



West Gippsland
Libraries

**SUPPORTING
SUPPORTING
OUR COMMUNITIES
IS OUR MISSION.
WE HELP PEOPLE:
CONNECT, BELONG
& LEARN
& LEAD**

ANNUAL REPORT
2019-20

ACKNOWLEDGEMENT OF COUNTRY

West Gippsland Libraries acknowledges the Traditional Owners of the lands our libraries serve: the Bunurong, Wurundjeri, and Taungurung peoples of the Kulin nation, and the Brataualung people of the GunaiKurnai nation. We pay our respects to Elders past, present, and future.

OUR COMMITMENT TO CHILD SAFETY

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

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CHAIRPERSON'S MESSAGE



CR KEITH COOK
Chair of the Board

This year has been a time of unprecedented challenges for many in our communities, coping with the impact of devastating bushfires and the health and economic effects of the COVID-19 pandemic.

In my first year as the Board Chairperson, I am particularly proud of the way West Gippsland Libraries responded during the COVID-19 pandemic. The team quickly adapted to new ways of working to provide library services to the community despite the closure of our physical spaces in mid-March. It has been no easy task for staff to transition multiple times between offering in-branch services, online videos, click and collect loans, caring calls to our vulnerable community members and supporting online chat and digital enquiries.

Throughout the pandemic, the priority has always been focused on ensuring the health and safety of staff and the community who use our services and I am pleased with how we have delivered on this promise.

Despite the increased challenges faced during COVID-19, I'm pleased to highlight a number of significant achievements that continue to celebrate West Gippsland Libraries as a leader and innovator across the Library sector.

- In October 2019 we had the pleasure of welcoming the Honourable Jane Garrett Member for Eastern Victoria to officially open the Foster Library redevelopment and celebrate the launch of the first 24/7 library service in Victoria. The 24/7 service has attracted media attention from across Australia and was well received by the community.
- In March 2020 we opened the new Waterline Community Library. This was a significant milestone for the Waterline community and we appreciate the positive feedback received from patrons who are using the library.
- In March I was delighted to attend the Celebrate Baw Baw Business Awards and even more thrilled for West Gippsland Libraries to win the Best Large Business award. We were also a finalist for the Best Community Contribution which is a testament to the staff and services we provide.

- COVID-19 also presented an opportunity to offer new services which the team has delivered by providing an online chat function so members can ask questions and get support at their convenience. This has been well received and continues to grow.
- Tech Talks, offered over the phone, have significantly increased and are a way to help support members using digital resources. Members have been very appreciative for the help that staff have provided.
- The wonderful story time presenters have developed a huge range of online videos as an alternative to in person story time and programs. This has been a great way for the community to stay connected with our staff.
- COVID-19 also presented a new opportunity to provide a home delivery service. This was initially established to support members without internet access and has now been made available to all members to provide access to physical resources.
- Libraries play an essential role in the community helping to reduce the impact of people feeling socially isolated. As a way to continue support during COVID-19 the staff started providing caring calls as a way to help members stay connected.

We are extremely grateful for the support and recognition from our community. It means so much to the staff and entire organisation, who are committed to overcoming the challenges of the ever-changing environment and continue to provide support in any way they can.

On behalf of the Board, I would like to thank the community for their continued support and our CEO, Leanne Williams, and the whole West Gippsland Libraries team for their hard work and dedication during the year.



CEO'S MESSAGE



LEANNE WILLIAMS
Chief Executive Officer

This year has seen some significant achievements and innovations for West Gippsland Libraries as highlighted in the Chairperson's Report. We were also met with the challenges brought upon us by COVID-19 and the closure of our libraries to the public for most of the June quarter.

Whilst our library buildings were closed, our services remained open and staff worked tirelessly to adapt and support our community remotely by providing caring calls, a range of online videos and book home delivery services. Our e-resources were already experiencing growth compared to prior years and this skyrocketed under COVID-19 as anticipated.

A solid foundation had been laid over the past few years that put West Gippsland Libraries in a strong position to offer online services despite the challenges COVID-19 presented. I am incredibly proud of how quickly staff adapted and supported each other and the community.

We placed great importance on supporting the mental health and wellbeing of our staff and ensuring our resources in this area were featured on our website for the community to access.

As COVID-19 restrictions continue, we are pleased that strong advocacy from the Library and Local Government sector supported changes to allow for contact-less click and collect services to resume.

We know that our libraries are essential services and so incredibly important to combat isolation, keeping people connected and maintaining good health and wellbeing.

OUR VISION MISSION & VALUES

This year West Gippsland Libraries reviewed its Vision and Mission statements. The Vision and Mission are critical in shaping the future direction of the organisation and communicating to the community who we are and what we are striving for. The review has been extensive over the past year. An organisation-wide process provided the opportunity for all staff, the Community Advisory Committee, library patrons and the Board to have input and shape the future direction.

The skills and expertise of Steve Tighe played a pivotal role as he facilitated a workshop with all staff to gain insights into what the future for West Gippsland Libraries could look like. Steve is a leading adviser on the future, strategy and innovation and he has worked extensively with the State Library of Victoria and is the author of *Rethinking Strategy: How to anticipate the future, slow down change and improve decision making*.

Following the completion of the workshop with staff, all the information was collated to begin shaping the new Vision and Mission statements. A workshop with the Board was then facilitated by Spark Strategy to refine the statements and begin drafting strategic priorities for the future. Spark Strategy is an experienced firm that helps For Purpose organisations with developing their strategies.

Once the Vision and Mission statements were drafted, designer Sarah Mangion brought them to life with a visual representation capturing the Vision, Mission and Values of West Gippsland Libraries shown on the following page.

We are excited by what the future holds for the service and how we can continue to support the West Gippsland Community.



OUR VISION

Our vision is for connected, inclusive and resilient communities that are supported to grow and thrive.



MISSION SUPPORTING OUR COMMUNITIES IS OUR MISSION. WE HELP PEOPLE:



Connect
We are responsive and bring people together



Belong
We are inclusive and work with you



Learn
Our free resources allow minds to explore and create

OUR VALUES

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

Excellence
We will deliver excellence in everything we do.

Bravery
We anticipate and bravely adapt with the changing needs of our communities.

OUR COMMUNITY ADVISORY COMMITTEE

West Gippsland Libraries has a Community Advisory Committee (CAC) that provides guidance to the Board on Library service matters.

The purpose of the CAC is to:

- Provide advice to the Board and Chief Executive Officer (CEO) on matters or projects that fall within the CAC objectives.
- Seek advice from the Board on the strategic direction of West Gippsland Libraries.
- Promote West Gippsland Libraries to members of the community.

The CAC, Board, and member Councils are 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.
- Recognising the vital role each party plays and their reliance upon each other in meeting service objectives.

BASS COAST REGION

Nola Thorpe (whole year)
Mary Schooneveldt (whole year)
Di Goeman (28/02/20-30/06/20)

BAW BAW REGION

David Lyons (whole year)
Holly Perriam (whole year)

SOUTH GIPPSLAND REGION

Christine Kemper (whole year)
Christine McKinlay (whole year)

OUR BOARD

West Gippsland Libraries is established under section 196 of the Local Government Act 1989 as a separate entity to that of the Council 's that established it. West Gippsland Libraries is governed by a Board that is made up of six representatives, two from each Shire, comprising one Councillor and one Senior Officer representative. South Gippsland Shire Council is currently under administration and in lieu of a Councillor, the position is filled by an Administrator.

The Board met on six occasions during 2019-20 at alternating locations across the region. In December 2019 the Board voted to appoint Cr. Keith Cook (pictured) to the position of Chair and Cr. Clare Le Serve to Deputy Chair. The Board thanked Cr Ellis for serving as Board Chairperson from 2017 to 2019. The Board provides essential guidance and governance to West Gippsland Libraries, offering invaluable direction and promotion of our services to best meet the needs of the communities they represent.

BASS COAST SHIRE COUNCIL



Cr Clare Le Serve
(commenced Nov 2019)



Jodi Kennedy
(whole year)



Cr Geoff Ellis
(Jul 2019 - Nov 2019)

BAWBAW SHIRE COUNCIL



Cr Keith Cook
(whole year)



Mr Mark Dupe
(Jul 2019 - Jun 2020)



Mr Martin Hopley
(commenced Jun 2020)

SOUTH GIPPSLAND SHIRE COUNCIL



Mr Rick Brown
(whole year)

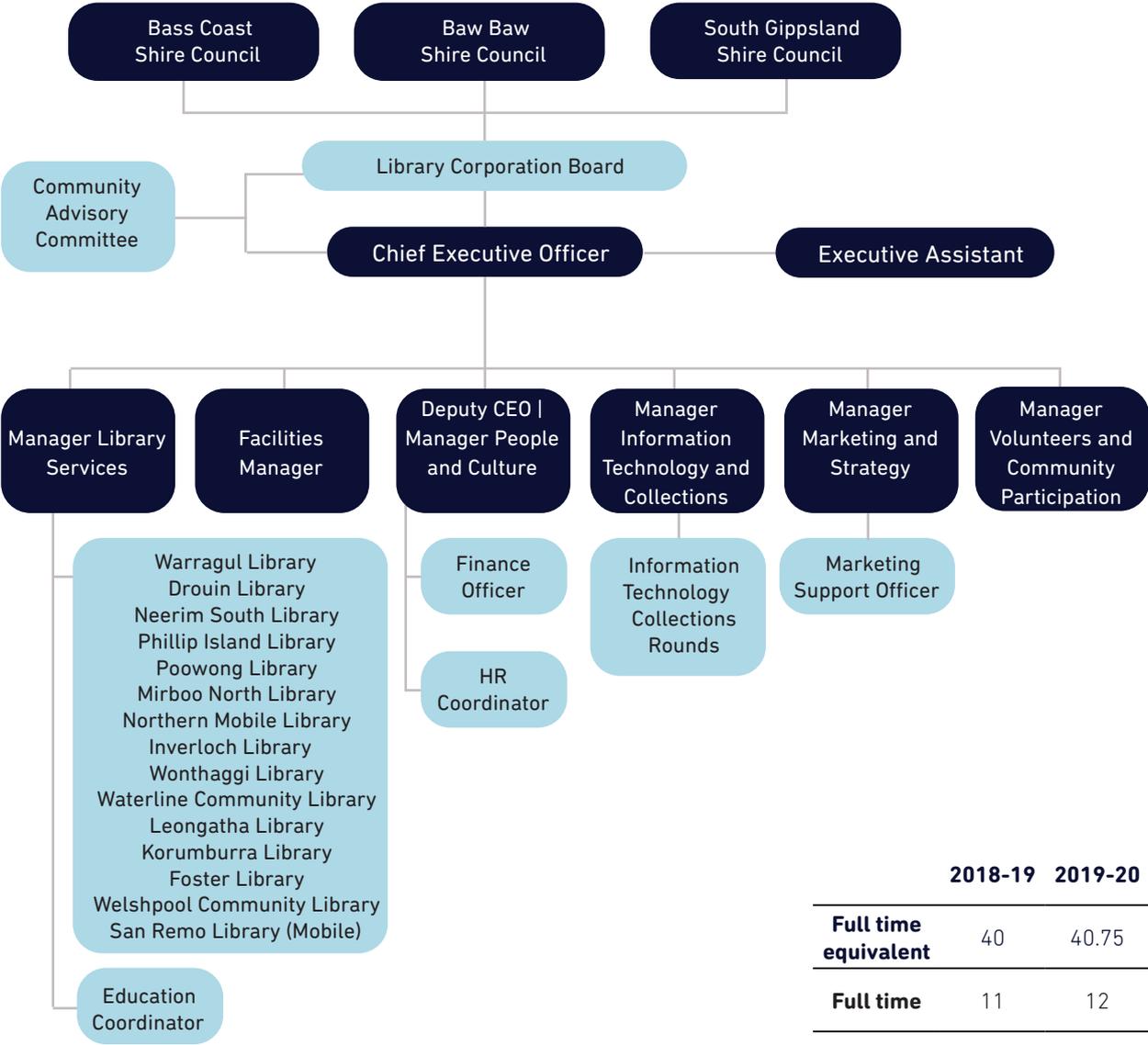


Mr David Welch
(commenced Mar 2020)



Ms Faith Page
(Jul 2019 - Mar 2020)

OUR PEOPLE



	2018-19	2019-20
Full time equivalent	40	40.75
Full time	11	12
Part time	57	55
Casual	19	15

West Gippsland Libraries employs a team of full time, part time and casual staff across three Shire regions and 15 locations.

2019-20

BY THE NUMBERS



21,271
ACTIVE USERS



39,221
MEMBERS



419,237
VISITS



700,557
LOANS



52%

OUTREACH
ATTENDEES



49%

E-RESOURCE
LOANS



16%

ONLINE
REGISTRATION



5%

ADULT
PROGRAM
ATTENDEES



13 STATIC LIBRARIES



2 MOBILE LIBRARIES



22 COMMUNITIES



3 MUNICIPALITIES

119,630

POPULATION COVERED

8187

AREA COVERED (KMS)

4 2 3 7 5

COMBINED WEEKLY OPENING HOURS



CELEBRATING OUR SUCCESS AND SUCCESS



CELEBRATING OUR SUCCESS



In October 2019, we officially opened the first library in Victoria with 24/7 access, at Foster. Recognising the needs of the local community, with most people working more than 35 hours a week, the 24/7 access provides members more freedom to visit the library outside of traditional opening hours. Since its launch, we have seen dozens of members sign up each month to take full advantage of the after hours access at Foster Library for quiet study, access to PCs & Wi-Fi and to borrow books and other resources.

On Friday 13 March, Celebrate Baw Baw named West Gippsland Libraries the winner of Best Large Business at the 2020 Celebrate Baw Baw Business awards. These awards aim to celebrate the outstanding achievements of organisations and businesses whose passion and commitment enhance Baw Baw's reputation as an amazing place to live, work, and employ. We are very proud of the recognition this award gives us as an industry leader and the great opportunities for us to network and establish relationships with other local businesses.



Waterline Community Library opened on March 13. The official opening was delayed due to COVID-19 but will be rescheduled. The library located within the transaction centre in Grantville offers a great collection, premium Wi-Fi, self-checkout, meeting room and much more. 'Click and Collect' services have also been established in Coronet Bay and Corinella and an expanded outreach program will resume as COVID-19 restrictions ease. The Waterline Community Library normal opening hours are 37.5 hours a week. A librarian will be on duty eight hours per week, with self-checkout facilities available during the other times.

We are very proud to have been able to donate retired West Gippsland Library PC's to the community at Fairview Homes. Residents now have access to free resources via the Library webpage and are able to connect with their families online. This is something we are proud to have done during this time of crisis.



Our branches supported the 16 Days of Activism Against Gender-Based Violence initiative for 2019, with displays of books promoting gender equality, posters, and story times featuring picture books highlighting kindness and respect. Wonthaggi Library also hosted a panel discussion on action against gender-based violence.



We proudly partnered with Torrens University to offer free access to a wide range of short courses to all library members at West Gippsland Libraries. COVID-19 highlighted the importance of offering free services for our community to upskill and increase employment opportunities during the crisis.



Partnering with Mindfull Aus we delivered accredited Mental Health First Aid training to our team and community for a heavily subsidised rate. This training ran in our 3 shires for the months of January to March. We now have mental health foot soldiers in Gippsland which enables us to help support those who are struggling with mind and behavioural health challenges.

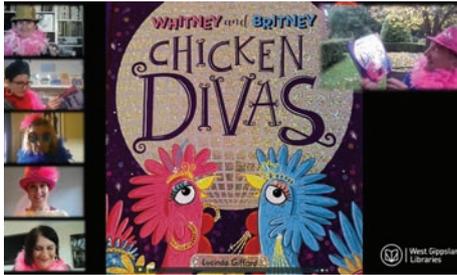
The festive season should be a time of celebration but if times are tough, it can be especially challenging and isolating for some. This year, the staff at West Gippsland Libraries donated goods to Baw Baw Food Relief in Warragul to support those in need.



Library Lover's Day lasted a whole week this year! We featured a blind date with a book, romance pop-up displays and a fascinating session all about growing and showing roses, which took place at Bass Hall.



CELEBRATING OUR SUCCESS



This year National simultaneous Story Time was delivered a little differently. Our wonderful Story Time crew joined forces, via Zoom, to read Whitney and Britney - Chicken Divas Text and illustrations copyright © Lucinda Gifford, 2019 Published by Scholastic Australia 2019.

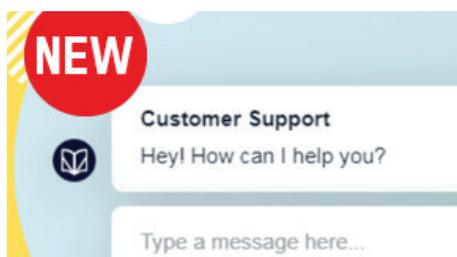


We proudly supported the Victorian Bushfire Appeal by forwarding all funds collected during January 1 to March 31 from our \$2 donation tap points at Warragul, Wonthaggi, Leongatha, Phillip Island, Drouin, Foster, Inverloch, Mirboo North and Korumburra. Every little bit makes a difference.

What better way is there to celebrate and promote reading than with a Summer Reading Competition? Our lucky winner walked away with a brand new Samsung Galaxy Tab A – perfect to use our e-resources.



We provided some relief to our patrons feeling the impact of COVID-19 closures in the form of a book bundle delivery via AusPost. We received wonderful feedback from grateful members of all ages.



We launched the first live online chat function for a library in Victoria (and possibly Australia). This is also proving successful and is a great way to engage with our community, particularly while the library is physically closed.



Our libraries saw hundreds of kids through their doors for a variety of events during Book Week, a great reminder of how critical reading is in a child's early years, and how libraries make learning accessible to everyone.



The Friends of Corner Inlet Libraries and Lions Club of Warragul both hosted a book sale in January this year. There was a great selection of books on offer at very reasonable prices.

Phillip Island Library hosted a Local Authors Showcase featuring 14 local authors presenting over two evenings with more than 55 people attending. The showcase was a fantastic community building event that we developed into an online video program during COVID-19 restrictions.



We have delivered a successful Young Einsteins online video program to support STEM based learning aimed at children with a variety of activities suitable for ages 5-16. Local schools have welcomed the program to support remote learning.



Our story time presenters have developed a huge range of online videos as an alternative to our story time and early years programs usually held in branches or outreach programs. This has been a great way for the community to stay connected with our staff.



STRATEGY ONE

ENHANCE OUR LIBRARY SERVICE MODELS TO BETTER MEET THE NEEDS OF OUR COMMUNITY

The development of 24/7 access at Foster Library was to meet the working population needs with more than 50% of local residents working 35 hours or more. Since its official launch in October 2019 the service has continued to be popular and membership and visits continue to increase. We will continue to work on providing more 24/7 library services across the region over coming years.

Recognising that many are feeling socially isolated especially during the COVID-19 restrictions, we began providing different ways of connecting by creating a variety of online programs for all ages, hosted by the librarians that you know and love. We made phone calls to some of our more vulnerable and disconnected members, just for a chat as a simple reminder that they are not alone. We offer home delivery and any other support we can. We reach out too through social media by starting conversations and providing updates to the community.

We are proud to be of service to the community and to support our members. Our phone lines to branches have remained open during the COVID-19 closures. A Tech Talk program has been established to book a call back from a Librarian to support members using digital resources.

In April 2020 we launched the first live online chat function for a library in Victoria (and possibly Australia). This is also proving successful and is a great way to engage with our community, particularly while the library is physically closed.

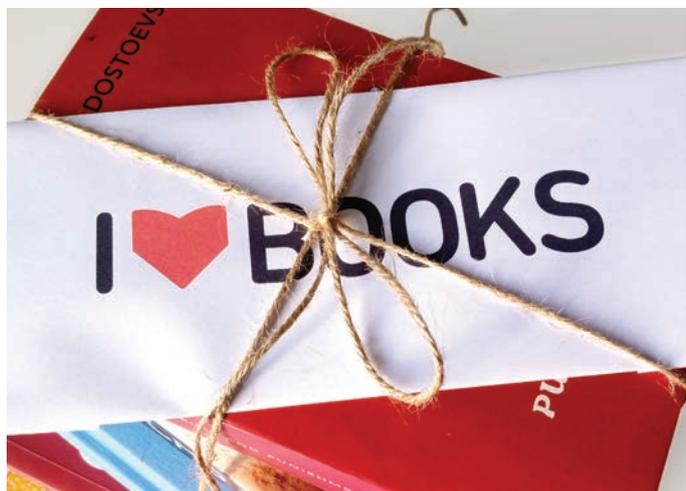
Initially established to support those without internet access, a home delivery service is also now available

to all library members to register for a resource bundle hand-picked by staff from chosen genres delivered to member's homes.

In March 2020 the Waterline Community Library opened at the Grantville Transaction Centre after an extensive process and fit-out. It provides library services to the Waterline region and surrounding towns, replacing the former Mobile Library service. The normal opening hours are 37.5 hours a week with a librarian on duty eight hours per week and self-checkout facilities available during the other times. The Library looks fantastic and has received significant positive feedback.

Pick-up & drop-off have been established at the Corinella & Coronet Bay General Stores for added convenience of collection and returning holds for local residents in the Waterline area.

We continue to celebrate excellent performance and achievement throughout the year. West Gippsland Libraries was the winner of the Best Large Business Award in the Celebrate Baw Baw Business Awards for 2020. This is a great recognition of the hard work and innovation of the organisation.





STRATEGY TWO

ENABLE AND FACILITATE NEW LEARNING OPPORTUNITIES LED BY THE COMMUNITY

The COVID-19 closure has seen a number of disruptions to plans for community led programs like Meet Up 2020, featuring multiple new and unique events designed to encourage teenagers back into the library. The decision has been made to postpone this key event, as a solely digital delivery would not meet the needs of this event.

In February 2020, West Gippsland Libraries partnered with Mindfull Aus, a non-profit mental health and wellbeing foundation to host a series of accredited Mental Health First Aid Training courses at a heavily subsidised rate for both staff and the community to join. The courses are designed to equip individuals and community with tools, techniques and strategies to help get back on the road to wellness and living a healthy, happy and fulfilling life.

The worldwide COVID-19 pandemic has brought unprecedented challenges in both health and economic terms. With many businesses making the difficult decision to stand down staff and others looking for ways to support people on the road to recovery, the demand for professional development is rising. In May 2020, we partnered with Torrens University to provide an additional range of short courses, to support the community with professional development to broaden employment opportunities as Australia regains economic momentum.

STRATEGY THREE

IMPROVE OUR ENGAGEMENT WITH EARLY YEARS AND YOUNG PEOPLE

In January 2020, we expanded our outreach programs in the Northern regions with the introduction of a regular Baby Rhyme Time program at the Trafalgar Community Hall.

After the COVID-19 closures in March, we adapted our regular early years program to deliver a daily video program including Story Time and Baby Rhyme Times from our program staff, to maintain the important connection and relationship with regular program attendees as well as promote the services. With the stay at home restrictions during COVID-19, this program has been particularly popular in supporting parents and caregivers of young children to provide entertainment and assist with early childhood development.

Our Young Einsteins STEM program for school aged children was also redeveloped into a video program and has proven to be a valuable resource for early childhood centres and local schools to support remote learning.

Work is continuing on developing our Future Labs program, designed for tech early adopters to go hands-on with the latest technology before anyone else. A diverse program for school aged children, including everything from electronics, virtual reality, video and audio editing.





STRATEGY FOUR

EXPLORE NEW AND RENOVATED SPACES THAT REFLECT MODERN LEARNING APPROACHES

Taking full advantage of the COVID-19 closures, we completed the necessary repairs to the Northern Mobile Library in June 2020. The work included interior repairs to floor, ceiling, exterior panels and some mechanical repairs.

As part of our commitment to adapting to the changing needs of the community, this year the consequential decision was made to retire the underutilised South Coast Mobile Library in South Gippsland, and proceed with the development of the Waterline Community Library in the Grantville Transaction Centre, which expands the areas available library time significantly.

The Waterline Community Library provides the normal operating hours of 37.5 for public access and 8 hours staffed by a librarian each week. The library has been designed with flexibility in mind, including movable furniture to maximise the usage of the space. Complete with a reading lounge, kitchenette with free tea and coffee and meeting room facilities, this space has been considered to meet the local community needs.

New and improved library facilities at Korumburra and Phillip Island are currently in planning phase. These purpose built facilities are being designed to provide state of the art spaces that will support the future needs of the community. Community consultation is an essential part of these projects to ensure we receive the valuable feedback needed to support the development of these facilities.

STRATEGY FIVE

TEST ALTERNATIVE ENGAGEMENT APPROACHES TO PROMOTE TRUE INCLUSIVITY AND ACCESSIBILITY

In September 2019, we launched our 'Living it Up at the Library' music video commissioned by local songwriter Adrian Darakai. We were astonished by its success as it developed into a 'Viral Sensation' with a total Facebook post reach of over 340,000+ people to date. The international reach and recognition acts to promote the changing nature of library services.

At the start of the financial year the Facebook page had 2,470 followers and grew to 3,737 by the end of the financial year. This represents a 51% increase in the Facebook audience in a single year – the biggest single-year increase since it launched in 2010. With increasing feelings of social isolation resulting from COVID-19 restrictions, this social media platform has been a valuable resource to support our community by starting conversations and providing updates.

The demand for online content increased with The COVID-19 closures of physical branches as an essential way to provide different ways of connecting to our members and community. We led with the development of a variety of online video programs for all ages with more than 100 videos created in this period alone, promoted on Facebook and our website, generating more than 35,000 video views.

Being the first library in Victoria to increase member and community access to support through the addition of the live chat feature has been another significant achievement. The most commonly resolved requests regarding library card issues and questions about the COVID-19 closure and service updates.





STRATEGY SIX

SUPPORT OUR COMMUNITY TO EXPLORE AND LEARN ABOUT NEW AND EMERGING TRENDS

In 2019-20, we continued to invest in virtual reality technology and proactively took it to multiple branches throughout the year, where it was immensely popular with both young and old patrons.

In response to the COVID-19 closures with limited physical access of library facilities we began developing alternative ways to connect with library members and the community. Adapting to the new restrictions, our staff began developing new skills both online and offline. With the increased demand for digital resources, a wide range of initiatives began to emerge including video programs, with staff bravely jumping in front of a camera and programs developed behind the scenes to reach our disconnected members to offer support to get started with our digital resources.

A Tech Talks program was established to book a call back from staff to help members learn how to set-up and use digital resources on their own devices. A range of 'how to' videos have also been developed to support members by providing information about digital resources and to learn how to use them which have proven popular and a valuable resource to our members. Our outbound Caring Calls program was also used to identify members that had not previously accessed digital resources and offer them support to setup and use digital resources.

Many of our regular programs were also redeveloped to a digital format along with some new events including our Story Times, Baby Rhyme Times, Young Einsteins (STEM program), Author Talks, Book Reviews, Sustainability Tips and more. We are continuing to explore developing online programs and events to support a broad range of community needs.

STRATEGY SEVEN

PROMOTE A CULTURE THAT ENCOURAGES FLEXIBILITY, EXPLORATION AND PERSONAL GROWTH

West Gippsland Libraries is committed to making our workplaces safe, comfortable and supportive for our staff.

We held a Staff Development Day in December 2019, featuring Steve Tighe, who has worked with some of the World's leading companies. Steve led us to explore future scenarios for our industry, including designing innovative strategies in response to these scenarios. These ideas were also used in our work with Spark Strategy, to develop the Innovation and Engagement framework which is the foundation of future library services.

Regular quarterly meetings are held to unite our people and to take the time to listen and learn what is happening across our broad network of library branches. These meetings are designed to encourage involvement and to encourage them to come forward with ideas to share with the Leadership Team. These meetings provide professional development opportunities for those who wish to be more deeply involved with the transformation of our libraries moving forward.

During COVID-19 closures a project management tool Monday.com was adapted as an organisation wide tool to help coordinate working from home arrangements with staff. Monday.com has proven to be an invaluable tool to collaborate and communicate. Our staff have embraced this resource and we will continue to use this to manage projects and track our progress.



In addition to maintaining collaboration and recognising that we all want and need to stay connected, we developed our Staying Connected Sessions. These are video meetings that provide an opportunity for staff to connect socially to talk to each other and learn more about each other and look after each other – and just have a good laugh – which experts suggest is an essential element of remaining resilient.

We value the importance of positive mental health and wellbeing for all our employees. In June 2020 the Workplace Mental Health and Wellbeing Strategy was developed to recognise and highlight the strategic approach we are taking to support and equip our employees to achieve positive mental health. Through the implementation of this strategy we commit to promoting and maintaining a mentally healthy workplace where everyone can thrive.



STRATEGY EIGHT

EXPLORE DIVERSE REVENUE OPPORTUNITIES TO COMPLEMENT OUR SERVICE

To support those in our neighbouring communities affected by the devastation of the bushfires in February 2020, additional donation tap points were installed at Phillip Island, Drouin, Foster, Inverloch, Mirboo North and Korumburra to make a total of 9 including existing tap points at Warragul, Wonthaggi and Leongatha. All funds collected between January and March 2020 were forwarded onto the Victorian Bushfire Appeal. The funds collected throughout the remainder of the year support our West Gippsland Libraries.

In February 2020, the State Government provided \$2,000 in Youth Week grant funding to support our Meet Up 2020 youth festival of events which have been postponed during COVID.

We were successful for a \$1,760 grant from the Grace Marion Wilson Trust to support the Books By Us program during FY2019-20 and FY2020-21.

In the 19-20 financial year we also received a science week grant for \$1,500. This supported 3 science week programs presented by Fizzics Education at Warragul, Leongatha and Wonthaggi.

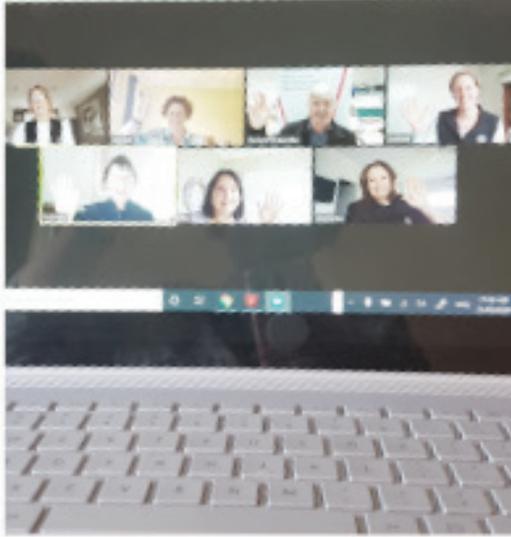
Economic impacts of COVID-19 restrictions have seen a decrease in revenue from printing and copying with physical library closures and local friends groups unable to participate in usual fundraising activities.

We look forward to an increased focus on diverse revenue opportunities in 2020-21.



LIBRARY PERFORMANCE





COMPARATIVE PERFORMANCE SUMMARY JULY 2015 – JUNE 2020

Membership and Visits	2015/16	2016/17	2017/18	2018/19	2019/20*
Members	42,293	42,336	40,404	40,754	39,221
New Members	6,063	6,003	5,946	6,027	4,704
Total Number of Visits	592,175	585,995	567,897	551,371	419,237
Visits per Member	14.00	13.84	14.06	13.53	10.69
Visits per Capita	5.61	5.51	4.99	4.72	3.50
Total Region Population ^(A)	105,505	106,377	113,711	116,918	119,630
Total Open Hours per Week @ All Service Points ^(B)	396.75	397.75	402.75	415.00	423.75
Total EFT Staff	40.89	40.49	39.70	40.00	40.75
Total Circulation (Includes e-Library Renewals)	855,556	830,163	846,239	851,873	700,557
Total e-Resource circulation	37,883	46,757	64,675	105,043	156,320
Online Renewals	51,988	53,149	58,784	61,242	42,415
Online Renewals as % of Total Circulation	6.08%	6.40%	6.95%	7.19%	6.05%
Reservations (Includes e-Library Holds)	197,813	189,881	196,987	188,344	137,876
Online Holds	131,697	130,350	140,320	134,032	96,027
Online Holds as % of Reservations	66.58%	68.65%	71.23%	71.16%	69.65%
Online Access ^(C)	206,077	208,426	202,150	214,987	302,168
Online Library Databases	51,508	58,881	29,138	25,362	51,417
New Purchases (physical items)	18,456	19,687	19,704	21,703	18,031
Program attendees	40,783	41,933	45,885	51,477	42,088
Wi-Fi users	25,579	30,231	32,691	33,562	23,297
Public PC sessions	65,179	65,080	60,506	55,800	40,592
Game console sessions	2,314	2,448	3,622	3,033	2,157
Overdue Notices	31,532	29,204	27,989	28,418	27,220
Loans per Capita	8.11	7.80	7.44	7.29	5.85
Loans per Member	20.23	19.61	20.94	20.90	17.86
Loans per Visit	1.46	1.42	1.49	1.55	1.67
Loans per Open Hour	41.47	40.14	40.41	39.48	31.79
Reservations as % of Loans	23.12%	22.87%	23.28%	22.11%	19.68%
Overdue Notices as % of Loans	3.69%	3.52%	3.31%	3.34%	3.89%

Notes:

A) Population statistics from ERP (released June each year)

B) Includes NDSC hours

C) From January 2014 to February 2015 external and internal network changes resulted in overcounting of sessions.

*Figures were affected and reduced due to COVID-19 closures from March 18th 2020 to June 22nd 2020 and impact of bushfires during summer 2019-20 in surrounding areas.

VISITATION STATISTICS

JULY 2016 - JUNE 2020

Shire	Branch	2016/17	2017/18	2018/19	2019/20
Bass Coast Shire	Inverloch	67,264	64,232	65,715	50,981
	Phillip Island	64,396	64,362	62,208	49,393
	South Coast Mobile	5,379	5,657	6,098	3,998
	Wonthaggi	146,039	138,294	132,078	95,877
	Totals	283,078	272,545	266,099	200,249
Baw Baw Shire	Northern Mobile	16,413	16,441	16,211	12,076
	Drouin	37,433	38,102	39,176	31,864
	Neerim South	6,955	3,265	2,875	2,288
	Warragul	114,563	113,168	109,430	80,187
	Totals	175,364	170,976	167,692	126,415
South Gippsland Shire	Foster	19,096	18,349	13,882	16,453
	Korumburra	24,812	24,612	24,359	19,710
	Leongatha	58,514	55,218	53,673	39,330
	Mirboo North	17,326	18,487	18,174	12,312
	Poowong	5,696	5,351	5,099	3,451
	Northern Mobile (Nyora Stop)	465	661	545	346
	Welshpool	-	-	-	-
	South Coast Mobile	1,644	1,506	1,390	-
	Totals	127,553	124,187	117,122	91,602
Regional Support Centre		-	189	458	971
	Grand Totals	585,995	567,897	551,371	419,237

Notes:

All WGL Libraries were closed from March 18th 2020 to June 22nd 2020 due to the Coronavirus pandemic.

1st April 2016 - 3rd May 2016 - South Coast Mobile off the road. Small van used at sites for circulations & holds.

August 2015 - May 2016 - Phillip Island people counter error resulted in under counting the number of visits for this period. Corrected figures for the period were added retrospectively in September 2016

South Coast Mobile - No Library visits 4th January 2017 until 8th February 2017 - Faulty Thermal counter power injector.

February 2017 - May 2017 - Neerim South Library (NS) main door access ramp closed off due to major renovations.

Regional Support Centre visits are meeting room hire attendees

Welshpool Community Library does not have a door counter and does not record visits. Only loans are recorded.

CIRCULATION STATISTICS JULY 2016 - JUNE 2020

Shire	Branch	2016/17	2017/18	2018/19	2019/20
Bass Coast Shire	Inverloch	60,935	63,702	62,388	46,906
	Phillip Island	77,664	79,421	73,508	55,031
	Grantville	-	-	-	120
	Corinella	-	-	-	4
	Coronet Bay	-	-	-	2
	South Coast Mobile	17,808	16,855	16,698	11,856
	Wonthaggi	127,634	119,057	112,402	78,110
	Totals	284,041	279,035	264,996	192,029
Baw Baw Shire	Northern Mobile	48,055	43,879	44,474	31,437
	Drouin	61,940	66,146	66,444	54,453
	Neerim South	7,579	6,407	7,541	4,561
	Warragul	170,109	172,587	163,323	119,521
	Totals	287,683	289,019	281,782	209,972
South Gippsland Shire	Foster	34,421	35,088	32,644	26,665
	Korumburra	40,127	39,256	37,778	27,293
	Leongatha	92,943	92,914	89,233	63,227
	Mirboo North	22,782	24,370	21,998	15,103
	Poowong	9,755	10,584	8,811	4,971
	Northern Mobile (Nyora Stop)	1,280	1,727	1,526	908
	Welshpool	-	-	43	1,947
	South Coast Mobile	5,815	5,051	4,724	-
	Totals	207,123	208,990	196,757	140,114
Regional Support Centre		4,559	4,520	3,295	2,122
eResources (eAudiobooks & eBooks)		46,757	64,675	105,043	156,320

Notes :

All WGL Libraries were closed from March 18th 2020 to June 22nd 2020 due to the Coronavirus pandemic.

Neerim South Library (NS) main door access ramp closed off due to major renovations February 2017 - May 2017.

Welshpool Community Library opened 24 June 2019.

The Waterline Community (Grantville) opened on Monday 16th March 2020. It was only open for one day before having to be closed due to COVID19. Click and Collect services at Corinella and Coronet Bay commenced Tuesday 10th March 2020 before being closed on 17th March 2020 due to COVID19.

BUSINESS PLAN

West Gippsland Libraries operates in accordance with the provisions of the Local Government Act 1989, and a range of legislative and regulatory frameworks.

The Corporation also acts in accordance with the Regional Library Agreement (2014). The Corporation will therefore:

- Meet the legislative and regulatory requirements of a Regional Library Corporation
- Deliver organisational financial accountability
- Demonstrate good governance
- Advocate and lobby for the recognition of the importance of library service funding at a local and state government level
- Maintain and enhance efficiencies in corporate support services, including enhanced electronic service delivery
- Effectively manage staff resources across eleven static libraries, two mobile library services, three mobile library depots and the Regional Support Centre
- Annually review the Corporation's 4 Year Financial Plan and refine the 10 Year Long Term Financial Plan
- Provide the financial capacity to ensure that new infrastructure and technology can be implemented, delivering the best result for each dollar to be expended
- Act in accordance with the Enterprise Agreement 2017-2020
- Brief new Board members as and when required
- Review Corporation Strategic Plans: Marketing, Collection, Digital and Early Years
- Become a more sustainable organisation, reviewing mobile services, reviewing debt recovery, local laws, loan commitments, Friends of Library support and staffing structures
- Comply with statutory and good governance requirements by reporting and preparing regular financial statements
- Enter into funding Agreements with the State Government that enhance library services for West Gippsland users
- Give priority to improving Occupational Health and Safety, region wide
- Obtain access to an expert Copyright resource
- Improve reporting processes to ensure knowledgeable staff and Board members
- Provide support to small and emerging businesses

EQUAL EMPLOYMENT OPPORTUNITY

West Gippsland Libraries continues to have a strong focus on equal employment opportunity with measures in place to ensure that the workplace is free of discrimination and harassment. No complaints have been lodged with the Equal Opportunity Commission about the Corporation's activities.

FREEDOM OF INFORMATION

The public has the right under the FOI Act to apply for access to Corporation information, including viewing documents and/or obtaining personal copies. Applicants dissatisfied with an FOI decision have the opportunity to apply for a review by the CEO, independent of the FOI decision-maker. No requests were received during 2019-20. In addition the Corporation makes available the required documentation pursuant to the Local Government Act 1989.

INFORMATION PRIVACY

The primary legislative obligations applying to the Corporation's treatment of personal information are contained in the Victorian Government's Privacy and Data Protection Act 2014. The legislation prescribes a number of Information Privacy Principles that the Corporation is required to comply with to promote and ensure the fair and reasonable collection and handling of personal and health information. West Gippsland Libraries will continue to comply with the privacy principles contained in the Act.

PROTECTED DISCLOSURES ACT

The purpose of the Protected Disclosures Act 2012 is to encourage and facilitate the making of disclosures in relation to the improper conduct of Council and its employees and to provide protection for persons making disclosures against detrimental action. The Corporation fully supports the Act, having a high regard for transparency and accountability. In accordance with Section 70 of the Protected Disclosure Act, the following information is provided:

- a) Information about how to access the Protected Disclosure Procedures document. The procedures are available by request.
- b) The number of disclosures made to the Corporation and notified to the IBAC for assessment.
There were no disclosures made to the Corporation during the period of 1 July 2019 and 30 June 2020.

INSURANCE

West Gippsland Libraries has placed its required insurance policies with the Municipal Association of Victoria's Liability Mutual Insurance. As an agent for the Victorian WorkCover Authority, and as required by the Accident Compensation Act 1985, the Corporation placed its workers compensation insurance needs with Gallagher Bassett Services, Workers Compensation Vic Pty Ltd.

FINANCIAL REPORT



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**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: 11th September 2020
Warragul

In our opinion, the accompanying financial statements present fairly the financial transactions of West Gippsland Regional Library Corporation for the year ended 30 June 2020 and the financial position of the Corporation as at that date.

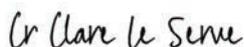
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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 Keith Cook - Baw Baw Shire Council
Board Member

Date: 11th September 2020
Warragul



Cr Clare Le Serve - Bass Coast Shire Council
Board Member

Date: 11th September 2020
Warragul



Leanne Williams
Chief Executive Officer

Date: 11 September 2020
Warragul

Independent Auditor's Report

To the Board members of West Gippsland Regional Library Corporation

Opinion	<p>I have audited the financial report of West Gippsland Regional Library Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial report, including significant accounting policies • certification of financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board members' responsibilities for the financial report	<p>The Board Members of the corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Board Members determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board Member are responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members
- conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sanchu Chummar

as delegate for the Auditor-General of Victoria

MELBOURNE

18 September 2020

COMPREHENSIVE INCOME STATEMENT

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
INCOME			
User Fees	2.1	45,228	76,810
Grants (recurrent)	2.2	899,915	878,547
Grants (non-recurrent)	2.2	4,455	83,486
Contributions – monetary	2.3	5,194,343	5,075,741
Other Income	2.4	75,198	75,342
TOTAL INCOME		6,219,139	6,189,926
EXPENSES			
Employee Costs	3.1	3,690,757	3,720,341
Materials and services	3.2	759,680	803,315
Depreciation	3.3	941,863	789,459
Amortisation – right of use assets	3.4	50,050	50,050
Borrowing Costs	3.5	84,396	89,789
Finance Costs - leases	3.6	3,737	5,769
Other Expenses	3.7	317,505	329,729
TOTAL EXPENSES		5,847,988	5,788,452
SURPLUS FOR THE YEAR		371,151	401,474
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment/(decrement)		228,561	-
TOTAL COMPREHENSIVE RESULT		599,712	401,474

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

BALANCE SHEET

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4.1	1,019,166	1,482,236
Other financial assets	4.1	1,604,761	1,000,000
Trade and other receivables	4.1	30,579	19,732
Other assets	4.2	19,908	31,941
Total Current Assets		2,674,414	2,533,909
Non-Current Assets			
Right-of-use assets	4.8	70,481	-
Property, plant and equipment	5.1	4,472,185	4,253,251
Total Non-Current Assets		4,542,666	4,253,251
TOTAL ASSETS		7,217,080	6,787,160
LIABILITIES			
Current Liabilities			
Trade and other payables	4.3	322,202	306,513
Interest-bearing liabilities	4.4	66,904	112,871
Provisions	4.5	684,979	749,985
Lease liabilities	4.8	52,865	-
Total Current Liabilities		1,126,950	1,169,369
Non-Current Liabilities			
Interest-bearing liabilities	4.4	924,526	1,066,896
Provisions	4.5	95,370	102,974
Lease liabilities	4.8	22,601	-
Total Non-Current Liabilities		1,042,497	1,169,870
TOTAL LIABILITIES		2,169,447	2,339,239
NET ASSETS		5,047,633	4,447,921
EQUITY			
Accumulated Surplus		3,920,458	3,425,836
Reserves	8.1	1,127,175	1,022,085
TOTAL EQUITY		5,047,633	4,447,921

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Total 2020 \$	Accumulated Surplus 2020 \$	Revaluation Reserve 2020 \$	Facilities Reserve 2020 \$
2020					
Balance at beginning of the financial year		4,447,921	3,425,836	634,239	387,846
Surplus for the year		371,151	371,151	-	-
Transfer to Reserves	8.1	228,561	123,471	228,561	(123,471)
Balance at end of the financial year		5,047,633	3,920,458	862,800	264,375

		Total 2019 \$	Accumulated Surplus 2019 \$	Revaluation Reserve 2019 \$	Facilities Reserve 2019 \$
2019					
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)
Balance at end of the financial year		4,447,921	3,425,836	634,239	387,846

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$	2019 Inflows/ (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
User Fees		55,211	83,899
Grants		904,370	962,033
Contributions and Donations		5,191,169	5,072,031
Interest		43,953	53,044
Other receipts		36,484	22,915
Net GST Refund		197,787	200,352
Payments to Suppliers		(1,293,692)	(1,374,981)
Payments to Employees		(3,738,333)	(3,675,229)
Other payments		(1,254)	(1,265)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8.2	1,395,695	1,342,799
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,052,766)	(957,740)
Payments for investments		(604,761)	-
Proceeds from sale of property, plant and equipment		-	-
NET CASH USED IN INVESTING ACTIVITIES		(1,657,527)	(957,740)
CASH FLOWS USED IN / FROM FINANCING ACTIVITIES			
Finance costs		(84,605)	(90,120)
Proceeds from borrowings		-	-
Repayment of borrowings		(61,895)	(56,353)
Interest paid – lease liability		(3,762)	(5,830)
Repayment of lease liabilities		(50,976)	(58,294)
NET CASH USED IN FINANCING ACTIVITIES		(201,238)	(210,597)
Net increase / (decrease) in cash and cash equivalents		(463,070)	174,462
Cash and cash equivalents at the beginning of the financial year		1,482,236	1,307,774
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4.1	1,019,166	1,482,236

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

STATEMENT OF CAPITAL WORKS

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
PROPERTY			
Buildings			
Leasehold Improvements		50,868	73,970
TOTAL PROPERTY		50,868	73,970
PLANT & EQUIPMENT			
Motor Vehicles		81,615	1,955
Fixtures, Fittings & Furniture		116,432	112,897
Computers & Telecommunications		135,775	113,662
Library Collection		668,076	655,256
TOTAL PLANT & EQUIPMENT		1,001,898	883,770
TOTAL CAPITAL WORKS EXPENDITURE	5.1	1,052,766	957,740
Represented by:			
New Asset Expenditure		333,822	228,514
Asset Renewal Expenditure		668,076	665,256
Asset Upgrade Expenditure		50,868	73,970
TOTAL CAPITAL WORKS EXPENDITURE	5.1	1,052,766	957,740

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

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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 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)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 2)

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 (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Corporation), and disclosure has been made of any material changes to comparatives.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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 9 August 2019. 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

	Ref	Budget 2020 \$	Actual 2020 \$	Variance 2020 \$	Variance %
INCOME					
Grants		899,626	904,370	4,744	0.5%
Contributions		5,185,710	5,194,343	8,633	0.2%
User Fees	1	52,000	45,228	(6,772)	-13.0%
Interest		41,654	38,524	(3,130)	-7.5%
Other Income	2	13,795	36,674	22,879	165.8%
TOTAL INCOME		6,192,785	6,219,139	26,354	0.4%
EXPENSES					
Employee Benefits	3	3,897,457	3,690,757	206,700	5.3%
Operating Expenses	4	1,138,990	1,077,185	61,805	5.4%
Depreciation	5	727,252	941,863	(214,611)	-29.5%
Amortisation – Right of use assets		50,050	50,050	-	0.0%
Finance Costs – Leases	6	4,462	3,737	725	16.3%
Finance Costs	6	84,578	84,396	182	0.2%
TOTAL EXPENSES		5,902,789	5,847,988	54,801	0.9%

SURPLUS/(DEFICIT) FOR THE YEAR

289,996 371,150 81,154 28.0%

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Ref	Item	Explanation
1	User Fees	User Fee income was under budget for the year largely due to branch closures as a result of the impacts of COVID-19.
2	Other Income	Other Income is quite varied and includes a range of items, including minor item sales and room hire income. The amount of income is difficult to predict, being largely consumer driven.
3	Employee Benefits	Employee benefits was less than budgeted due mainly to reduced staffing activity as a result of COVID-19.
4	Operating Expenses	The majority of operating expense areas were under budget largely due to the impacts of branch closures resulting from COVID-19. This is offset in part by rent costs for the Bass Coast Depot which wasn't budgeted, and consultancy costs which exceeded budget.
5	Depreciation	Depreciation exceeded budget due to allocation of purchases to assets with shorter life cycles, largely digital collection items.
6	Finance Costs	The combined finance costs are in line with budget. The separation of costs between leases and interest has caused a discrepancy greater than the 10% threshold.

1.2. Capital Works

Ref	Budget 2020 \$	Actual 2020 \$	Variance 2020 \$	Variance %
CAPITAL WORKS EXPENDITURE				
	680,000	668,076	11,924	1.8%
	263,000	252,207	10,793	4.1%
	50,000	81,615	(31,615)	-63.2%
	40,000	50,868	(10,868)	-27.2%
	1,033,000	1,052,766	(19,766)	-1.9%
REPRESENTED BY				
	313,000	333,822	(20,822)	-6.7%
	680,000	668,076	11,924	1.8%
	40,000	50,868	(10,868)	-27.2%
	1,033,000	1,052,766	(19,766)	-1.9%

(i) Explanation of material variations

Ref	Item	Explanation
1	Motor Vehicles	Motor vehicle expenditure exceeded budget due primarily to expenditure undertaken on improvements to the Northern Mobile that weren't budgeted, however we funded from the Facilities Reserve.
2	Leasehold Improvements Asset upgrade expenditure	Leasehold improvements are budgeted for various branch upgrade initiatives throughout the year, along with upgrades of equipment. For this year the classification of expenditure to leasehold improvements exceeded budget to a similar level as equipment purchases was under budget, due to the nature of the upgrades undertaken

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

Note 2 Funding for the delivery of our services

2.1. User Fees

Fines & Penalties	274	20,755
Photocopying & Printing	39,668	49,986
Other Fees & Charges	5,286	6,069
	45,228	76,810

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

2.2. Funding from other levels of government

Grants were received in respect of the following:

Summary of Grants

State funded grants	899,915	878,547
Others - non-government	4,455	83,486
Total grants received	904,370	962,033

(a) Operating Grants

Recurrent

State Government - General Purpose

Public Libraries Grant Program	873,909	852,594
Premier's Reading Challenge	26,006	25,953
Total recurrent operating grants	899,915	878,547

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

Note 2 Funding for the delivery of our services (cont'd)

Others - Specific Purpose

Writers Victoria - Books By Us School Publishing	1,760	-
Good Things Foundation - Get Online Week	1,500	-
Public Libraries Victoria Network - Social Seniors	1,195	-
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
Total Others - Specific Purpose	4,455	83,486

Total non-recurrent operating grants

4,455	83,486
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Total operating grants

904,370	962,033
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Grant income is recognised at the point in time when the Corporation satisfies its performance obligations as specified in the underlying agreement.

2.3. Contributions

Monetary	5,194,343	5,075,741
	5,194,343	5,075,741

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

2.4. Other income

Interest	38,524	52,437
Fuel Tax Credits	1,401	2,858
Other	35,273	20,047
Total Other Income	75,198	75,342

Interest is recognised as it is earned.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

Note 3 The cost of delivering services

3.1. Employee costs

Wages and salaries	3,360,972	3,404,025
WorkCover	15,327	13,824
Superannuation	314,458	302,492
Total employee costs	3,690,757	3,720,341

(b) Superannuation

The Corporation made contributions to the following funds:

Defined Benefits Funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

24,841	32,733
<u>24,841</u>	<u>32,733</u>

Employer contributions payable at reporting date

-	-
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Accumulation Funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

152,327	150,395
137,290	118,239
<u>289,617</u>	<u>268,634</u>

Employer contributions payable at reporting date

-	1,125
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Refer to note 8.3 for further information relating to the Corporation's superannuation obligations.

3.2. Materials and services

Accounting Fees	40,365	32,899
Cleaning	81,277	85,802
Computers and equipment lease payments	12,899	16,603
Consultants	37,757	21,996
Property rents	44,595	38,696
Memberships	35,012	92,511
Equipment - minor purchases	23,772	11,610
Postage and Stationery	28,625	34,017
Marketing and Advertising	67,984	80,264
Insurance	48,452	37,241
Motor vehicle expenses	33,630	56,251
Collection Subscriptions	78,515	91,087
General expenses	226,797	204,338
Total materials and services	759,680	803,315

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$
Note 3 The cost of delivering services (cont'd)		
3.3. Depreciation		
Motor Vehicles	35,670	32,403
Furniture, Equipment and Computers	233,018	170,425
Library Collections	623,318	544,107
Buildings	35,014	35,000
Leasehold Improvements	14,843	7,524
Total depreciation and amortisation	941,863	798,459
3.4. Amortisation – Right of use assets		
RFID Equipment	50,050	50,050
Total finance costs	50,050	50,050
3.5. Borrowing Costs		
Interest - Borrowings	84,396	89,789
Total finance costs	84,396	89,789
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.		
3.6. Finance Costs - Leases		
Interest – Lease Liabilities	3,737	5,769
Total finance costs	3,737	5,769
3.7. Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements	5,100	16,000
Bank Charges	1,254	1,265
Utilities	89,539	104,688
Maintenance - Information Systems & Equipment	168,112	157,483
Maintenance - Facilities	42,577	31,079
Maintenance - Vehicles	10,923	19,214
Total other expenses	317,505	329,729

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

Note 4 Our financial position

4.1. Financial assets

(a) Cash and cash equivalents

Cash on hand	1,690	1,540
Cash at bank	1,017,476	980,696
Term Deposits - current	-	500,000
Total cash and cash equivalents	1,019,166	1,482,236

(b) Other financial assets

Term Deposits - current	1,604,761	1,000,000
Total cash and cash equivalents	1,604,761	1,000,000

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.

(c) Trade and other receivables

Current

Statutory receivables

GST Refundable	20,407	15,924
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Non statutory receivables

Trade and Other Receivables	10,076	3,560
Other debtors	96	248

Total current trade and other receivables	30,579	19,732
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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 2020

	2020	2019
	\$	\$

Note 4 Our financial position (cont'd)

Ageing of Receivables

The ageing of the Corporation's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	82	1,070
Past due by up to 30 days	441	1,919
Past due between 31 and 180 days	-	571
Past due between 181 days and one year	9,553	-
Total Trade & Other Receivables	10,076	3,560

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.

4.2. Non-financial assets

(a) Other assets

Prepayments	13,381	16,985
Accrued income	6,527	14,956
Total other assets	19,908	31,941

4.3. Payables

(a) Trade and other payables

Trade payables	154,344	125,683
Accrued Expenses	167,858	180,830
Total trade and other payables	322,202	306,513

4.4. Interest-bearing liabilities

Current

Borrowings - secured	66,904	61,895
Finance Leases	-	50,976
	66,904	112,871

Non-current

Borrowings - secured	924,526	991,430
Finance Leases	-	75,466
	924,526	1,066,896

Total	991,430	1,179,767
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Borrowings are secured by the property situated at 65 Victoria Street, Warragul.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

2020	2019
\$	\$

Note 4 Our financial position (cont'd)

(a) The maturity profile for the Corporation's borrowings is:

Not later than one year	66,905	112,871
Later than one year and not later than five years	329,057	378,635
Later than five years	595,468	688,261
	991,430	1,179,767

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.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

Note 4 Our financial position (cont'd)

4.5. Provisions

2020	Annual leave \$	Long service leave \$	Total \$
Balance at beginning of the financial year	184,344	668,615	852,959
Additional provisions	163,786	24,628	188,414
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	8,204	8,204
Amounts used	(207,044)	(62,184)	(269,228)
Balance at the end of the financial year	141,086	639,263	780,349

2019	\$	\$	\$
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	184,344	668,615	852,959

	2020	2019
	\$	\$

Current provisions expected to be settled within 12 months

Annual leave	141,086	184,344
Long service leave	69,199	76,993
	210,285	261,337

Current provisions expected to be settled after 12 months

Long service leave	474,694	488,648
	474,694	488,648

Total Current Provisions

	684,979	749,985
Non-current		
Long service leave	95,370	102,974
Total Non-current Provisions	95,370	102,974

Aggregate carrying amount of employee provisions

	780,349	852,959
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NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

2020	2019
\$	\$

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:	2020	2019
- discount rate	0.54%	1.11%
- inflation rate	4.25%	4.31%
- settlement rate	98.23%	98.58%

4.6. Financing Arrangements

	2020	2019
	\$	\$
The Corporation has the following funding arrangements in place as at the end of the period.		
Leases	75,466	126,442
Loans	991,430	1,053,325
Less: Used facilities	(1,066,896)	(1,179,767)
Unused facilities	-	-

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

	2020	2019
	\$	\$

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
	\$	\$	\$	\$
2020				
IT services	9,326	-	-	9,326
Cleaning contracts	10,184	-	-	10,184
	<u>19,510</u>	<u>-</u>	<u>-</u>	<u>19,510</u>
2019				
IT Services	55,957	9,326	-	65,283
Cleaning contracts	61,101	10,184	-	71,285
	<u>117,058</u>	<u>19,510</u>	<u>*</u>	<u>136,568</u>

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.

4.8 Leases

Right-of-Use Assets	Property \$'000	Vehicles \$'000	Equipment \$'000	Total \$'000
Balance at 1 July 2019	-	-	-	-
Additions	-	-	120,531	120,531
Amortisation charge	-	-	(50,050)	(50,050)
Balance at 30 June 2020	<u>-</u>	<u>-</u>	<u>70,481</u>	<u>70,481</u>

Lease Liabilities	2020
Maturity analysis – contractual undiscounted cash flows	\$'000
Less than one year	52,865
One to five years	22,601
Total undiscounted lease liabilities at 30 June:	<u>75,466</u>
Lease liabilities included in the Balance Sheet at 30 June:	
Current	52,865
Non-current	22,601
Total lease liabilities	<u>75,466</u>

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

2020
\$

2019
\$

Note 4 Our financial position (cont'd)

Refer to note 9 for more information regarding the transition to new accounting standard AASB 16 Leases. As a lessee, the Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Note 5 Assets we manage

5.1. Property, plant and equipment

Summary of property, plant and equipment

2020	At Fair Value 30 June 2019 \$	Acquisition of assets \$	Revaluation of assets \$	Depreciation and amortisation (note 3.3) \$	At Fair Value 30 June 2020 \$
Motor Vehicles	89,629	81,615	-	(35,670)	135,574
Furniture, equipment and computers	524,749	252,207	-	(233,018)	534,938
Library collections	1,778,568	668,076	-	(623,318)	1,823,326
Leasehold improvements	105,802	50,868	-	(14,843)	141,827
Buildings	1,633,972	-	228,562	(35,014)	1,827,520
Total property, plant and equipment	4,132,720	1,052,766	228,562	(941,863)	4,472,185

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 2020

Note 5 Assets we manage (cont'd)

(a) Property

	Buildings - non specialised \$	Leasehold improvements \$	Total Property Assets \$
At fair value 1 July 2019	1,750,000	291,932	2,041,932
Accumulated depreciation at 1 July 2019	(116,028)	(186,130)	(302,158)
	1,633,972	105,802	1,739,774
Movements in fair value			
Additions	-	50,868	50,868
Revaluation	250,000	-	250,000
	250,000	50,868	300,868
Movements in accumulated depreciation			
Depreciation and amortisation	(35,014)	(14,843)	(49,857)
Revaluation	(21,438)	-	(21,438)
	(56,452)	(14,843)	(71,295)
At fair value 30 June 2020	2,000,000	342,800	2,342,800
Accumulated depreciation at 30 June 2020	(172,480)	(200,973)	(373,453)
	1,827,520	141,827	1,969,347

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 5 Assets we manage (cont'd)

(b) Plant, equipment and library collections

	Furniture, equipment and computers \$	Library collections \$	Motor vehicles \$	Total plant, equipment and library collections \$
At 1 July 2019	1,782,455	7,143,172	420,216	9,345,843
Accumulated depreciation at 1 July 2019	(1,137,175)	(5,364,604)	(330,587)	(6,832,366)
	645,280	1,778,568	89,629	2,513,477
Movements in fair value				
Additions	252,207	668,076	81,615	1,001,898
Disposal	-	-	-	-
Reclassified to right of use assets	(250,250)	-	-	(250,250)
	1,957	668,076	81,615	751,648
Movements in accumulated depreciation				
Depreciation and amortisation	(233,018)	(623,318)	(35,670)	(892,006)
Accumulated depreciation of disposals	-	-	-	-
Reclassified to right of use assets	129,719	-	-	129,719
	(103,299)	(623,318)	(35,670)	(762,287)
At 30 June 2020	1,784,412	7,811,248	501,831	10,097,491
Accumulated depreciation at 30 June 2020	(1,240,474)	(5,987,922)	(366,257)	(7,594,653)
	543,938	1,823,326	135,574	2,502,838

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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 2020

Note 5 Assets we manage (cont'd)

Valuation of land and buildings

Valuation of buildings were undertaken by a qualified independent valuer Corey McMahon of CJA Lee Property [API Member Number 62829] in March 2016. The valuation of buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Buildings have been revalued during 2019/20 based on Valuer-General published indices.

Details of the Corporation's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$	\$	\$	
Buildings	-	-	1,827,520	June 2020

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 Clare Le Serve (commenced November 2019)	Bass Coast Shire Council
Ms Jodi Kennedy	Bass Coast Shire Council
Cr Geoff Ellis (from July 2019 to November 2019)	Bass Coast Shire Council
Cr Keith Cook	Baw Baw Shire Council
Mr Martin Hopley (commenced June 2020)	Baw Baw Shire Council
Mr Mark Dupe (from July 2019 to June 2020)	Baw Baw Shire Council
Mr Rick Brown	South Gippsland Shire Council
Mr David Welch (commenced March 2020)	South Gippsland Shire Council
Ms Faith Page (from July 2019 to March 2020)	South Gippsland Shire Council

Chief Executive Officer

Ms Leanne Williams

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 6 People and relationships (cont'd)

	2020	2019
	No.	No.
Total Number of Board Members	9	7
Chief Executive Officer and other Key Management Personnel	1	1
Total Key Management Personnel	10	8

(b) Remuneration of Key Management Personnel

	2020	2019
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	180,366	167,978
Post-employment benefits	16,624	15,417
Long-term benefits	3,848	4,346
Termination benefits	-	-
Total	200,838	187,741

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

	2020	2019
	No.	No.
Nil	9	7
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	1	-
	10	8

(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 2020

Note 6 People and relationships (cont'd)

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

	2020 No.	2019 No.
Income Range:		
\$30,000 - \$39,999	1	-
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	1	1
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	1	-
	<u>7</u>	<u>6</u>
Total remuneration for the reporting year for Senior Officers included above amounted to:	\$689,135	\$630,726

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:

Board Member	Shire Contributions to the Corporation as per the Regional Library Agreement	
	2020 \$	2019 \$
Cr. Keith Cook, Baw Baw Shire Council		
Mr Mark Dupe, Baw Baw Shire Council		
Mr Martin Hopley, Baw Baw Shire Council	<u>1,894,658</u>	<u>1,826,893</u>
Cr Clare Le Serve, Bass Coast Shire Council		
Cr Geoff Ellis, Bass Coast Shire Council		
Ms Jodi Kennedy, Bass Coast Shire Council	<u>1,847,769</u>	<u>1,822,308</u>
Mr David Welch, South Gippsland Shire Council		
Ms Faith Page, South Gippsland Shire Council		
Mr Rick Brown, South Gippsland Shire Council	<u>1,443,282</u>	<u>1,409,440</u>

(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. (2018/19, nil)

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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. (2018/19, 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. (2018/19, 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

The Corporation was not required to pay any unfunded liability payments to Vision Super during the 2019/20 year. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. There are no expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 7 Managing uncertainties (cont'd)

7.2. Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 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.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate, except as specified AASB 1059
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Corporation's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Corporation is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 7 Managing uncertainties (cont'd)

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 the notes to 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.

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 2020

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 1.6%.

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 2020

Note 7 Managing uncertainties (cont'd)

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 assets on a regular basis ranging from 5 to 7 years. The valuation is performed by independent experts.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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. (2018/19, 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 \$
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(a) Asset Revaluation Reserve

2020

Buildings	393,732	-	228,561	622,293
Library Collections	240,507	-	-	240,507
	<u>634,239</u>	<u>-</u>	<u>228,561</u>	<u>862,800</u>

2019

Buildings	393,732	-	-	393,732
Library Collections	240,507	-	-	240,507
	<u>634,239</u>	<u>-</u>	<u>-</u>	<u>634,239</u>

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 2020

Note 8 Other matters (cont'd)

	Balance at beginning of reporting period	Transfer from Accumulated Surplus	Increment (decrement)	Balance at end of reporting period
	€	€	€	€

(b) Facilities Reserve

2020				
Facilities Reserve	387,846	(123,471)	-	264,375
	387,846	(123,471)	-	264,375
2019				
Facilities Reserve	439,984	(52,138)	-	387,846
	439,984	(52,138)	-	387,846
Total Reserves	1,022,085	(123,471)	228,561	1,127,175

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

	2020	2019
	\$	\$

8.2. Reconciliation of cash flows from operating activities to surplus

Surplus for the year	371,151	401,474
Depreciation and amortisation	991,913	839,509
Finance Costs	88,133	95,558
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(10,848)	3,029
(Increase)/decrease in prepayments	2,577	(16,985)
(Increase)/decrease in accrued income	8,429	(2,394)
Increase/(decrease) in trade and other payables	16,950	(6,551)
Increase/(decrease) in provisions	(72,610)	29,159
Net cash provided by operating activities	1,395,695	1,342,799

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

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. The Corporation also makes employer contributions to various other funds of employees' choice. Obligations for contributions to these Funds are recognised as an expense in 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 2020, 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. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Corporation in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

The Corporation makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which the Corporation is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

- Net Investment Returns - 6.0% p.a
- Salary Information - 3.5% p.a
- Price inflation (CPI) - 2.0% p.a

Vision Super has advised that the VBI at 31 June 2020 was 104.6%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 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 arrangement from prior years.

2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which the Corporation is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and the last full actuarial investigation was conducted as at 30 June 2017.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 8 Other matters (cont'd)

The Fund's actuarial investigations identified the following in the defined benefit category of which the Corporation is a contributing employer:

	2019 \$m	2017 \$m
A VBI surplus	\$151.30	\$69.80
A total service liability surplus	\$233.40	\$193.50
A discounted accrued benefits surplus	\$256.70	\$228.80

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 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019. The Corporation was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.5% pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 9 Changes in accounting policy

The Corporation has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by the Corporation in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where the Corporation provides services or goods under contractual arrangements.

The Corporation adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as the Corporation satisfies the performance obligations under the contract.

The implementation of this standard did not have a significant impact on the Corporation.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. The Corporation has already adopted the new lease standard in 2017/18. The transition impact of the change in balance sheet reporting is detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

The Corporation adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as the Corporation satisfies the performance obligations under the contract.

The implementation of this standard did not have a significant impact on the Corporation.

NOTES TO THE FINANCIAL REPORT

For the year ended 30 June 2020

Note 9 Changes in accounting policy (cont'd)

d) Transition impacts

The Corporation already had historic finance lease liabilities recognised on balance sheet at 30 June 2019. On transition to the new standards on 1 July 2019, the Corporation only had to reclassify the leases to right of use assets and made a new line item to disclose the finance lease liability (current and non-current) separately.

The following table summarises the impacts of transition to the new standards on the Corporation's balance sheet at 1 July 2019.

	As reported 30 June 2019 \$	Adjustments at 1 July 2019 \$	Post adoption at 1 July 2019 \$
Assets			
Right of use assets	-	120,531	120,531
Property, plant and equipment	4,253,251	(120,531)	4,132,720
	4,253,251	-	4,253,251
Liabilities			
Lease liability - current	-	50,976	50,976
Lease liability - non-current	-	75,466	75,466
Interest-bearing liabilities - current	112,871	(50,976)	61,895
Interest-bearing liabilities - non-current	1,066,896	(75,466)	991,430
	1,179,767	-	1,179,767

Note 10 Impact of COVID 19 Pandemic

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. Since then, various measures were taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted Corporation operations in the following areas for the financial year ended 30 June 2020:

- In response to government directive amidst the COVID-19 outbreak, the libraries were closed. These closures resulted in a minor decrease in the user fee revenue and also decreased associated expenses as a result of reducing activity in branches.
- As a result of the closure of library branches, the Corporation has seen increased uptake of digital offerings as well as extending services to library members such as the delivery of library materials and online program offerings.

The Corporation does not expect any material financial impact as a result of COVID-19.

This report was produced by
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