | 898,676          | 962,033          | 63,357           | 7.1%         |
| Contributions                         |     | 5,058,641        | 5,075,741        | 17,100           | 0.3%         |
| User Fees                             |     | 78,611           | 76,810           | (1,801)          | -2.3%        |
| Interest                              |     | 50,000           | 52,437           | 2,437            | 4.9%         |
| Other Income                          | 2   | 13,393           | 22,905           | 9,512            | 71.0%        |
| <b>TOTAL INCOME</b>                   |     | <b>6,099,321</b> | <b>6,189,926</b> | <b>90,605</b>    | <b>1.5%</b>  |
| <b>EXPENSES</b>                       |     |                  |                  |                  |              |
| Employee Benefits                     | 3   | 3,779,756        | 3,720,341        | 59,415           | 1.6%         |
| Operating Expenses                    |     | 1,164,911        | 1,133,044        | 31,867           | 2.7%         |
| Depreciation & Amortisation           |     | 824,393          | 839,509          | (15,116)         | -1.8%        |
| Finance Costs                         |     | 98,039           | 95,558           | 2,481            | 2.5%         |
| <b>TOTAL EXPENSES</b>                 |     | <b>5,867,099</b> | <b>5,788,452</b> | <b>78,647</b>    | <b>1.3%</b>  |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b> |     | <b>232,222</b>   | <b>401,474</b>   | <b>169,252</b>   | <b>72.9%</b> |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 1 Performance against budget (cont'd)

#### (i) Explanation of material variations

| Ref | Item              | Explanation   |
|-----|-------------------|---|
| 1   | Grants            | Grants income exceeded budget due to the receipt of the Foster Library Grant which wasn't budgeted  |
| 2   | Other Income      | Other Income is quite varied and includes a range of items, including minor item sales, room hire income and other miscellaneous amounts. The amount of income is difficult to predict, being largely consumer driven. Room hire, insurance claim proceeds and donations are the primary reasons for exceeding the budgeted amount. |
| 3   | Employee Benefits | Employee benefits was less than budgeted due mainly to changes to staffing structure and temporary vacancies  |

#### 1.2. Capital Works

|  | Budget         | Actual         | Variance         | Variance      |
|--|----------------|----------------|------------------|---------------|
|  | 2019           | 2019           | 2019             | %             |
| Ref                                    | \$             | \$             | \$               | %             |
| <b>CAPITAL WORKS EXPENDITURE</b>       |                |                |                  |               |
| Book Stock                             | 635,412        | 655,256        | (19,844)         | -3.1%         |
| Furniture & Equipment                  | 1 215,000      | 226,559        | (11,559)         | -5.4%         |
| Motor Vehicles                         | -              | 1,955          | (1,955)          | 0.0%          |
| Leasehold Improvements                 | -              | 73,970         | (73,970)         | 0.0%          |
| <b>TOTAL CAPITAL WORKS EXPENDITURE</b> | <b>850,412</b> | <b>957,740</b> | <b>(107,328)</b> | <b>-12.6%</b> |
| <b>REPRESENTED BY</b>                  |                |                |                  |               |
| New asset expenditure                  | 1 45,000       | 228,514        | (183,514)        | -407.8%       |
| Asset renewal expenditure              | 1 805,412      | 655,256        | 150,156          | 18.6%         |
| Asset upgrade expenditure              | -              | 73,970         | (73,970)         | 0.0%          |
| <b>TOTAL CAPITAL WORKS EXPENDITURE</b> | <b>850,412</b> | <b>957,740</b> | <b>(107,328)</b> | <b>-12.6%</b> |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

| Note 1 | Performance against budget (cont'd) |  |
|--------|-------------------------------------|--|
|--------|-------------------------------------|--|

### (i) Explanation of material variations

| Ref | Item                      | Explanation  |
|-----|---------------------------|--|
| 1   | Furniture & Equipment     | Capital expenditure exceeded budget during the year primarily due to the projects undertaken on the Drouin and Foster Libraries.         |
|     | New asset expenditure     | Both projects were not budgeted, however were fully funded from a combination of grant funding and allocations from Facilities Reserves. |
|     | Asset renewal expenditure |  |

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

| Note 2 | Funding for the delivery of our services |  |
|--------|--|--|
|--------|--|--|

#### 2.1. User Fees

|                         |               |               |
|-------------------------|---------------|---------------|
| Fines & Penalties       | 20,755        | 23,194        |
| Photocopying & Printing | 49,986        | 48,781        |
| Other Fees & Charges    | 6,069         | 4,893         |
|                         | <b>76,810</b> | <b>76,868</b> |

User fees are recognised as revenue when the service has been provided or the Corporation has otherwise earned the income.

#### 2.2. Funding from other levels of government

Grants were received in respect of the following:

##### **Summary of Grants**

|                              |                |                |
|------------------------------|----------------|----------------|
| State funded grants          | 878,547        | 857,487        |
| Others - non-government      | 83,486         | 6,250          |
| <b>Total grants received</b> | <b>962,033</b> | <b>863,737</b> |

##### **(a) Operating Grants**

###### **Recurrent**

| State Government - General Purpose      | 2019           | 2018           |
|---|----------------|----------------|
| Public Libraries Grant Program          | 852,594        | 831,575        |
| Premier's Reading Challenge             | 25,953         | 25,912         |
| <b>Total recurrent operating grants</b> | <b>878,547</b> | <b>857,487</b> |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|  | 2019           | 2018           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Note 2      Funding for the delivery of our services (cont'd)</b> |                |                |
| <b>Others - Specific Purpose</b>                                     |                |                |
| Ramahyuck District Aboriginal Corporation - Yarning Program          | -              | 4,000          |
| High Road to Reading Program   | -              | 250            |
| Fonterra Australia Children and Young People Grant                   | -              | 2,000          |
| Ecovantage   | 7,486          | -              |
| DELWP - Foster Living Libraries Infrastructure                       | 69,000         | -              |
| South Gippsland Water  | 1,000          | -              |
| Dept. Education & Training - Trainee                                 | 2,500          | -              |
| Dept. Human Service - Youth Week                                     | 2,000          | -              |
| Dept. Human Service - Science Week                                   | 1,500          | -              |
| <b>Total Others - Specific Purpose</b>                               | <b>83,486</b>  | <b>6,250</b>   |
| <b>Total non-recurrent operating grants</b>                          | <b>83,486</b>  | <b>6,250</b>   |
| <b>Total operating grants</b>  | <b>962,033</b> | <b>863,737</b> |

Grant income is recognised when the Corporation obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

### 2.3. Contributions

|          |                  |                  |
|----------|------------------|------------------|
| Monetary | 5,075,741        | 4,969,948        |
|          | <b>5,075,741</b> | <b>4,969,948</b> |

Monetary contributions are recognised as revenue when the Corporation obtains control over the contributed funds.

### 2.4. Other income

|                           |               |               |
|---------------------------|---------------|---------------|
| Interest                  | 52,437        | 47,456        |
| Fuel Tax Credits          | 2,858         | 2,706         |
| Other                     | 20,047        | 23,784        |
| <b>Total Other Income</b> | <b>75,342</b> | <b>73,946</b> |

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when the Corporation gains control over the right to receive the income.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 3 The cost of delivering services</b>   |                  |                  |
| <b>3.1. Employee costs</b>  |                  |                  |
| Wages and salaries  | 3,404,025        | 3,299,059        |
| WorkCover   | 13,824           | 17,799           |
| Superannuation  | 302,492          | 300,775          |
| <b>Total employee costs</b>   | <b>3,720,341</b> | <b>3,617,633</b> |
| <b>(b) Superannuation</b>   |                  |                  |
| The Corporation made contributions to the following funds:  |                  |                  |
| <b>Defined Benefits Funds</b>   |                  |                  |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)                      | 32,733           | 30,704           |
|   | 32,733           | 30,704           |
| Employer contributions payable at reporting date  | -                | -                |
| <b>Accumulation Funds</b>   |                  |                  |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)                      | 150,395          | 164,524          |
| Employer contributions - other funds  | 118,239          | 105,548          |
|   | 268,634          | 270,072          |
| Employer contributions payable at reporting date  | 1,125            | -                |
| Refer to note 8.3 for further information relating to the Corporation's superannuation obligations. |                  |                  |
| <b>3.2. Materials and services</b>  |                  |                  |
| Accounting Fees   | 32,899           | 44,451           |
| Cleaning  | 85,802           | 98,908           |
| Computers and equipment lease payments  | 16,603           | 14,677           |
| Consultants   | 21,996           | 27,015           |
| Property rents  | 38,696           | 40,662           |
| Memberships   | 92,511           | 72,304           |
| Equipment - minor purchases   | 11,610           | 9,345            |
| Postage and Stationery  | 34,017           | 35,158           |
| Marketing and Advertising   | 80,264           | 59,698           |
| Insurance   | 37,241           | 40,201           |
| Motor vehicle expenses  | 56,251           | 52,603           |
| Collection Subscriptions  | 91,087           | 76,066           |
| General expenses  | 204,338          | 177,628          |

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| <b>Total materials and services</b> | <b>803,315</b> | <b>748,716</b> |
|-------------------------------------|----------------|----------------|

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2018

|  | 2019           | 2018           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Note 3      The cost of delivering services (cont'd)</b>  |                |                |
| <b>3.3. Depreciation and amortisation</b>  |                |                |
| Motor Vehicles   | 32,403         | 32,078         |
| Furniture, Equipment and Computers   | 220,475        | 229,598        |
| Library Collections  | 544,107        | 460,556        |
| Buildings  | 35,000         | 35,000         |
| Leasehold Improvements   | 7,524          | 5,420          |
| <b>Total depreciation and amortisation</b>   | <b>839,509</b> | <b>762,652</b> |
| <b>3.4. Borrowing Costs</b>  |                |                |
| Interest - Borrowings  | 95,558         | 102,922        |
| <b>Total finance costs</b>   | <b>95,558</b>  | <b>102,922</b> |
| Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by the Corporation. |                |                |
| <b>3.5. Other expenses</b>   |                |                |
| Auditors' remuneration - VAGO - audit of the financial statements  | 16,000         | 9,100          |
| Bank Charges   | 1,265          | 1,687          |
| Utilities  | 104,688        | 92,700         |
| Maintenance - Information Systems & Equipment  | 157,483        | 209,900        |
| Maintenance - Facilities   | 31,079         | 48,558         |
| Maintenance - Vehicles   | 19,214         | 19,358         |
| <b>Total other expenses</b>  | <b>329,729</b> | <b>381,303</b> |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 4 Our financial position</b>  |                  |                  |
| <b>4.1. Financial assets</b>  |                  |                  |
| <b>(a) Cash and cash equivalents</b>  |                  |                  |
| Cash on hand  | 1,540            | 1,490            |
| Cash at bank  | 980,696          | 706,284          |
| Term Deposits - current   | 500,000          | 600,000          |
| <b>Total cash and cash equivalents</b>  | <b>1,482,236</b> | <b>1,307,774</b> |
| <b>(b) Other financial assets</b>   |                  |                  |
| Term Deposits - current   | 1,000,000        | 1,000,000        |
| <b>Total cash and cash equivalents</b>  | <b>1,000,000</b> | <b>1,000,000</b> |
| The Corporation's cash and cash equivalents are not subject to any external restrictions that limit amounts available for discretionary use.  |                  |                  |
| Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of any outstanding bank overdrafts.                                |                  |                  |
| Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense. |                  |                  |
| <b>(c) Trade and other receivables</b>  |                  |                  |
| <b>Current</b>  |                  |                  |
| <i>Statutory receivables</i>  |                  |                  |
| GST Refundable  | 15,924           | 19,653           |
| <i>Non statutory receivables</i>  |                  |                  |
| Trade and Other Receivables   | 3,560            | 2,850            |
| Other debtors   | 248              | 258              |
| <b>Total current trade and other receivables</b>  | <b>19,732</b>    | <b>22,761</b>    |

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment. Long term receivables are carried at amortised cost using the effective interest rate method.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 4 Our financial position (cont'd)</b>  |                  |                  |
| <b><i>Ageing of Receivables</i></b>  |                  |                  |
| The ageing of the Corporation's trade & other receivables (excluding statutory receivables) that are not impaired was:   |                  |                  |
| Current (not yet due)  | 1,070            | 2,876            |
| Past due by up to 30 days  | 1,919            | -                |
| Past due between 31 and 180 days   | 571              | 232              |
| Past due by more than 1 year   | -                | -                |
| <b>Total Trade &amp; Other Receivables</b>   | <b>3,560</b>     | <b>3,108</b>     |
| At balance date, other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. |                  |                  |
| <b>4.2. Non-financial assets</b>   |                  |                  |
| <b>(a) Other assets</b>  |                  |                  |
| Prepayments  | 16,985           | -                |
| Accrued income   | 14,956           | 12,562           |
| <b>Total other assets</b>  | <b>31,941</b>    | <b>12,562</b>    |
| <b>4.3. Payables</b>   |                  |                  |
| <b>(a) Trade and other payables</b>  |                  |                  |
| Trade payables   | 125,683          | 149,488          |
| Accrued Expenses   | 180,830          | 163,967          |
| <b>Total trade and other payables</b>  | <b>306,513</b>   | <b>313,455</b>   |
| <b>4.4. Interest-bearing liabilities</b>   |                  |                  |
| <b>Current</b>   |                  |                  |
| Borrowings - secured   | 61,895           | 56,353           |
| Finance Leases   | 50,976           | 58,294           |
|  | <hr/>            | <hr/>            |
|  | 112,871          | 114,647          |
| <b>Non-current</b>   |                  |                  |
| Borrowings - secured   | 991,430          | 1,053,326        |
| Finance Leases   | 75,466           | 126,442          |
|  | <hr/>            | <hr/>            |
|  | 1,066,896        | 1,179,768        |
| <b>Total</b>   | <b>1,179,767</b> | <b>1,294,416</b> |

Borrowings are secured by the property situated at 65 Victoria Street, Warragul.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Note 4 Our financial position (cont'd)</b>                 |                  |                  |
| (a) The maturity profile for the Corporation's borrowings is: |                  |                  |
| Not later than one year                                       | 61,895           | 56,353           |
| Later than one year and not later than five years             | 303,169          | 280,127          |
| Later than five years   | 688,261          | 773,199          |
|   | <b>1,053,325</b> | <b>1,109,679</b> |

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Corporation has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Corporation determines the classification of its interest bearing liabilities at initial recognition.

(b) The maturity profile for the Corporation's finance lease liabilities is:

|   |                |                |
|---|----------------|----------------|
| Not later than one year                           | 50,976         | 58,294         |
| Later than one year and not later than five years | 75,466         | 126,442        |
|   | <b>126,442</b> | <b>184,736</b> |
| Minimum future lease payments                     | 132,284        | 196,409        |
| Less future finance charges                       | (5,842)        | (11,673)       |
| Present value of minimum lease payments           | <b>126,442</b> | <b>184,736</b> |

The finance lease obligations represent liabilities in respect of the rental of RFID equipment. The agreement for the rental of RFID equipment will require the equipment of be returned at the completion of the term, or a further term to be negotiated.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

### Note 4 Our financial position (cont'd)

#### 4.5. Provisions

| 2019  | Annual<br>leave<br>\$ | Long<br>service<br>leave<br>\$ | Total<br>\$    |
|---|-----------------------|--------------------------------|----------------|
| Balance at beginning of the financial year  | 193,549               | 630,251                        | 823,800        |
| Additional provisions   | 273,750               | 99,756                         | 373,506        |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | -                     | 14,821                         | 14,821         |
| Amounts used  | (282,955)             | (76,213)                       | (359,168)      |
| Balance at the end of the financial year  | <u>184,344</u>        | <u>668,615</u>                 | <u>852,959</u> |

| 2018  | \$             | \$             | \$             |
|---|----------------|----------------|----------------|
| Balance at beginning of the financial year  | 194,233        | 632,794        | 827,027        |
| Additional provisions   | 274,857        | 76,260         | 351,117        |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | -              | (1,031)        | (1,031)        |
| Amounts used  | (275,541)      | (77,773)       | (353,313)      |
| Balance at the end of the financial year  | <u>193,549</u> | <u>630,251</u> | <u>823,800</u> |

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

#### Current provisions expected to be settled within 12 months

|                    |                |                |
|--------------------|----------------|----------------|
| Annual leave       | 184,344        | 193,549        |
| Long service leave | 76,993         | 94,811         |
|                    | <b>261,337</b> | <b>288,360</b> |

#### Current provisions expected to be settled after 12 months

|                    |                |                |
|--------------------|----------------|----------------|
| Long service leave | 488,648        | 464,687        |
|                    | <b>488,648</b> | <b>464,687</b> |

|                                 |                |                |
|---------------------------------|----------------|----------------|
| <b>Total Current Provisions</b> | <b>749,985</b> | <b>753,047</b> |
|---------------------------------|----------------|----------------|

#### Non-current

|                    |                |               |
|--------------------|----------------|---------------|
| Long service leave | 102,974        | 70,753        |
|                    | <b>102,974</b> | <b>70,753</b> |

|   |                |                |
|---|----------------|----------------|
| <b>Aggregate carrying amount of employee provisions</b> | <b>852,959</b> | <b>823,800</b> |
|---|----------------|----------------|

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

### Note 4 Our financial position (cont'd)

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

#### ***Wages and salaries and annual leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### ***Long service leave***

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability.

| Key assumptions:  | 2019   | 2018   |
|-------------------|--------|--------|
| - discount rate   | 1.11%  | 2.34%  |
| - inflation rate  | 4.31%  | 3.88%  |
| - settlement rate | 98.58% | 98.29% |

#### **4.6. Financing Arrangements**

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

The Corporation has the following funding arrangements in place as at the end of the period.

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Leases                   | 126,442            | 184,736            |
| Loans                    | 1,053,325          | 1,109,679          |
| Less: Used facilities    | <u>(1,179,767)</u> | <u>(1,294,415)</u> |
| <b>Unused facilities</b> | <u>-</u>           | <u>-</u>           |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

|  | 2019 | 2018 |
|--|------|------|
|  | \$   | \$   |

### Note 4 Our financial position (cont'd)

#### 4.7. Commitments

The Corporation has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

|  | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Total |
|--|-----------------------|--|---|-------|
|--|-----------------------|--|---|-------|

| <b>2019</b>        |                |               |   |                |
|--------------------|----------------|---------------|---|----------------|
| IT services        | 55,957         | 9,326         | - | 65,283         |
| Cleaning contracts | 61,101         | 10,184        | - | 71,285         |
|                    | <b>117,058</b> | <b>19,510</b> | - | <b>136,568</b> |

| <b>2018</b>        |                |                |               |                |
|--------------------|----------------|----------------|---------------|----------------|
| IT Services        | 62,990         | 55,957         | 9,326         | 128,273        |
| Cleaning contracts | 61,101         | 61,101         | 10,184        | 132,386        |
|                    | <b>124,091</b> | <b>117,058</b> | <b>19,510</b> | <b>260,659</b> |

At the reporting date, the Corporation had obligations under non-cancellable operating leases for the lease of equipment for use within the Corporations activities (these obligations are not recognised as liabilities) as outlined above.

#### *Operating lease commitments*

|  | 2019          | 2018          |
|--|---------------|---------------|
|  | \$            | \$            |
| Not later than 1 year                        | 14,188        | 14,188        |
| Later than 1 year and not later than 5 years | 9,459         | 23,647        |
|  | <b>23,647</b> | <b>37,835</b> |

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 5 Assets we manage

#### 5.1. Property, plant and equipment

##### *Summary of property, plant and equipment*

| 2019                                       | At Fair Value 30<br>\$ June 2018 | Acquisition of<br>\$ assets | Depreciation and<br>amortisation<br>\$ (note 3.3) | At Fair Value 30<br>\$ June 2019 |
|--|----------------------------------|-----------------------------|---|----------------------------------|
| Motor Vehicles                             | 120,077                          | 1,955                       | (32,403)  | 89,629                           |
| Furniture, equipment and computers         | 639,196                          | 226,559                     | (220,475)   | 645,280                          |
| Library collections                        | 1,667,419                        | 655,256                     | (544,107)   | 1,778,568                        |
| Leasehold improvements                     | 39,356                           | 73,970                      | (7,524)   | 105,802                          |
| Buildings                                  | 1,668,972                        | -                           | (35,000)  | 1,633,972                        |
| <b>Total property, plant and equipment</b> | <b>4,135,020</b>                 | <b>957,740</b>              | <b>(839,509)</b>                                  | <b>4,253,251</b>                 |

##### *Asset recognition thresholds and depreciation periods*

| Property, plant and equipment        | Depreciation Period | Threshold Limit \$ |
|--------------------------------------|---------------------|--------------------|
| Library Collection                   |                     |                    |
| Materials                            | 2 - 10 years        | All                |
| e-Collection                         | 2 years             | All                |
| Buildings                            |                     |                    |
| Leasehold Improvements               | 7 - 10 years        | 500                |
| Freehold                             | 50 years            | 500                |
| Furniture and Equipment              |                     |                    |
| Furniture and Equipment - other      | 5 - 10 years        | 500                |
| Furniture and Equipment - electronic | 2 - 5 years         | 500                |
| Plant                                |                     |                    |
| Vehicles                             | 5 - 10 years        | 500                |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 5 Assets we manage (cont'd)

#### (a) Property

|  | <b>Buildings -<br/>non<br/>specialised</b><br>\$ | <b>Leasehold<br/>improvement</b><br>\$ | <b>Total<br/>Property<br/>Assets</b><br>\$ |
|--|--|--|--|
| At fair value 1 July 2018                    | 1,750,000  | 217,962                                | 1,967,962                                  |
| Accumulated depreciation at 1 July 2018      | (81,028)   | (178,606)                              | (259,634)                                  |
|  | <hr/>  | <hr/>                                  | <hr/>                                      |
|  | 1,668,972  | 39,356                                 | 1,708,328                                  |
| <b>Movements in fair value</b>               |  |  |  |
| Additions                                    | -  | 73,970                                 | 73,970                                     |
|  | <hr/>  | <hr/>                                  | <hr/>                                      |
|  | -  | 73,970                                 | 73,970                                     |
| <b>Movements in accumulated depreciation</b> |  |  |  |
| Depreciation and amortisation                | (35,000)   | (7,524)                                | (42,524)                                   |
|  | <hr/>  | <hr/>                                  | <hr/>                                      |
|  | (35,000)   | (7,524)                                | (42,524)                                   |
| At fair value 30 June 2019                   | 1,750,000  | 291,932                                | 2,041,932                                  |
| Accumulated depreciation at 30 June 2019     | (116,028)  | (186,130)                              | (302,158)                                  |
|  | <hr/>  | <hr/>                                  | <hr/>                                      |
|  | 1,633,972  | 105,802                                | 1,739,774                                  |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 5 Assets we manage (cont'd)

#### (b) Plant, equipment and library collections

|  | Furniture,<br>equipment and<br>computers<br>\$ | Library<br>collections<br>\$ | Motor vehicles<br>\$ | Total plant,<br>equipment and<br>library<br>collections<br>\$ |
|--|--|------------------------------|----------------------|---|
| At 1 July 2018                                   | 1,555,896                                      | 6,487,916                    | 418,261              | 8,462,073   |
| Accumulated depreciation at 1 July<br>2018       | (916,700)                                      | (4,820,497)                  | (298,184)            | (6,035,381)   |
|  | <u>639,196</u>                                 | <u>1,667,419</u>             | <u>120,077</u>       | <u>2,426,692</u>  |
| <b>Movements in fair value</b>                   |  |                              |                      |   |
| Additions  | 226,559  | 655,256                      | 1,955                | 883,770   |
| Disposal   | -  | -                            | -                    | -   |
|  | <u>226,559</u>                                 | <u>655,256</u>               | <u>1,955</u>         | <u>883,770</u>  |
| <b>Movements in accumulated<br/>depreciation</b> |  |                              |                      |   |
| Depreciation and amortisation                    | (220,475)                                      | (544,107)                    | (32,403)             | (796,985)   |
| Accumulated depreciation of disposals            | -  | -                            | -                    | -   |
|  | <u>(220,475)</u>                               | <u>(544,107)</u>             | <u>(32,403)</u>      | <u>(796,985)</u>  |
| At 30 June 2019                                  | 1,782,455                                      | 7,143,172                    | 420,216              | 9,345,843   |
| Accumulated depreciation at 30 June<br>2019      | (1,137,175)                                    | (5,364,604)                  | (330,587)            | (6,832,366)   |
|  | <u>645,280</u>                                 | <u>1,778,568</u>             | <u>89,629</u>        | <u>2,513,477</u>  |

Plant, equipment and library collections are carried at depreciated cost which given their nature approximate their fair value.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 5 Assets we manage (cont'd)

#### Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

In accordance with the Corporation's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Corporation in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

#### Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Corporation are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Corporation where it is likely that the Corporation will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 2 to 5 year period.

#### Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

#### Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 10 to 20 year period.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 5 Assets we manage (cont'd)

#### Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Corey McMahon of CJA Lee Property [API Member Number 62829]. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Land and buildings have not been revalued during 2018/19 as the movement in land and buildings values were not significant based on Valuer-General indices published by the Department of Treasury and Finance Victoria. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Details of the Corporation's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

|           | Level 1 | Level 2 | Level 3   | Date of Valuation |
|-----------|---------|---------|-----------|-------------------|
|           | \$      | \$      | \$        |                   |
| Buildings | -       | -       | 1,633,972 | Mar 2016          |

### Note 6 People and relationships

#### 6.1. Board and key management remuneration

##### (a) Key Management Personnel

Details of persons holding the position of key management personnel at any time during the year are:

##### Board Members

|  |                               |
|--|-------------------------------|
| Cr Geoff Ellis                               | Bass Coast Shire Council      |
| Ms Jodi Kennedy (from 6/05/19 to 30/06/19)   | Bass Coast Shire Council      |
| Mr Mark Brady (from 1/07/18 to 3/05/19)      | Bass Coast Shire Council      |
| Cr Keith Cook                                | Baw Baw Shire Council         |
| Mr Mark Dupe                                 | Baw Baw Shire Council         |
| Cr Alyson Skinner (from 1/07/18 to 19/06/19) | South Gippsland Shire Council |
| Ms Faith Page                                | South Gippsland Shire Council |

##### Chief Executive Officer

Ms Leanne Williams

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 6 People and relationships (cont'd)

|  | 2019<br>No. | 2018<br>No. |
|--|-------------|-------------|
| Total Number of Board Members                              | 7           | 9           |
| Chief Executive Officer and other Key Management Personnel | 1           | 1           |
| <b>Total Key Management Personnel</b>                      | <b>8</b>    | <b>10</b>   |
| <b>(b) Remuneration of Key Management Personnel</b>        |             |             |

|  | 2019<br>\$     | 2018<br>\$     |
|--|----------------|----------------|
| Total remuneration of key management personnel was as follows: | -              | -              |
| Short-term benefits  | 167,978        | 154,118        |
| Post-employment benefits                                       | 15,417         | 14,104         |
| Long-term benefits   | 4,346          | 3,862          |
| Termination benefits   | -              | -              |
| <b>Total</b>   | <b>187,741</b> | <b>172,084</b> |

The numbers of key management personnel whose total remuneration from the Corporation and any related entities fall within the following bands:

|                       | 2019<br>No. | 2018<br>No. |
|-----------------------|-------------|-------------|
| Nil                   | 7           | 9           |
| \$170,000 - \$179,999 | -           | 1           |
| \$180,000 - \$189,999 | 1           | -           |
| <b>Total</b>          | <b>8</b>    | <b>10</b>   |

### (c) Senior Officers Remuneration

A Senior Officer is an officer of the Corporation, other than Key Management Personnel, who:

- (a) has management responsibilities and reports directly to the Chief Executive Officer; or
- (b) whose total annual remuneration exceeds \$148,000.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 6 People and relationships (cont'd)

The number of Senior Officers are shown below in their relevant income bands:

|   | 2019<br>No.     | 2018<br>No.     |
|---|-----------------|-----------------|
| Income Range:   |                 |                 |
| \$70,000 - \$79,999   | 1               | -               |
| \$80,000 - \$89,999   | 1               | -               |
| \$100,000 - \$109,999   | 1               | 1               |
| \$110,000 - \$119,999   | -               | 2               |
| \$120,000 - \$129,999   | 3               | 1               |
|   | <hr/> 6         | <hr/> 4         |
| Total remuneration for the reporting year for Senior Officers included above amounted to: | <hr/> \$630,726 | <hr/> \$453,790 |

#### 6.2. Related party disclosure

##### (a) Transactions with related parties

During the period the Corporation entered into the following transactions with parties with related parties:

|   | Shire Contributions to the Corporation as per the Regional Library Agreement |            |
|---|--|------------|
|   | 2019<br>\$   | 2018<br>\$ |
| Board Member                                      |  |            |
| Cr. Keith Cook, Baw Baw Shire Council             | 1,826,893  | 1,790,414  |
| Mr Mark Dupe, Baw Baw Shire Council               |  |            |
| Cr Geoff Ellis, Bass Coast Shire Council          |  |            |
| Mr Mark Brady, Bass Coast Shire Council           |  |            |
| Ms Jodi Kennedy, Bass Coast Shire Council         | 1,822,308  | 1,794,943  |
| Cr. Alyson Skinner, South Gippsland Shire Council |  |            |
| Ms Faith Page, South Gippsland Shire Council      | 1,409,440  | 1,381,751  |

No further transactions were entered into with related parties by the Corporation during the period.

##### (b) Outstanding balances with related parties

There are no balances outstanding at the end of the reporting period in relation to transactions with related parties. (2017/18, nil)

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 6 People and relationships (cont'd)

#### (c) Loans to/from related parties

No loans have been made, guaranteed or secured by the Corporation to key management personnel during the reporting year. (2017/18, nil)

#### (d) Commitments to/from related parties

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by the Corporation with key management personnel, or related parties of such key management personnel during the reporting year. (2017/18, nil)

### Note 7 Managing uncertainties

#### 7.1. Contingent assets and liabilities

##### (a) Contingent assets

There are no anticipated contingent assets.

##### (b) Contingent liabilities

###### **Superannuation**

The Corporation has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

###### **Future superannuation contributions**

In addition to the disclosed contributions, the Corporation was not required to pay any unfunded liability payments to Vision Super during the 2018/19 year. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2019. There are no expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020.

#### 7.2. Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. The Corporation has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

###### **Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)**

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income. It is expected that there will be no material impact to the Corporation.

###### **Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)**

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.



## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 7 Managing uncertainties (cont'd)

#### **Leases (AASB 16) (applies 2019/20)**

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term. The Corporation has adopted the new lease standard effective from the prior financial year.

#### **Income of Not-for-Profit Entities (AASB 1058 ) (applies 2019/20)**

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives. It is not expected that there will be any impact to the Corporation.

### **7.3. Financial instruments**

#### **(a) Objectives and policies**

The Corporation's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Corporation. These policies include identification and analysis of the risk exposure to the Corporation and appropriate procedures, controls and risk minimisation.

#### **(b) Market Risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 7 Managing uncertainties (cont'd)

#### ***Interest Rate Risk***

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Corporation does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Corporation's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period. Interest rate movements have not been sufficiently significant during the year to have an impact on the Corporation's year end result.

#### **(c) Credit Risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Corporation's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers.

There are no material financial assets which are individually determined to be impaired.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 7.1.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Corporation does not hold any collateral.

# NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

## Note 7 Managing uncertainties (cont'd)

### (d) Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks the Corporation:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to revenue and percentage of loan principal repayments to revenue.

The Corporation's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in the Corporation's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

### (e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Corporation believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.75%.

These movements will not have a material impact on the valuation of the Corporation's financial assets and liabilities, nor will they have a material impact on the results of the Corporation's operations.

### 7.4. Fair value measurement

#### *Fair value hierarchy*

The Corporation's financial assets and liabilities are not valued in accordance with the fair value hierarchy. The Corporation's financial assets and liabilities are measured at amortised cost.

The Corporation measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 7 Managing uncertainties (cont'd)

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

|         |   |
|---------|---|
| Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities   |
| Level 2 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and |
| Level 3 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.                          |

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### ***Revaluation***

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Corporation reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, the Corporation undertakes a formal revaluation of land and buildings on a regular basis ranging from 5 to 7 years. The valuation is performed either by independent experts.

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 7 Managing uncertainties (cont'd)

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

#### **Impairment of assets**

At each reporting date, the Corporation reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

#### 7.5. Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report. (2017/18, nil)

### Note 8 Other matters

#### 8.1. Reserves

|  | Balance at beginning of reporting period | Transfer from Accumulated Surplus \$ | Increment (decrement) \$ | Balance at end of reporting period |
|--|--|--------------------------------------|--------------------------|------------------------------------|
|  |  |                                      |                          |                                    |

#### (a) Asset Revaluation Reserve

| <b>2019</b>         |                |          |          |                |
|---------------------|----------------|----------|----------|----------------|
| Buildings           | 393,732        | -        | -        | 393,732        |
| Library Collections | 240,507        | -        | -        | 240,507        |
|                     | <b>634,239</b> | <b>-</b> | <b>-</b> | <b>634,239</b> |

| <b>2018</b>         |                |          |          |                |
|---------------------|----------------|----------|----------|----------------|
| Buildings           | 393,732        | -        | -        | 393,732        |
| Library Collections | 240,507        | -        | -        | 240,507        |
|                     | <b>634,239</b> | <b>-</b> | <b>-</b> | <b>634,239</b> |

The asset revaluation reserve is used to record the increased (net) value of the Corporation's assets over time.



## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 8 Other matters (cont'd)

|  | Balance at<br>beginning of<br>reporting<br>period<br>\$ | Transfer<br>from<br>Accumulate<br>d Surplus<br>\$ | Increment<br>(decrement)<br>\$ | Balance at<br>end of<br>reporting<br>period<br>\$ |
|--|---|---|--------------------------------|---|
|--|---|---|--------------------------------|---|

#### (b) Facilities Reserve

| 2019                  |                  |                 |          |                  |
|-----------------------|------------------|-----------------|----------|------------------|
| Facilities Reserve    | 439,984          | (52,138)        | -        | 387,846          |
|                       | 439,984          | (52,138)        | -        | 387,846          |
| 2018                  |                  |                 |          |                  |
| Facilities Reserve    | 297,129          | 142,855         | -        | 439,984          |
|                       | 297,129          | 142,855         | -        | 439,984          |
| <b>Total Reserves</b> | <b>1,074,223</b> | <b>(52,138)</b> | <b>-</b> | <b>1,022,085</b> |

The facilities reserve is used to retain any unspent budgeted facilities maintenance expenditure, to be utilised for future facility improvements.

|   | 2019            | 2018            |
|---|-----------------|-----------------|
|   | \$              | \$              |
| <b>8.2. Reconciliation of cash flows from operating activities to surplus</b> |                 |                 |
| Surplus for the year  | 401,474         | 371,273         |
| Depreciation and amortisation   | 839,509         | 762,652         |
| (Profit)/loss on disposal of property, plant and equipment                    | -               | -               |
| Finance Costs   | 95,558          | 102,922         |
| <b><i>Change in assets and liabilities:</i></b>                               |                 |                 |
| (Increase)/decrease in trade and other receivables                            | 3,029           | 11,089          |
| (Increase)/decrease in prepayments  | (16,985)        | 2,049           |
| (Increase)/decrease in accrued income   | (2,394)         | (4,759)         |
| Increase/(decrease) in trade and other payables                               | (6,551)         | 51,862          |
| Increase/(decrease) in provisions   | 29,159          | (3,227)         |
| Net cash provided by operating activities                                     | <hr/> 1,342,799 | 1,293,861 <hr/> |

## NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2019

### Note 8 Other matters (cont'd)

#### 8.3. Superannuation

The Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

##### **Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee legislation).

##### **Defined Benefit**

The Corporation does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which the Corporation is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net Investment Returns - 6.5% p.a

Salary Information - 3.5% p.a

Price inflation (CPI) - 2.5% p.a

Vision Super has advised that the VBI at 30 June 2019 was 107.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years

#### **2017 triennial actuarial investigation surplus amounts**

The Fund's triennial actuarial investigation as at 30 June 2017 identified the following in the defined benefit category of which the Corporation is a contributing employer:

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. The Corporation was notified of the 30 June 2017 VBI during August 2017.

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in December 2019.



# Investment Policy



West Gippsland  
Libraries

#IHEARTWGL  
[wgrlc.vic.gov.au](http://wgrlc.vic.gov.au)

# Investment Policy

|  |   |
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| <b>Document Creator:</b><br>Leanne Williams<br><b>Chief Executive Officer</b><br>Michelle Carrigy<br><b>Finance Officer</b> | <b>Approved:</b><br><b>Next Review Date:</b> |
|---|--|

| Document Control |                       |
|------------------|-----------------------|
| Date             | Version 1 August 2019 |
|                  |                       |



## **1. Title**

Investment Policy

## **2. Policy Statement**

To ensure West Gippsland Libraries (WGL) investments are managed in a prudent and diligent manner.

## **3. Purpose**

To provide guidance to officers managing, investing and redeeming WGL's funds to

- Maximise earnings whilst managing risk;
- Meet liquidity requirements;
- Ensure the security of WGL funds; and
- Compliance with section 143 of the *Local Government Act of 1989* (The Act).

## **4. Scope**

This policy covers the investment of any WGL's funds, and applies to any Library Officer who has responsibility for funds management.

## **5. Policy Details**

Investments shall be made with good judgement and care, not for speculation, and considering the probable safety of the capital as well as the probable income to be derived.

### **Authority for Investment**

All investments are to be made in accordance with section 143 of the Act.

The Act dictates that WGL's may invest money:

- a) In Government securities of the Commonwealth;
- b) In securities guaranteed by the Government of Victoria;
- c) With an authorised deposit taking institution;
- d) With any financial institution guaranteed by the Government of Victoria;
- e) On deposit with an eligible money market dealer within the meaning of the Corporations Act; and
- f) In any other manner approved by the Minister after consultation with the Treasurer either generally or specifically, to be an authorised manner of investment for the purposes of this section.

### **Delegation of Authority**

The Chief Executive Officer has the authority to invest surplus funds managed in an investment portfolio.

### **Authorised Investments**

Authorised investments (to be denominated in Australian dollars) will be through interest bearing deposits/ securities issued by a licensed bank, building society or credit union and other similar products.



## Liquidity

- The investment portfolio will remain sufficiently liquid to enable WGL's to meet all operating requirements which might be reasonably anticipated.
- Investment maturities will be scheduled to coincide with projected cash flow needs.

## Risk Management Guidelines

WGL's investment portfolio is to comply with three key criteria relating to:

- Portfolio Credit Framework: limit overall credit exposure of the portfolio.
- Counterpart Credit Framework: limit exposure to individual institutions.
- Term to Maturity Framework: limits based upon maturity of securities

### a) Portfolio Credit Framework

To control credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio, based upon WGL's average annual balance, exposed to any particular Standard and Poor's ( S & P) credit rating category:

Overall Portfolio Credit limits:

| Long –Term Credit Ratings | Short-Term Credit Ratings | Maximum  |
|---------------------------|---------------------------|----------|
| AAA Category              | A-1+                      | 100% max |
| AA Category               | A-1                       | 100% max |
| A Category                | A-2                       | 50% max  |
| B Category                | A-2                       | 50% max  |

\*Investments must be with an Authorised Deposit Taking Institutions (ADI's – such as banks, building societies and credit unions) regulated by, and subject to the prudential standards of the Australian Prudential Regulation Authority (APRA).

### b) Individual Institution Credit Framework

Exposure to an individual institution will be restricted by their S & P rating so that single entity exposure is limited, as detailed in the table below:

Individual Institution Limits:

| Long-Term Credit Ratings | Short-Term Credit Ratings | Maximum |
|--------------------------|---------------------------|---------|
| AAA Category             | A -1+                     | 50% max |
| AA Category              | A-1                       | 50% max |
| A Category               | A-2                       | 35% max |
| B Category               | A-2                       | 35% max |

- The short-term credit rating limit will apply in the case of discrepancies between short term and long- term ratings.
- In the event that a credit rating of a security or of the company/body issuing the security falls below the required minimum, WGL's will make all the necessary arrangements to withdraw deposits as soon as practical.
- Percentage limits based on WGL's average core portfolio balance, and exclude funds held in operation accounts by WGL's banking services provider.



- WGL's will make necessary arrangements to withdraw deposits in the event that the policy threshold is exceeded as soon as practical.

c) Term to Maturity Framework

The investment portfolio is to be invested within the following terms to maturity constraints:

|                                     |          |
|-------------------------------------|----------|
| Portfolio % < 12 months             | 100% max |
| Portfolio % > 12 months < 36 months | 35% max  |

**Reporting**

Accounting for investments will comply with the Australian Accounting Standards (AAS), Urgent Issues Group (UIG) Consensus view, and the Act.

A report will be provided to WGL's Board detailing investment income versus budget year to date, investments undertaken including return rates and compliance with this policy. This report is to be provided at least quarterly. For audit purposes, bank confirmations must be obtained from the banks / fund managers confirming the amounts of investment held on WGL's behalf at 30 June each year.

Investments shall be made with good judgement and care, not for speculation, and considering the probable safety of the capital as well as the probable income to be derived.

## 6. ROLES AND RESPONSIBILITIES

The following positions are responsible for approving, implementing, complying with, monitoring, evaluating reviewing and providing advice on the policy and procedures:

|   |  |
|---|--|
| Implementation                              | <ul style="list-style-type: none"> <li>• Finance Officer</li> </ul>  |
| Compliance                                  | <ul style="list-style-type: none"> <li>• Finance Officer</li> <li>• Manager People and Culture</li> <li>• Chief Executive Officer</li> </ul> |
| Document review                             | <ul style="list-style-type: none"> <li>• Finance Officer</li> <li>• Manager People and Culture</li> <li>• Chief Executive Officer</li> </ul> |
| Development Review/ Interpretation / Advice | <ul style="list-style-type: none"> <li>• Chief Executive Officer</li> <li>• Accountant</li> </ul>  |

## 7. SUPPORTING DOCUMENTS

This policy should be read in conjunction with all other relevant, WGL policies and procedures, as well as relevant legislative requirements

- Quarterly Finance Reports
- *Local Government Act 1989*

## 8. HUMAN RIGHTS CHARTER

This policy has been considered in relation to the *Victorian Charter of Human Rights and Responsibility Act 2006* and is determined that it does not contravene the Charter.

## 9. MONITORING, EVALUATION AND REVIEW

The accountant will review compliance with this policy on a quarterly basis as part of preparing the



Quarterly Finance Report.

Review of this policy and associated documentation will occur at least every four years.

The Chief Executive Officer or their delegated representative is authorised to approve variations to this policy if the investment is to WGL's advantage and / or due to revised legislation.

All significant changes to this policy are to be reported to WGL's Board within two months

## 10. NON-COMPLIANCE, BREACHES AND SANCTIONS

Failure to comply with the WGL policy, supporting procedures or guidelines, will be subject to investigation which may lead to disciplinary action.

## 11. DEFINITIONS AND ABBREVIATIONS

Definitions of terms used in this policy and explanations of any abbreviations and acronyms.

| Term           | Meaning  |
|----------------|--|
| WGL            | West Gippsland Libraries   |
| Credit Ratings | <p>AAA – Highest credit quality - This rating indicates the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p> <p>AA – Very high credit quality – This rating indicates expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p> <p>A – High credit quality – This rating indicates expectations of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.</p> <p>BBB – Good credit quality- this rating indicates that there is currently an expectation of low credit risk. The capacity for payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions is more likely to impair this capacity. This is the lowest investment-grade category.</p> <p>A1+ - Extremely strong degree of safety regarding timely payment.</p> <p>A1 – A strong degree of safety.</p> <p>A2 – A satisfactory capacity for a timely payment</p> |

## 12. APPROVAL

Board Chair

Date

-----



West Gippsland  
Libraries