

Ordinary Board Meeting

Agenda

Friday 25th June 2021

Notice of Meeting

Notice is hereby given that an Ordinary Meeting of the West Gippsland Libraries Board will take place on Friday, 25th June 2021 at 11.30 am via zoom. Please contact the Regional Support Centre for a zoom link.

Date of notice: 18 June 2021

Leanne Williams

Chief Executive Officer





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.

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Required Board Attendance:

Cr. Annemarie McCabe (Baw Baw Shire Council)
Cr Leticia Laing (Bass Coast Shire Council)
Rick Brown (South Gippsland Shire Council)
Martin Hopley (Baw Baw Shire Council)
Jodi Kennedy (Bass Coast Shire Council)
Allison Jones (South Gippsland Shire Council)

WGL Officers

Leanne Williams (Chief Executive Officer)
Linda Fowler (Deputy Chief Executive Officer)
Bec Noone (Manager Marketing and Strategy)

1. Statement of Acknowledgement



We acknowledge that we are hosting this meeting from the lands of the Bunurong people. We acknowledge the Traditional Custodians of the various lands on which you all work and live today and welcome Aboriginal and Torres Strait islander people who may be participating. We pay our respects to Elders past, present and emerging.

2. Our Child Safety Commitment

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

3. Apologies

4. Declarations of interest/conflict of interest

5. Minutes of previous meeting

Recommendation

That the Board adopt the minutes from the Ordinary meeting held on 7th May 2021.

Attachments

Attachment 5.1.1 – Minutes of the Ordinary Board meeting 7th May 2021

6. Standing items

6.1. Business arising from the previous meeting.



6.2. Update from the Community Advisory Committee

Recommendation

That the Board adopt the minutes from the Community Advisory Committee meeting held on 6th May 2021.

Attachments

Attachment 6.2.1 – Minutes of the CAC meeting 6th May 2021

7. Questions on notice

8. Reports



8.1 Adoption of Library Plan 2021.25

Report Prepared by *Manager Marketing & Strategy*

Executive Summary

The report presents the new four year Strategic Plan for West Gippsland Libraries. The Strategic Plan is the guiding strategic document for the organisation, setting out our commitment to delivering library services to the communities of Baw Baw, South Gippsland and Bass Coast shires. It features three strategic pillars that are embedded within the organisation's mission: connect; belong; and learn.

The Strategy features three overarching goals:

- Making our service available to more people for more hours
- Increase our membership and awareness of our service within the community
- Create more learning opportunities within our service and within the community

A significant factor of this next strategic plan is the positive input and feedback from the community in relation to its formation. There were 2,371 responses and more than 98% of people supported the themes and actions in the plan.

We also asked the community when developing this plan how they rated West Gippsland Libraries as a service. They responded with an overall average of 4.4 stars out of 5 which is a great reflection of the hard work and passion from our staff.

The Draft Library Plan was available for public consultation during April and May and three submissions were received and considered by the Board at the Ordinary Meeting held on 7th May 2021, all supporting the Plan. It should also be noted that whilst the Community Advisory Committee did not provide a formal submission, they provided input into the development of the strategy and have been engaged throughout the process. The CAC also provide their input and feedback each month via a standing item on the WGL Board agenda.

The COVID-19 pandemic continues to impact how library services are delivered. Adaptability and agility have been key attributes that have contributed to supporting the community. The strategy reflects the required adaptability with a continued focus on the website as a virtual library and online programs.

The key projects and initiatives we will accomplish are:

- More 24/7 access libraries
- Life skills learning portal
- Website user experience enhancements
- Increase Outreach Services
- Increase at Home Services
- Digital strategy for online resources and services
- Increase in the collection



Recommendation

That the Board:

- a) Adopt the West Gippsland Libraries Library Plan.
 - b) Adopt the Strategic Resource Plan incorporated in the Library Plan 2021.25 annexed to this report.
 - c) Authorise the Chief Executive Officer to make typographical corrections to the Library Plan document.
 - d) Authorise the Chief Executive Officer to give public notice of the adoption of the Library Plan and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.
-

Submissions

Public notice of the draft Strategic Plan for West Gippsland Libraries resulted in 3 submissions pursuant to section 223 of the *Local Government Act (VIC) 1989*. Consideration of these submissions have been undertaken in accordance with section 223 of the Act at the Ordinary meeting of the Board on Friday, 7th May 2021. These are included as Attachment to this report.

Policy and Legislative Implications

The West Gippsland Libraries Library Plan 2017-21 (Revised 2020) is prepared in accordance with the Local Government Act 1994 and the Local Government (Planning and Reporting) Regulations 2014.

Section 196 – Regional Libraries

Section 125 – Council Plan

Section 126 – Strategic Resource Plan

Section 223 – Right to make a submission.

Conclusion

The Strategic Plan aspires and challenges West Gippsland Libraries to be a service that is equipped to respond to the changing needs of our communities. The strategies within the plan are designed to motivate the organisation to think differently and ensure that we are prepared for the future. It is recommended that the Board endorse the Library Plan 2021-25 and place on public exhibition for input and submissions.

Conflict of Interest

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

Attachments

Attachment 8.1.1 – Strategic Plan 2021-25

Attachment 8.1.2 – Submissions



8.2 Adoption of 2021-22 Budget

Report Prepared by *Chief Executive Officer*

Executive Summary

This report presents the 2021.22 Draft Budget for adoption by the Board.

The Draft Budget has been developed to build on the significant work undertaken in recent years to ensure that West Gippsland Libraries is a modern and dynamic place to connect, belong and learn. This is made possible by the dedication and support of all staff at West Gippsland Libraries. They are the heart of the service and their delivery of high-quality library services to the community is second to none.

The 2021.22 Draft Budget has been developed to support the team at West Gippsland Libraries delivery on the strategies and actions set out in the Library Plan. It has also been developed from first principles to ensure all income and expenditure is reviewed annually to ensure long term financial sustainability.

The major initiatives proposed for the year include providing a 24/7 library service at Mirboo North and Poowong Libraries and to transition West Gippsland Libraries legal entity to a Not-for-Profit as required by the new Local Government Act 2020.

West Gippsland Libraries will continue to work closely with the community and member Councils to deliver services that the community is seeking and adapt to the uncertain environment because of the COVID-19 pandemic.

This budget also provides the resources to continue to build our outreach services and new and popular programs across the region. We will continue to enhance our collection and in particular the e-resources that are seeing increased demand year on year.

There were no submissions made by the community that suggested changes to the Draft Annual Budget.

Recommendation

That the Board:

- i. Adopt the West Gippsland Libraries 2021.22 Annual Budget and Long Term Financial Plan;
- ii. Authorise the Chief Executive Officer to make typographical corrections to the budget document; and
- iii. Authorise the Chief Executive Officer to give public notice of the adoption of the 2021.22 Annual Budget and forward a copy to the Minister in accordance with section 130 of the Local Government Act 1989.

Major Projects

There are three projects included in the draft Annual Budget for highlighting. They are:

- Mirboo North Library 24/7 access. Mirboo North Library is not open full time yet it is a growing community. To provide more access to more people and provide convenient access to members, a 24/7 service will be installed with the aim of increasing usage and members.
- Poowong Library 24/7 access. Poowong Library is only open a few hours each week. It is also a growing community. To provide more access to more people and provide convenient access to members, a 24/7 service will be installed with the aim of increasing usage and members.
- Legal entity transition. The Local Government Act 2020 that comes into effect from 1 July 2021 requires Library Corporations to change how they are legally governed. Board discussions have focused on the best option for WGL, which is to transition to a Not-for-Profit company. This is substantiated by the Victorian Auditor General's Council Libraries Performance Audit Report 2019 that highlighted overall "Library Corporations and Cooperative models are more efficient than



standalone Council Libraries". This is considered a governance and procedural project and will not impact on service delivery to the community. In fact, this project is essential to ensure that the organisation can continue to deliver excellent services to the community for the long-term future.

Planning and accountability framework

The Strategic Resource Plan (next four years) and Long-Term Financial Plan (next ten years) are part of and prepared in conjunction with the Library Plan, and are a rolling four to ten year plans that outline the financial and non-financial resources that West Gippsland Libraries requires to achieve the strategic objectives described in the Library Plan.

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

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Library Plan, including the Strategic Resource Plan, is required to be completed by 30 June each year. West Gippsland Libraries reviews its Strategic Resource Plan and Long-Term Financial Plan each year as part of the annual budget process.

Financial goals

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

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

Rate cap

For the 2021.22 financial year the Minister for Local Government has set the rate cap at 1.5% (2% in 2020.21).

Budget development

The Budget has been developed from first principles. Key assumptions that have influenced the development of the budget are detailed below.

- The increase in base wage rate for employees under the Enterprise Agreement is directly linked to the rate cap set by the Minister for Local Government. There is a floor amount of 1.6% which is more than the rate cap set for 2021.22 of 1.5%. Bargaining will be taking place for the Enterprise Agreement for the next three-year agreement between March and June 2021. Long term sustainability of the organisation is dependent on wage increments not exceeding the rate cap. An increase of 1.6% applied to the base wage rate will provide a shortfall of not just 0.1% to the base rate, but also a gap to wages oncosts, which is why the increments are 87% of the rate cap. Further in 2021.22, employees will receive an increase of 0.5% to their annual superannuation entitlement, putting further pressure on employee costs expenditure. The annual budget for 2021.22 is based on the existing 87% of the rate cap equalling 1.31% (1.74% in 2020.21). The Strategic Resources Plan (SRP) and Long-Term Financial Plan (LTFP) assumes that subsequent years will see a 2% increment in the rate cap and thus provides for a 1.74% increment in wages.
- The superannuation guarantee increases in 2021.22 from 9.5% to 10% and will continue to increase by 0.5% for the next four years. This has been included in the SRP and LTFP. This equates to an additional \$20,000 per year for the next four years.



- Materials and services costs continue to be reviewed each year based on changes to systems, new contract arrangements and past expenditure trends. Efficiency reductions have been incorporated as well as allowing for inflation of 5% based on historical trends. There has been specific consulting expenditure included for 2021.22 to complete the legal entity major project.
- The budget provides for an increase in the collection of \$40,000 to ensure West Gippsland Libraries continues to provide a collection that is under five years old as identified in the Local Government Performance Reporting Indicators. Investment in e-resources will be increased to support their exponential utilisation by patrons. Available cash to invest in the collection is dependent on ongoing recurring savings elsewhere in the annual operating budget. The LTFP does show a decline in the collection investment in future years due to additional pressure from recurring expenditure. This will continue to be a focus for the organisation.
- Renewal of furniture and equipment has been included in the financial statements to work towards modernising branch libraries.
- The organisation has seen a significant decline during 2020 and 2021 in its other income. This includes revenue from printing and copying, fundraising contributions and donations and other miscellaneous grants. WGL has taken a conservative approach to providing for revenue in these areas for 2021.22 due to the uncertain economic climate.
- An increase in Council contributions consistent with the rate cap of 1.5%.
- An increase in recurring operating grants from the State Government of 1.5%. The existing funding agreement expires on 30 June 2021 and the sector is advocating for ongoing increments in line with population growth and CPI. There is currently no certainty that increments to the recurring grants will continue beyond 30 June 2021.
- The LTFP is a vital tool to inform strategic decision making for the organisation. It highlights the future implications of decisions made in the present and the recurring impacts to the financial sustainability long term. Highlighting such implications is an important mechanism to avoid decisions that erode the long-term viability of the organisation.

Policy and legislative implications

The Budget 2021.22 is prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

Section 196 – Regional libraries

Section 127 – Council must prepare a budget

Section 129 – Public notice

Section 130 – Adoption of budget or revised budget

Section 223 – Right to make a submission

Conclusion

There is a continued focus on the long-term financial sustainability when preparing annual budgets to ensure that decisions made now do not adversely affect how the service is delivered in the future. There are financial constraints in the 2021.22 financial year and in particular the rate cap of 1.5% that are considered. Despite these constraints West Gippsland Libraries is committed to a quality service and meeting the needs of members and this budget delivers on that commitment.

It is recommended that the board adopt the Draft Annual Budget 2021.22.

Attachments

Attachment 8.2.1 – Draft Budget 2021.22



8.3 Adoption of Procurement Policy

Report Prepared by *Deputy CEO*

Executive Summary

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

The Procurement Policy is required to be reviewed each year and this year the opportunity has been taken to update the policy, however, on review there are no changes to last year's review. It is aligned with other Procurement Policies in regional councils and thresholds remain the same as last year.

Recommendation

That the Board adopt the reviewed Procurement Policy.

Background

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

The objectives of the Procurement Policy are to:

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

Thresholds

The following table outlines the Procurement Policy. The policy is made to ensure that procurement objectives are met whilst balancing efficiency practices. Officer delegation limits, purchases still require two authorizers. There have been no alterations to this year's policy

Spend Thresholds	Purchasing Method	Conditions
Transaction limits on Corporate Credit cards determine the need for purchase orders or quotes	Corporate Credit Cards	Individual transaction limit of the credit card
Up to \$1,000	No quote	No purchase order required
>\$1,000 up to \$5,000	Written quotation	Seek and receive at least one quote Purchase order required
>\$5,000 up to \$25,000	Request for Quotation (RFQ)	Seek and receive at least three quotes Purchase order required



Spend Thresholds	Purchasing Method	Conditions
>\$25,000 up to \$149,999	Request for Quotation (RFQ)	Seek an RFQ from at least three suppliers Contract and purchase order required
\$150,000 and over	Invitation to Tender (ITT)	ITT published in newspaper ITT published on WGL's website ITT open to response from any supplier Contract and purchase order required

Policy and legislative implications

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

Conclusion

An extensive review has been undertaken of the Procurement Policy this year. It is recommended that the Procurement Policy be adopted given there were no required updates.

Conflict of interest

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

Attachments

8.3.1 – Draft Procurement Policy 2021.22



8.4 CAC Recruitment 2021

Report Prepared by *Manager Volunteers & Community Participation*

Executive Summary

This report presents information about the recruitment process for new members of the CAC and details of the candidates. Board endorsement is sought for the recommended successful applicants, and for a revision of how many representatives preside on the CAC. Please note that CAC members are appointed for a period of 12 months.

Recommendation

That the Board:

- a) Note the high calibre of applications received for the Community Advisory Committee;
- b) Revise the number of positions on the Community Advisory Committee from three to five per Shire for a period of 12 months to reflect the enthusiasm and broader community engagement with library services across the region;
- c) Appoint the following successful candidates subject to successful completion of Police and Working With Children's Checks to the Community Advisory Committee for the period from 1 July 2021 to 30 June 2022;
 - i. John Tebbutt – South Gippsland Shire (Meeniyan)
 - ii. Lorraine Sainsbury – South Gippsland Shire (Mirboo North)
 - iii. Alison Goss – South Gippsland Shire (Nyora)
 - iv. Caroline Mahoney – Bass Coast Shire (Phillip Island)
 - v. Frances Palstra – Bass Coast Shire (Phillip Island)
 - vi. Jennifer Merriel – Baw Baw Shire (Warragul)
 - vii. Karen Grainger – Baw Baw Shire (Warragul)
 - viii. Dr Amanda McLeod – Baw Baw Shire (Trafalgar South)
- d) Reappoint the existing Community Advisory Committee Members for the period from 1 July 2021 to 30 June 2022
 - i. Christine McKinnlay – South Gippsland Shire (Foster)
 - ii. Christine Kemper – South Gippsland Shire (Foster)
 - iii. Di Goeman – Bass Coast Shire (Grantville)
 - iv. David Lyons – Baw Baw Shire (Trafalgar)
 - v. Holly Perriam – Baw Baw Shire (Trafalgar)

Background

Advertising & Recruitment

The CAC has had vacancies for some time, as follows:

- Baw Baw Shire – 1 vacancy
- South Gippsland – 1 vacancy
- Bass Coast – 2 vacancies



WGL has been keen to fill these vacancies. The positions were widely advertised in March-April 2021 and several candidates expressed interest. Advertising occurred through branch libraries and the Branch Manager team and featured more attractive collateral and more appealing language than has previously been the case. 'Friends of the Library Groups' were also informed about this opportunity. Other avenues were local newspapers, social media and on the website.

The application form was amended to generate specific commentary and reflection of the library plan and current strategic direction, and to reflect on a candidate's alignment with WGL values and the service offering that they value the most personally. This approach of encouraging deeper engagement with the role of the CAC and strategy has been very successful and is recommended for future recruitment.

There was a very encouraging response of 10 high calibre applicants for the committee, with 4 in South Gippsland, 3 in Bass Coast and 3 in the Baw Baw Shire. This is the highest level of interest we have experienced for a long time. One applicant later needed to withdraw their application due to a change in circumstances, and another applicant withdrew due to a potential conflict of interest. These people may be able to re-apply in a future round of recruitment.

Candidates come from a range of backgrounds and contribute to their communities in a variety of ways, including membership and experience on boards and with Not-For-Profits.

Further conversations were held with candidates, via Ms Teams video call in most cases, to get to know applicants a little more and to determine their suitability for membership. This was a very rewarding undertaking, and was completed by WGL HR Coordinator, Marney Hasan and Manager of Volunteers & Community Participation, Kathie Olden. While not a formal interview, the applicants were asked to reflect and expand on specific areas of interest from their EOI. All applicants were asked to comment on what they see as the future for libraries, and to suggest how we can make every community member feel welcome. Their responses were very thoughtful, with the following of note:

- The need to address social isolation during and post-covid-19.
- The need to focus on 'listening' to the community to inform strategic direction.
- Inclusion and accessibility
- How can the CAC make a *specific* contribution to strategic direction (more than simply providing 'commentary' on initiatives)?
- Conversations about the expectation that members will consult with their communities, rather than pursuing what may be a personal agenda.
- Inter-generational services
- The need for a variety of experiences and approaches in libraries to make a variety of people feel welcome – recognising that needs are diverse.
- Family literacy

Of note also is that the current Terms of Reference (TOR) were revised earlier in the year and endorsed by current CAC members. The revisions were discussed extensively at the May board meeting. There was a significant breadth of knowledge, experience, and suitability across all the candidates that will provide great benefits to West Gippsland Libraries and community engagement.

Proposal to expand membership.

The current TOR suggests that 'up to' 9 members can be on the committee, with 3 from each member council area. We propose that the committee capacity be expanded to up to 5 representatives from each member council, for the following reasons:

- The high calibre of applicants and their passion for libraries and learning
- We are working towards several new libraries across the region.
- Transition to new entity structure and the opportunities for deeper engagement and advocacy this may bring.
- The skills and life experiences that more people can bring to the CAC.
- The opportunities to create small sub-groups or working parties.



- Un-precedented opportunity to harness the enthusiasm of highly engaged individuals.

Financial implications

There are no financial obligations arising from this recommendation. The CAC is a volunteer committee.

Policy and legislative implications

The CAC refers to and operates within the current Terms of Reference, revised in April 2021.

Conclusion

It is very heartening to receive a renewed level of interest in this committee, and we look forward to working with and building relationships with existing and new members.

Conflict of interest

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

Attachments

Nil



8.5 Transition to a Not-For-Profit Entity

Report Prepared by *Chief Executive Officer*

Overview

This report provides the resolution that finalises the WGRLC Board's work and recommendations to Member Councils pertaining to the transition to a company limited by guarantee, Not-For-Profit (NFP) following changes to the Local Government Act 2020 (the Act) that come into effect from 1 July 2021.

The resolution is a continuation from the Board's resolution in May 2021 where it adopted the Company Constitution for Myli – My Community Library Ltd. The resolution in this report sets out the legal procedure for undertaking the transition for WGRLC to Myli – My Community Library Ltd. It is required to be consistently adopted by all Member Councils from July 2021 which is when the Act 2020 takes effect.

WGRLC engaged Russell Kennedy Lawyers (RKL) 18 months ago to assist with understanding the requirements of the transition process and advise on how to proceed. RKL were engaged based on their experience in establishing NFP's, on behalf of other Councils. RKL performed a similar formation/transition for the City of Greater Shepparton in 2016/17 when it established a NFP company to grow its Arts Museum. This decision provided benefits including capitalising on opportunities such as philanthropic donations, private sector funding and innovation. The decision created a strong sense of independence whilst limiting the financial risks facing the Council.

Recommendation

1. RECOMMENDATION TO MEMBER COUNCILS

That the WGRLC Board recommend to the Member Councils that the Member Councils consider and pass resolutions generally in the table below (Council Resolutions).

DRAFT COUNCIL RESOLUTIONS

RECOMMENDED BY WGRLC BOARD TO BE CONSIDERED BY EACH MEMBER COUNCIL TO BE PASSED ON OR AFTER 1 JULY 2021

Having considered the recommendations from the Board of West Gippsland Regional Library Corporation (**WGRLC**) and the requirement to restructure regional library corporations as a result of the Local Government Act 2020 (Vic) (**2020 Act**), it was resolved as follows.

1. MYLI – MY COMMUNITY LIBRARY LTD ESTABLISHMENT

That, pursuant to section 110(1) and section 111 of the 2020 Act and having assessed the total investment involved and total risk exposure and ensured the total risk exposure does not exceed the total investment and that risk management frameworks are in place, Council:

- a) participate in the formation of a beneficial enterprise to be known as; and
- b) become a founding member of,

Myli – My Community Library Ltd (Company), being:

- c) a public company limited by guarantee;
- d) a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission; and
- e) a public library recognised by the Australian Taxation Office,

on the terms of the Myli – My Community Library Ltd constitution circulated to Council and incorporating such other changes as may be agreed by the Company's founding members (**Constitution**) provided that Council continues to comply with section 111 of the 2020 Act in relation to Council's involvement in the Company as a beneficial enterprise.



2. MYLI – MY COMMUNITY LIBRARY LTD APPOINTMENTS

That, pursuant to section 110(2) and (3) of the 2020 Act and the Constitution, Council appoints the following persons to the roles set out in the table below:

Role	Appointee(s)	Director Name	Expiry of First Term
Representatives of Council as an ordinary member of the Company: see clause 3.3.1 of the Constitution	Bass Coast Shire Council Appointed Ordinary Member	Cr Leticia Liang	2023
	Bass Coast Shire Council Appointed Ordinary Member	Jodi Kennedy	2025
	Baw Baw Shire Council Appointed Ordinary Member	Cr Annemarie McCabe	2023
	Baw Baw Shire Council Appointed Ordinary Member	Martin Hopley	2025
	South Gippsland Shire Council Appointed Ordinary Member	Rick Brown	2023
	South Gippsland Shire Council Appointed Ordinary Member	Allison Jones	2025
Ordinary Member Appointed Directors appointed by Council: see clause 6.1.1 and 6.3 of the Constitution	Independent Director 1	Vacant	N/A
	Independent Director 2	Vacant	N/A
	Independent Director 3	Vacant	N/A

3. LIBRARY AGREEMENT NOVATION

That Council enter into a deed of novation and variation (**Novation Deed**) in relation to the West Gippsland Regional Library Corporation Agreement dated 22 October 2014 (**Library Agreement**) which Novation Deed has the effect, in general terms, that on and from 1 July 2022:

- a) the Library Agreement continues as an agreement between Bass Coast Shire Council, Baw Baw Shire Council, South Gippsland Shire Council and the Company on its current funding and commercial terms (**Novated Library Agreement**); and
- b) in the Novated Library Agreement, provisions are taken to be deleted where equivalent matters are now contained in the Company's Constitution or to the extent the Company is not regulated by the Local Government Act 1989 (Vic) (**1989 Act**). Without limitation, the following provisions are taken to be deleted:
 - i) creation and governance of the WGRLC board;
 - ii) power of the WGRLC board to appoint a CEO;
 - iii) Ministerial approval of agreement amendmentsand



- iv) dissolution of WGRLC as a regional library corporation.

AND Council's CEO be delegated responsibility to negotiate and execute the Novation Deed.

4. GIFT OF WGRLC ASSETS

That, pursuant to section 10 of the 2020 Act, Council enter into a gift and transfer deed between Bass Coast Shire Council, Baw Baw Shire Council, South Gippsland Shire Council, WGRLC and the Company (**Gift and Transfer Deed**) which provides in general terms, that with effect at 11:59pm on 30 June 2022:

- a) Council is one of the ultimate owners of WGRLC, and is therefore one of the ultimate owners of WGRLC's business, assets and liabilities;
- b) in order to restructure WGRLC and replace it with the Company, Council wishes to gift Council's interests in WGRLC, and therefore Council's interests in WGRLC's business, assets and liabilities, to the Company (except that any transfer of land will be subject to WGRLC following the procedure in section 189 of the 1989 Act (as applicable under section 330 of the 2020 Act);
- c) so as to give effect to Council's gift, Council directs and authorises WGRLC to transfer in specie all its business, asset and liabilities to the Company pursuant to sections 196(4)(d) and (e) of the 1989 Act and any other power enabling WGRLC to do so.

AND Council's CEO be delegated responsibility to negotiate and execute the Gift and Transfer Deed.

5. DISSOLUTION/WINDING UP OF WGRLC

That, subject to giving full effect to the Novation Deed and the Gift and Transfer Deed,

- a) Council agrees that its intention is that the original Library Agreement is taken to be terminated with effect at 11:59pm on 30 June 2022;
- b) Council agrees to the dissolution of WGRLC pursuant to clause 13 of the Library Agreement with the mutual agreement of all other Councils who are party to the Library Agreement, with the Gift and Transfer Deed constituting the distribution of assets and liabilities in full and final satisfaction of clause 13.2 of the Library Agreement; and
- c) Council agrees to the winding up of WGRLC pursuant to section 197G of the 1989 Act.

AND Council's CEO be delegated responsibility to give effect to the resolution to dissolve and wind-up WGRLC.

2. DEVELOPMENT OF NOVATION DEED AND GIFT AND TRANSFER DEED

That the CEO of WGRLC instruct Russell Kennedy Lawyers to prepare drafts of the following documents referred to in the Council Resolutions:

- a) Novation Deed; and
- b) Gift and Transfer Deed.

3. TRANSFER OF LAND

That the CEO of WGRLC:

- a) commence the procedure set out in section 189 of the 1989 Act for the proposed transfer of WGRLC's land to the Company; and
- b) may instruct Russell Kennedy Lawyers to assist with such a transfer.



West Gippsland Libraries – Leaders and innovators

WGRLC is a leader and innovator within the Library sector. It has been providing quality, specialist library services to the Shires of Baw Baw, Bass Coast and South Gippsland for over 25 years, offering extensive benefits to ratepayers and the broader community. WGRLC has a high reputation that punches above its weight, demonstrated by:

- WGRLC rating in the top third of all library services in Victoria according to the VAGO Audit Report for both core library services and programs and events (see Appendix 2).
- WGRLC rating in the top third for the number of active members (member used the service in the last 12 months) as a percentage of the population (PLV annual survey 2018.19).
- WGRLC rating in the top third for attendance at library programs (PLV annual survey 2018.19).
- Top third for lowest operating cost per opening hour (PLV annual survey 2018.19).
- WGRLC was the first library in Australia to offer a 24/7 library (just like a 24/7 gym) where members gained increased access and convenience at no additional cost to Council. This attracted media attention and enquires from all over Australia. The service has been incredibly successful, so the Board has since voted to support implementation of the 24/7 service in all libraries as the opportunity arises.
- The 24/7 library has been highlighted as a case study in Infrastructure Victoria's *Draft 30-Year Infrastructure Strategy* as an innovative means to increase access to "fast, free internet services, leveraging existing library infrastructure".
- First *Children in the Workplace Policy* (sought after by local businesses).
- Mental health framework supporting staff and the community.
- First library in Victoria to offer an online chat-bot to engage with users.
- Adaptive online programming reaching over 123,000 people (more than the regions total population) and having over 32,000 views between March and September 2020. Users of WGRLC's online programming are growing in metro Melbourne.
- 81% growth in social media followers in the last two years.

To support WGRLC's progressive service, it has established modern corporate service automations utilising best of breed products for Small and Medium Enterprises (SME's); an adaptive Enterprise Agreement that is based on a percentage of the rate cap (ensuring long term financial sustainability), has a sound financial management framework and is in a strong financial position.

Why now?

The changes to the Act have become a catalyst for WGRLC to capitalise on opportunities for the future, ensuring it remains innovative, competitive, and progressive. Whilst the Act provides 10 years for Corporations to transition, there are immediate implications and limitations to WGRLC if the decision is delayed. Further there are benefits to member Councils, ratepayers, the community and WGRLC by making the decision sooner rather than later.

- From 1 July 2021, WGRLC is frozen in time by the Act. It cannot grow or offer services outside its existing region nor to other Councils. This impact prevents WGRLC from capitalising on opportunities if, and when, they arise.
- It cannot expand its revenue base in other areas such as philanthropic funding, donations, and sponsorships from the private sector, to share in or reduce the cost of programs delivered to the community. A local government entity is not an attractive proposition when competing against other NFP's for funding. This was a significant factor highlighted in the City of Greater Shepparton's Council report when it decided to establish its NFP.
- Growing the revenue base provides greater resources and the ability to broaden the products and services offered to users and the community at no additional cost to Council.
- The NFP, through growth, advances the interests of Member Councils and ratepayers to reduce



the cost base per capita.

- Delaying the decision will not improve the quality of the decision and the cost of the project will continue to increase the longer it is delayed.
- Board turnover is inevitable when its composition consists of high calibre people. In fact, WGRLC has experienced more than 100% turnover of its Board in less than two years. WGRLC is now in a phase of Board stability which is essential for the transition phase. Board Member continuity also assists with keeping the cost of the project down.
- Stability and continuity will be provided to WGRLC users, members, and staff.
- Support for innovation will continue. Innovation is intrinsically linked to stability and growth, enabling adaptability and a future focus.
- It positions WGRLC well to continue to grow its brand, profile and reputation as an employer of choice. Growth of the service also creates more jobs and economic benefit to the community.
- Every \$1.00 invested in Victorian public libraries generates \$4.30 of benefits to the local community (SGS Economics and Planning).

Due diligence

Significant due diligence has been undertaken over the past three years. Local Government Victoria commissioned a report in June 2018 that explored the various options available. A number of these options were not applicable to WGRLC (refer to Appendix 1).

Legal

As outlined, Russell Kennedy have been engaged to assist with the due diligence prior to a decision being made, based on their work creating the City of Greater Shepparton's NFP. They will also undertake the necessary work to establish and transition to a NFP once the Board and Councils have passed a resolution to support the NFP. Over the past year Russell Kennedy have provided:

- Summary of the scope and key legal requirements.
- Board Discussion Paper.
- Entity structure draft.
- Attended Board Briefing Sessions, presented and answered questions from the Board.
- Developed a conversion checklist.
- Drafted and finalised the Constitution.

Refer to the Constitution attached to this report.

Risk

WGRLC engaged Business Olympian Group to develop a risk management framework, fulfilling obligations required under the Act. The risk consultants were engaged to develop and have completed:

- Organisational Risk Strategy.
- Board Risk Appetite Statement.
- Undertake a workshop with the WGRLC Board to identify risks.
- Risk Register that has been categorised into:
 - Business case risks;
 - Entity incorporation (and transition) risks;
 - Operational risks;

The risk register incorporates:

- Key controls to mitigate the identified risks;
- Key actions that provide assurance that the controls are being addressed; and



- The status of each identified risks.

The Board adopted the [Risk Management Strategy at its Ordinary Meeting on 7 May 2021](#)

Naming

WGRLC engaged Icon Agency to undertake a brand strategy development process that considers the world around WGRLC and its community to inform and inspire a new name for the NFP. Icon Agency has a proven four-stage process to inform the strategy development and proposed name options for consideration. The WGRLC Board and Leadership Team provided input into the process and were presented with four options for consideration. There was unanimous consensus amongst the Board on the preferred name option being put forward as Myli – My Community Library for final adoption which has been included in the new Constitution.

The new name has been presented to all WGRLC staff with overwhelming support. Staff were consulted and voted on the brand positioning statement that complements the name “There’s more to explore”. Feedback from staff about the name and process included comments like “*the name really does feel like a friend*”, “*I really like it*”, and “*It really grows on you over time*”. WGRLC presented the new name to the WGRLC Community Advisory Committee who also supported it.

A new name for the NFP and the process undertaken by WGRLC was necessary for a number of reasons:

- Some in the community over many years have indicated that a name change was necessary due to the geographical name not connecting with some parts of the region.
- A new name was required for the Not-for-Profit transition so that library services and partnerships can be provided beyond the existing region.
- WGRLC recognised it is not an expert in developing names and wanted to ensure that any new name was considered through the lens of experts in their field and supported by their research.
- The Agency engaged was briefed to respect the history of libraries and build on the future of how the service is changing and evolving.
- There is no change to the library logo symbol.
- The Agency provided 4 options for consideration and the options presented were researched to ensure that they were available for use and not already taken by other organisations.
- The selected name had unanimous support from the WGRLC Board and Executive.
- It is understood that the name won’t resonate with everyone however the new name is flexible. For example, people can choose to use a component of the name that suits them:
 - My Community Library; or
 - Myli; or
 - Myli – My Community Library.
- Buildings will all remain named as Libraries.
- It was not considered appropriate to source community input into the name due to the complexities associated with the legal naming, business registrations, website registrations and availability. The Agency and Lawyers were engaged to ensure that these requirements were met.

You can read more about the [name and positioning](#) and the [manifesto](#) on WGRLC’s website.

Accounting

WGRLC engaged Pitcher Partners to undertake the assessment in investment as required by section 111(1)(a) on behalf of all three Member Councils. Pitcher Partners were engaged based on their independence from the audit and accounting functions for WGRLC and all Member Councils to ensure there were no conflicts of interest.

Pitcher Partners have also developed a memorandum outlining accounting options for the accounting redistribution of WGRLC to the new NFP and have met with the Chief Financial Officers from all Member Councils.



Refer to the Accounting Assessment Overview Report and Pitcher Partners section 111 Assessment attached to this report that addresses the LGA requirements.

Processes and timeline

There are many requirements that have been undertaken to progress the NFP process and now be ready for Council adoption and formation. A summary is provided below:

WGRLC CEO met with Council CEO's to provide an overview	N/A	December 2020 – February 2021	Completed
Entity conversion checklist developed	Russell Kennedy	January 2021	Completed
Risk assessment and framework	Business Olympian	January - February 2021	Completed
WGRLC Board risk workshop	Business Olympian	February 2021	Completed
Draft constitution developed	Russell Kennedy	February – March 2021	Completed
Brand Strategy developed	Icon Agency	March 2021	Completed
WGRLC Board Briefing Risk Strategy & Appetite	Business Olympian	March 2021	Completed
WGRLC Board training - strategy and governance	Business Olympian	March 2021	Completed
WGRLC Board briefing entity name options	Icon Agency	March 2021	Completed
WGRLC Board briefing Engagement and Communication Plan	N/A	March 2021	Completed
WGRLC Board briefing draft Constitution	Russell Kennedy	March 2021	Completed
Constitution amended following WGRLC Board feedback	Russell Kennedy	April 2021	Completed
Brief Member Councils	N/A	April 2021	Completed
Accounting implications briefing report	Pitcher Partners	April 2021	Completed
Council CFO's and Directors met with WGRLC CEO and External Accountant	Pitcher partners	April 2021	Completed
WGRLC Board adopted Not-For-Profit Constitution and the new name	N/A	May 2021	Completed
Member Councils final briefing	N/A	June 2021	Completed
Member Councils adopt NFP Constitution, thus creating a new NFP for WGRLC to transition to.	N/A	July 2021	Scheduled
Commence transition process	Russell Kennedy	Post Member Councils adoption	Scheduled



Financial implications

There are financial implications to this project of which legal and consulting costs have already been incurred to support the due diligence process. The costs have been projected to span 3 to 4 financial years with most costs incurred in year 2 (2020.21) and year 3 (2021.22). The budget is allocated at \$100,000 across the 4 years and it is expected that costs in the 2020.21 financial year will approximate \$50,000. The CEO of WGRLC has met with Local Government Victoria to seek financial support for the imposed transition and WGRLC will be submitting an Expression of Interest (EOI) for a grant shortly. The aim of the EOI is recognition of the technical requirements that have needed to be undertaken and the critical specialist advice that will also support the other nine Library Corporations with their process.

There is no cost to Member Councils for this project. All costs are incurred by WGRLC.

Communication and engagement

WGRLC Board

The WGRLC Board with the support of the CEO have led the project and have been involved in the process every step of the way over the past three years. Whilst there has been significant Board turnover, each new Board Member has been inducted and updated on the status of the project.

Council CEO's and Mayors

The WGRLC CEO met with each member Council CEO separately in December 2020 and January 2021. Each Council CEO has at some point served as a Board Member of either WGRLC or another Library Corporation and therefore understands the governance of the entity. Each Council CEO was provided with a verbal overview of the changes to the LGA that is prompting the transition, the due diligence that has been undertaken and why the transition needs to occur now.

The WGRLC CEO provides updates to the Council Mayors and CEOs after each Board Meeting, briefing or workshop via email. The Legal Entity project was introduced via an email update to the Mayors and CEOs in February 2021 and monthly updates have continued since that time.

WGRLC Staff

The WGRLC Leadership Team have been included in various elements of the project over the past nine months.

WGRLC staff were informed of the project and the various elements outlined in this report at a number of in person and video-based presentations at the end of April 2021. Feedback from staff has been very positive including that of the new name.

Members, Patrons and Community

WGRLC engaged with the Community to develop its next 4 year Strategic Plan. An online survey was promoted and had 2,371 responses. Collection methods were via social media, patron point, and WGRLC's website. 96.74% of respondents were members of WGRLC.

One of the questions asked of respondents was do they agree with the "Strategic pillar: Belong – We are inclusive and work with you". One of the areas of focus within the pillar was "Transform – The long-term success and sustainability of our organisation is dependent on core functions such as how we are governed, how we are funded and how we build relationships. Ongoing review of the functions is required to ensure we are meeting the needs of the community". 98.74% of respondents (from 1,823 responses) agreed with this strategic pillar.

The Draft Strategic Plan which was on public exhibition during April and May 2021 specifically outlined transitioning to a NFP as an action. No submissions disagreed with the strategic objective to transition to a NFP. Submissions received on the Strategic Plan included the following comments:

"I am very happy to see that many of the initiatives which I consider important have been included"

"So pleased to see our libraries are keeping up with modern trends"

Community Advisory Committee (CAC)

The WGRLC CEO presented an overview of the project and the new name to the CAC at a video session at the end of April 2021. Feedback from the CAC was positive. Further, the CAC were involved in the development of the community engagement survey and provided their input on the



Policy and legislative implications

Policy and legislative requirements have been outlined in this report. In summary, the Local Government Act 2020 removes Library Corporations (sec 196 LGA 1989) from the Act and gives a 10 year sunset provision prior to a forced windup/liquidation by the Local Government Minister. This provision came into effect from 1 July 2021. Councils will be required to establish the Not-For-Profit entity under the beneficial enterprises section 110 of the LGA 2020.

The Victorian Auditor General's Office (VAGO) has also identified the LGA changes as part of their scope for the 2020.21 annual financial audit.

Conclusion

WGRLC has been working through the requirements of the changes to the LGA for the past three years. Significant due diligence has been undertaken over the past 12 to 18 months and WGRLC has worked closely with all stakeholders including lawyers, Russell Kennedy, Council Directors, Council Chief Financial Officers and WGRLC Board Councillor Members to ensure that all due diligence requirements have been met.

This report and its resolution is consistent and being considered by all three Member Councils in July 2021. Due to the legal requirements involved in the process, it's essential that Councils adopt the resolution without amendments to ensure consistent application for WGRLC and all three Member Councils.

It is recommended that the Board adopt the resolution that recommends to Member Councils the transition of WGRLC to a Not-for-Profit entity.

Conflict of interest

The author of this report declares that they have no conflict of interest to disclose in providing this report.

Attachments

Attachment 8.5.1 – Company Constitution – Myli Libraries Ltd

Attachment 8.5.2 – Accounting Assessment Overview Report

Attachment 8.5.3 – Section 111 Assessment



9. Presentations

Nil

10. General Business

Nil

11. For information

11.1 Volunteering & Community Participation at West Gippsland Libraries – For Information Report. *Report Prepared by Manager Volunteers & Community Participation*

Executive Summary

This information report provides an update on the status of Volunteering & Community Participation at West Gippsland Libraries. While primarily concerned with volunteering, it also refers briefly to other areas that fit within the 'Community Participation' part of this portfolio.

Background

The management area of 'Volunteers & Community Participation' was confirmed in June 2020. The elements of this area relevant to this report are:

- Recruitment, induction, recognition, and ongoing support of Volunteers
- Development and implementation of a full volunteer framework that promotes and embeds volunteers within WGL.
- Work with the CAC in accordance with the current Terms of Reference
- Develop and manage work experience and industry placement opportunities.
- Liaison with other relevant community groups
- Support of WGL 'Friends Groups'.

As stated in our attached Volunteer policy (p.4) 'Successful volunteering programs in public libraries are dependent on the implementation of best practice volunteer management principles, appropriate leadership and support, and an organisational commitment and culture which embraces the principle of volunteer involvement'.

Volunteering & Home Library Service Framework

While sporadic volunteering has occurred in the past at WGL, the service has not previously had the benefit of a full and professional Volunteering structure. A full framework of policies and procedures has now been developed and we are confident that it includes up-to-date information and guidance for fully welcoming and engaging volunteers. We now have transparent procedures for recruitment, retention, recognition, and management of volunteers. We are working towards a culture where all staff embrace full ownership of the concept and recognise the mutual cultural benefits of enabling volunteer opportunities.

Extensive research and training was undertaken with accredited providers, namely:

- Volunteering Victoria
- Not-For-Profit-Law / Justice Connect
- OurCommunity.com.au
- Australian Library & Information Association



The framework is lodged on our project management platform and includes:

- Volunteer Policy, Charter & Standards:
 - Volunteering Australia and the National Standards
 - WGL Volunteer Charter
 - ALIA statement on volunteering
- Volunteer recruitment and roles:
 - WGL Volunteering brochure
 - Application form/s
 - Interview questions and referee checks
 - Volunteer role description template/s
 - Volunteer needs mapping
- Registration, screening & compliance checks
 - WWC and Volunteer National police checks
 - Agreement form for volunteers
- Youth Volunteers
 - Engaging youth volunteers
 - Resources for supporting young workers.
- Volunteer Welcome and induction / re-induction
 - Rights & Responsibilities of volunteers
 - Relevant WGL codes of conduct which cover both staff and volunteers.
 - Induction & OHS checklists
 - Child safety induction & policy
 - Volunteers & child safety
 - Privacy policy
 - Expenses and reimbursements
 - Covid-19 specific information
- Performance, training, development & support
 - Performance management procedure for volunteers
 - Training, recognising & celebrating our volunteers.
 - Training needs for Child safety
 - Manual handling
 - National Volunteer Guide from Not-for-profit Law / Justice connect
 - Conflict resolution & Grievance
- Volunteers and Covid-19
 - Factsheet/s and covid-safe information and links [in support of established protocols already operating in our libraries]
- OHS, Risk and Insurance
 - Volunteer Health & Safety [Volunteers are also covered in our general WGL OHS policy & procedures)
 - Harassment & Bullying (Volunteers are also covered in the WGL Code of conduct



- Risk and insurance
- A Full Volunteer Register (containing all the confidential and emergency contact information relevant to volunteers)
- Home Library Service
 - HLS brochure
 - ALIA HLS guidelines
 - HLS policy
 - HLS Application form
 - HLS recipient register
 - Staff procedure/s
 - Volunteer procedure/s

Launching our Program in National Volunteer Week 2021 - and Building relationships and networks

The decision was taken to adopt a 'soft launch' approach to start with. This meant the distribution of relevant printed collateral to branches (see attachments) and featuring our program/s potential on social media and within traditional media outlets. Volunteer EOI materials are also now easily accessible via our web page. Libraries installed displays of relevant materials also.

The Manager Volunteers & Community Participation has found it very rewarding to meet other Gippsland Volunteer Managers via the support of the tenured Volunteering Victoria Gippsland Community Engagement Project manager. The funding for this important Vol Vic role finishes on June 30th. WGL have been fortunate indeed to access a lot of quality training and support through Volunteering Victoria and the Gippsland Volunteer Managers Network (pictured below are some members of the Gippsland Volunteer Managers network and the Volunteering Victoria team at a meeting hosted at WGL support Centre)



CAC – Community Advisory Committee

Terms of Reference and recruitment documentation was recently fully revised. Please note that the status of the Community Advisory Committee recruitment is the subject of a different report on the June



Agenda.

Work Experience and Industry / community placement

Work experience and placement resources are consolidated into the one framework which contains:

- Work experience, community & industry placement policy
- Tips, guidelines / flowcharts for staff team members
- Factsheets about Unpaid Work and Vocational & Student placements
- Young Workers tips from WorkSafe
- Links to relevant child safety material/s
- Templates for developing tasks and timetables.
- A separate private register of students and placements

Liaison with Toora Community Hall Committee – Library sub-group

WGL has recently commenced an MOU with the Toora Hall Committee. The Library sub-group of the committee recently worked very hard to re-launch an existing community library / reading room at the front of the hall premises. This meant a small contingent of committee members devoted a lot of time to assessing and discarding some collection items, and to re-painting and improving the atmosphere and amenity of the room. The committee are to be congratulated for their efforts. The room now looks very inviting and WGL team members Kathie Olden and Bregje van Waterschoot recently enjoyed visiting the committee members with a gift of some comfortable orange chairs to add to the atmosphere of their space. It is heartening to see this group achieve their goal, as they were thwarted on several occasions by various lockdowns. WGL also provides a weekly courier service to the site, so that WGL members can collect reserved items. The site was previously a mechanics institute, established in the late 1800's. They have some very interesting older collection items, including earlier works by many established authors; alongside a more recent collection of 'swap' or 'exchange' materials. Pictured L to R are Marilyn, Catherine, and Bev from the Toora Hall Committee Library sub-group. On the right is WGL team member Bregje (Bee).



Support of 'Friends' Groups

Building relationships with and supporting 'Friends' groups is the next area of focus for this management area. To date, the main interaction with 'Friends' groups has been limited to attending the AGM of both the Friends of Inverloch and Mirboo North Libraries and assisting with some general administrative assistance or answering queries. Our Branch manager team work very closely with their individual 'friends' groups, and we acknowledge this important support. Work is currently being completed to provide a greater 'presence' for 'friends' groups on the WGL web page.

Relevant Statistics – 28th May 2021

Volunteer & Community Participation statistics	
Volunteer re-inductions (returning branch support volunteers from pre-Covid)	3
Volunteer enquiries	26
Work experience and community style placement enquiries received	14
Work experience & placements confirmed and completed	6

Next Steps:

The next project areas are the provision of more consistent support to 'Friends' groups (as mentioned above), completing recruitment processes for new volunteers, and embedding processes to ensure a smooth implementation of a Home Library Service within a Covid-19 environment. Ongoing work will be collaborating with other providers in our community. Encouraging a culture (within our team) of fully welcoming volunteers is also important as we transition to a new entity. While the more 'traditional' aspects of library volunteering (such as branch and program support, and the provision of Home Library Services) are being embedded at present, we look forward to welcoming skilled volunteers eventually, and to thinking creatively about future opportunities for volunteers. We also look forward to providing more creative extension or 'library at home' services.

You can view the volunteer information on the website <https://www.wgrlc.vic.gov.au/about/volunteers/>

Financial implications

There are no financial obligations arising from this information report.

Policy and legislative implications

WGL Volunteer Policy – September 2020

WGL Volunteer Charter – April 2021

Volunteering Australia National Standards – 2015

WGL Code of Conduct

WGL Child Safety Policy 2018

WGL Privacy Policy 2020

WGL WHS Policy & Procedures

WGL Work Experience, Community & Industry Placement Policy 2021

WGL Home Library Service Policy (Draft)

Occupational Health and Safety Act 2004

Child Wellbeing and Safety Act 2005



Conclusion

The extensive preparatory work which has occurred in this area will serve us well and enable us to succeed in developing a workplace culture which fully embraces and engages with volunteers while at the same time furthering our organisational vision for connected, inclusive and resilient communities that are supported to grow and thrive.

Conflict of interest

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

Attachments

Nil

12. Next Meeting

Ordinary Board meeting Friday 3rd September 2021 at 11.30 am. Location to be determined.



Ordinary Board Meeting

Minutes
Friday 7th May 2021



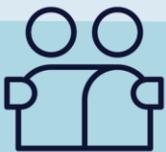


OUR VISION

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.

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In attendance:

Cr. Annemarie McCabe (Baw Baw Shire Council)
Cr Leticia Laing (Bass Coast Shire Council)
Rick Brown (South Gippsland Shire Council)
Martin Hopley (Baw Baw Shire Council)
Jodi Kennedy (Bass Coast Shire Council)
David Welch (South Gippsland Shire Council (on behalf of Allison Jones)

WGL Officers in attendance

Leanne Williams (Chief Executive Officer)
Linda Fowler (Deputy Chief Executive Officer and Manager People and Culture)
Bec Noone (Manager Marketing and Strategy)

Meeting Opened 11.50am

1. Statement of Acknowledgement

We acknowledge that we are hosting this meeting from the lands of the Bunurong people. We acknowledge the Traditional Custodians of the various lands on which you all work and live today and welcome Aboriginal and Torres Strait islander people who may be participating. We pay our respects to Elders past, present and emerging.

2. Our Child Safety Commitment

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

3. Apologies

Allison Jones (South Gippsland Shire Council)

Moved: Martin Hopley

Seconded: Cr Annemarie McCabe

Carried Unanimously

4. Declarations of interest/conflict of interest

Nil

5. Minutes of previous meeting

Recommendation

That the Board adopt the minutes from the Ordinary meeting held on 5th March 2021.

Resolution

That the Board adopt the minutes from the Ordinary meeting held on 5th March 2021.

Moved: Cr Annemarie McCabe

Seconded: Jodi Kennedy

Carried unanimously



Attachments

Attachment 5.1.1 – Minutes of the Ordinary Board meeting 5th March 2021

6. Standing items

6.1. Business arising from the previous meeting.

6.2. Update from the Community Advisory Committee

Attachments

Attachment 6.2.1 – Minutes from CAC Meeting 5th March 2021

Attachment 6.2.2 – Responses to CAC questions from 5th March 2021 meeting

7. Questions on notice

8. Reports



8.1 Hearing of Submissions

Draft Library Plan 2021 – 2025 and Draft Budget 2021.22

Executive Summary

The purpose of this report is for the Board to:

- Receive submissions pursuant to section 223 of the *Local Government Act (Vic) 1989*; and
- Have the opportunity to hear submitters speak to their submission relating to the Draft Library Plan 2021-25 and the Draft Budget 2021.22.

Recommendation

That the Board pursuant to section 223 of *Local Government Act (Vic) 1989*:

- i. Receives the submissions; and
- ii. Considers the submissions as part of adopting the Library Plan 2021-25 and Annual Budget 2021.22.

Resolution

That the Board pursuant to section 223 of *Local Government Act (Vic) 1989*:

- i. Receives the submissions; and
- ii. Considers the submissions as part of adopting the Library Plan 2021-25 and Annual Budget 2021.22.

Moved: Cr Annemarie McCabe

Seconded: Jodi Kennedy

Carried unanimously

Attachments

Attachment 8.1.1 – Submission 1

Attachment 8.1.2 – Submission 2 & 3



8.2 Create the Local Laws

Report Prepared by Chief Executive Officer

Executive summary

The purpose of this report is to complete the process for adopting West Gippsland Libraries (WGL) two new local laws:

- *Proposed Meetings Procedure Local Law No.1 - 2020; and*
- *Proposed Operation and Use of Library Services Local Law No.2 - 2020.*

WGL makes local laws following the same legislative requirements as its Member Councils to provide good governance for its meeting procedures, community participation and appropriate management of library operations. Before WGL can adopt its local laws, an extensive legislative process must be followed, and each Member Council must approve the local laws.

The detailed review was undertaken by the WGL Board from March 2020 to December 2020 and included a public consultation process in accordance with section 223 of the *Local Government Act 1989*.

The public consultation process has been completed with no submissions being received. All three Member Councils have approved the local laws via Council Resolution at their Ordinary Meeting as follows:

- Resolved by Baw Baw Shire Council on 24 February 2021
- Resolved by Bass Coast Shire Council on 17 March 2021
- Resolved by South Gippsland Shire Council on 17 March 2021

Now that the Councils have approved the local laws, the WGL Board can adopt the two local laws.

Once the Board has resolved to create the local laws, notice must be given in the Government Gazette and in a public notice in local media channels. The local laws are enacted from the publication date in the Government Gazette. A copy of the local laws must also be sent to the Minister.

Recommendation

That the Board resolves to:

- Make *Meetings Procedure Local Law No.1 - 2020 and Operation and Use of Library Services Local Law No.2 – 2020* in accordance with section 111(1) of the *Local Government Act 1989*.
- Give public notice that the Local Laws No 1 and No 2 have been made including in the Government Gazette;
- Send a copy of Local Laws No 1 and No 2 to the Minister for Local Government;
- Approve the affixing of the Common Seal to Local Laws No 1 and No 2 in the presence of the Board Chairperson, Rick Brown and the Chief Executive Officer, Leanne Williams.

Resolution

That the Board resolves to:

- Make *Meetings Procedure Local Law No.1 - 2020 and Operation and Use of Library Services Local Law No.2 – 2020* in accordance with section 111(1) of the *Local Government Act 1989*.
- Give public notice that the Local Laws No 1 and No 2 have been made including in the Government Gazette;
- Send a copy of Local Laws No 1 and No 2 to the Minister for Local Government;
- Approve the affixing of the Common Seal to Local Laws No 1 and No 2 in the presence of the Board Chairperson, Rick Brown and the Chief Executive Officer, Leanne Williams.



Moved: Martin Hopley

Seconded: Cr Leticia Laing

Carried unanimously

Background and review

WGL commenced a detailed review of its local laws in March 2020 as required by the Act and pursuant to section 122.

The review has been undertaken by the WGL CEO and Board and amendments have been made as follows:

- Separation from one local law to two local laws for clarity, ease of reading and interpretation.
- Provided a cessation date of the Local Law in alignment with The Act.
- Reviewed definitions to provide greater clarity to readers of the Local Law. Definitions were removed to ensure there was not a contradiction between the definitions section and the clauses in the local laws. The definitions section was also reviewed in line with Bass Coast Shire Councils Meeting Procedures Local Law.
- Improved formatting to make reading the Local Law easier, including combining, rearranging, and renumbering sections.
- Inserting minor additions to the WGL CEO's authorisation within Local Law No 2. This includes the CEO's ability to make minor amendments to the opening hours (such as Christmas Eve and COVID-19) and the inclusion of the ability to issue electronic membership cards.
- The inclusion of Board Members to participate in meetings by electronic means. Library Corporations have a clause in the Act that allows electronic participation despite Councils not being able to do so outside of COVID19 as outlined in section 197E. There are a number of Library Corporations that already have this inclusion in their local laws.
- Clarification on what constitutes a vote under Local Law No. 1.
- The inclusion of a Public Participation section in Local Law No 1 that highlights the importance of community participation and gives the Board the power to open meetings to the public when it is not required to do so [section 196(7)(b)]. There are several Library Corporations that do not open their meetings to the public under this provision.
- Greater clarity to the offences imposed by the Local Law and the procedures associated with the offences outlined in Local Law No.2. This is consistent with the Library Operations Local Law at Campaspe Shire Council that provides greater clarity than was previously outlined.
- Bass Coast Shire Councils Local Law has been used for guidance and consistency and to make reading the Local Laws as easy as possible for members of the public.

Legislative Procedure

Section 119 of the *Local Government Act 1989 (The Act)* - *Procedure for making a local law* outlines the requirements WGL must adhere to. During the review process WGL has fulfilled each requirement as outlined below:

- **Completed** – Before the Board makes a local law it must comply with the following procedure: WGL must give a notice in the Government Gazette and a public notice stating—
 - the purpose and general purport of the proposed local law; and
 - that a copy of the proposed local law and any explanatory document can be obtained from the WGL office; and
 - that any person affected by the proposed local law may make a submission relating to the proposed local law under section 223



- **Completed** – The Board must ensure that:
 - a copy of the proposed local law; and
 - an explanatory document setting out prescribed details in relation to the local law is available for inspection at, and obtainable from, the WGL office during ordinary business hours.
- **Completed** – Section 197F requires that a regional library can only make a local law if the proposed local law has been ratified by all the member Councils of the library.
- **Current step** – The Board adopts the Local Laws at its May 2021 Board Meeting.
- **Next step** – After a local law has been made the Board must give a notice in the Government Gazette and a public notice specifying—
 - the title of the local law; and
 - the purpose and general purport of the local law; and
 - that a copy of the local law may be inspected at the WGL office.
- **Final step** – After a local law has been made WGL must send a copy to the Minister.

Public Consultation

WGL gave notice of its intention to make the local laws at its Ordinary Board Meeting on Friday 11th September 2020. The review undertaken by the Board was documented in the publicly available Ordinary Meeting agendas between March and September 2020.

WGL published the following notices:

- Notice of its intention to make the local laws in the Government Gazette on the 17th September 2020.
- Notice and request for submissions from the public under section 223 of The Act published and advertised on WGL's Website, Facebook Page and in local newspapers.
- The Proposed Local Law was made available on WGL's website and at the Regional Library Corporation office at 65 Victoria Street.
- Submissions remained open from the time the notice was published in the Government Gazette and closed on Friday 6th November 2020 at 5pm ensuring not less than 28 days.
- The Board noted at its Ordinary Board Meeting on Friday 4th December 2020 that no submissions were received.

Stakeholders

Key stakeholders to the proposed local laws are:

- Users of the library and the community. Public consultation was undertaken with the community as outlined above.
- Member Councils. Engagement, review and feedback was provided by Member Councils via the Council Director who presides on the Board and their Governance Departments.
- WGL Board and staff. The Board were involved in each step of the local laws review and their endorsement was provided by approval for public consultation. Staff were also provided with Board agendas and updated on the process.

Financial implications

There were no financial implications. The review was conducted in house.



Policy and legislative implications

This report and the Local Laws attached to this report are prepared in accordance with the following sections of the *Local Government Act 1989*:

Section 196 - Regional libraries

Section 119 - Procedure for making a local law

Section 122 - Sunset provision

Section 197F - Restriction on power to make local laws

Section 223 - Right to make a submission

Section 197E - Attendance at meetings of the governing body of a regional library

Guidelines for Local Laws Manual issued by Department of Planning and Community Development.

The sections pertaining to making a local law pursuant to the Local Government Act 2020 do not come into effect until 1 July 2021 and thus do not apply for the purposes of this report.

Conclusion

The Local Law is essential for West Gippsland Libraries to conduct its operations and to provide effective governance. It is recommended that the Board make:

- *Meetings Procedure Local Law No.1 - 2020; and*
- *Operation and Use of Library Services Local Law No.2 - 2020.*

Attachments

Attachment 8.2.1 – Approved Meetings Procedure Local Law No.1 - 2020

Attachment 8.2.2 - Operation and Use of Library Services Local Law No.2 - 2020

Attachment 8.2.3 – Baw Baw Shire Council - Approval to make local laws 24.2.21

Attachment 8.2.4 – Bass Coast Shire Council - Approval to make local laws 17.3.21

Attachment 8.2.5 – South Gippsland Shire Council – Approval to make local laws 17.3.21



8.3 Amendments to Community Advisory Committee Terms of Reference

Report Prepared by Kathie Olden – Manager Volunteers & Community Participation

Executive summary

This report provides a summary of recent structural and content amendments to the CAC Terms of Reference (TOR). These amendments have been supported by current CAC members.

Recommendation

That the Board adopt the revised Community Advisory Committee Terms of Reference.

Resolution

That the Board adopt the revised Community Advisory Committee Terms of Reference.

Moved: Cr Leticia Laing

Seconded: Cr Annemarie McCabe

Carried unanimously

Background

The TOR were last reviewed in 2019. With the need to recruit new members in 2021, it was timely to re-visit the TOR and suggest some structural modifications for clarity and to include some new content regarding mediation and dispute resolution. Current members of the CAC have consulted and agreed to the changes.

The main changes are as follows:

1. Changes to the structure of the TOR, resulting in the following re-arrangement of headings:

- CAC Purpose
- Objectives
- Role and Responsibility of the CAC
- Role and Responsibility of the WGL Board
- Shared Values
- Independence
- Membership, Term, Structure and Decision Making
- Communication and Liaison
- Amendments or modification of these TOR
- Mediation and Dispute Resolution

2. Purpose

- Inclusion of the phrases:
 - Provide advice to the board, CEO and Manager Volunteers & Community Participation on matters related to the strategic direction and priorities of West Gippsland Libraries
 - Maximise and foster consultation, collaboration, promotion, and advocacy opportunities with WGL within their communities.

3. Objectives

- Inclusion of the phrases:
 - Maintain an awareness on new and emerging community issues likely to impact West



Gippsland Libraries

- Ensure broad ranging views are canvassed in the community and that positive relationships are built to improve the responsiveness of the service.
- Initiate proposals for consideration by the Board, in alignment with current strategic direction and current Library plan

4. Role and Responsibility of the CAC

- Inclusion of the phrase:
 - [CAC should] Contribute a brief report to the Board for inclusion in the Corporation's Annual Report. This may be prepared by the Corporation on behalf of the CAC.

5. Shared Values

- Inclusion of the following phrases:
 - [The CAC, Board and member councils are committed to:] Ensuring a regional view and perspective is maintained.
 - Exploring innovative practices

6. Independence

- Amendment of the existing text to become:
 - All parties acknowledge the right of individuals as citizens to approach the Board of the three member councils on issues, and to maintain independent public positions in the context of agreed processes. Agreed processes include adhering to the WGL Code of Conduct and CAC Confidentiality Agreement.

7. Membership, Term, Structure & Decision Making

- Addition of the following phrases
 - WGL encourages the participation of creative and skilled people from a range of diverse backgrounds and life experiences.
 - Members need to have the capacity to reflect on and present community issues, rather than focusing on personal concerns or individual issues only.
 - Term of membership will be for 12 months. (Term for 2021 amended to 12 months in light of Local Government Act changes)

8. Communication & Liaison

- Inclusion of the following phrase:
 - Members can expect: To be given reasonable time to make key decisions.
 - To be alerted to potential risks and issues that could impact projects and decision making.
 - Open and honest discussions

9. Mediation and Dispute Resolution

- Inclusion of a new section, as follows:

Differences of opinion may arise from time-to-time, concerning strategic directions and priorities. These instances are not necessarily a dispute, they can simply be different viewpoints. Effective functioning can be adversely affected by a major personality conflict or major ideological differences, and this can lead in turn to serious integrity concerns. WGL and the CAC are committed to the values of the organisation and support behaviours which promote respectful engagement and enable consensus to be reached. If mediation is needed for ongoing concerns, it may take the form of:

 - A meeting where parties identify and discuss the issues of concern.
 - The attendance of a neutral or third-party, agreed to by all attendees.
 - Consideration of alternative options and pathways



- Consideration of any behaviours or communication which have led to a breakdown in the relationship.
- Recording of any agreements or commitments to re-build a relationship which is reached.
- The Dispute Settlement Centre of Victoria is a free service for the Victorian Government and can be accessed to help resolve serious disputes. This service may need to be considered if all other avenues for resolution have not improved a situation.

Financial implications

There are no financial implications in modifying the current TOR.

Policy and legislative implications

There are no specific policy and legislative implications arising from these alterations.

Conclusion

It is recommended that the Board adopt the revised TOR. The addition of some of the content and language above brings the TOR more into alignment with WGL organisational values and provides guidance for how to proceed if mediation or dispute settlement is required.

Conflict of interest

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

Attachments

Attachment 8.3.1 – CAC TOR (proposed) 2021

Attachment 8.3.2 – CAC TOR 2019



8.4 Quarter 3 Finance and Performance Report – 31 March 2021

Report Prepared by Chief Executive Officer

Executive Summary

This report presents to the Board the Quarterly Finance and Performance Report for the quarter ending 31 March 2021. This report highlights how West Gippsland Libraries has delivered on its actions in the Library Plan and performed against budget for the quarter.

Quarter three included a short lock down of 5 days in February 2021 and COVID-19 continues to affect visitation to the libraries.

A highlight from quarter three was the opening of the new San Remo Library to the public on Tuesday 23rd March and official celebrations of the openings for both the Waterline and San Remo Libraries on Tuesday 30th March which was widely attended by both Board Members and Bass Coast Councillors.

Recommendation

That the Board adopt the Quarter 3 Finance and Performance Report, for the quarter ending 31 March 2021.

Resolution

That the Board adopt the Quarter 3 Finance and Performance Report, for the quarter ending 31 March 2021.

Moved: David Welch

Seconded: Martin Hopley

Carried unanimously

Background

West Gippsland Libraries continues to deliver on its four-year strategic plan. It consists of eight key strategies with actions for each strategy. The Library Plan provides greater detail regarding these actions.

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

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

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

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

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

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

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

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

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

Financial implications

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

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

- Operate in a financially sustainable manner.



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

Policy and legislative implications

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

Section 196 – Regional libraries

Section 136 – Principles of sound financial management

Section 138 – Quarterly statements

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

Conclusion

Celebrating the opening of the new San Remo Library was the final milestone in the retirement of the South Coast Mobile Library. The Waterline and San Remo Libraries provide modern and accessible services and an enhancement on the prior service.

Conflict of interest

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

Attachments

Attachment 8.4.1 – Quarter 3 Finance and Performance Report 2020.21



8.5 Transition to a Not-For-Profit Entity

Report Prepared by Chief Executive Officer

Overview

This report outlines the requirements for West Gippsland Libraries (WGL) to transition to a company limited by guarantee, Not-For-Profit (NFP) following changes to the Local Government Act 2020 (the Act) that come into effect from 1 July 2021. The WGL Board has been in discussions about this required change for three years, commencing from a presentation by the then Director Sector Investment of Local Government Victoria.

Board discussions have focused on the best option for WGL, which is to transition to a NFP (see Appendix 1). This is substantiated by the Victorian Auditor General's Council Libraries Performance Audit Report 2019 (VAGO Audit Report) that highlighted overall "*Library Corporations and Cooperative models are more efficient than standalone Council Libraries*".

WGL engaged Russell Kennedy Lawyers (RKL) a year ago to assist with understanding the requirements of the transition process and advise on how to proceed. RKL were engaged based on their experience in establishing NFP's, on behalf of other Councils. RKL performed a similar formation/transition for the City of Greater Shepparton in 2016/17 when it established a NFP company to grow its Arts Museum. This decision provided benefits including capitalising on opportunities such as philanthropic donations, private sector funding and innovation. The decision created a strong sense of independence whilst limiting the financial risks facing the Council.

Recommendation

It is recommended:

That:

- a) The Board note the significant due diligence work undertaken over the past 12 to 18 months, responding to the changes in the Local Government Act 2020 impacting on West Gippsland Libraries inability to continue as a Library Corporation pursuant to section 196 of the Local Government Act 1983.
- b) The Board adopt the attached Risk Management Strategy, noting the Risk Register, Assurance Map and status of required actions.

And:

That:

- c) pursuant to sections 196(7)(g) and 193 of the Local Government Act 1989 (Vic) (1989 Act);
- d) having considered the requirement to restructure regional library corporations as a result of the Local Government Act 2020 (Vic) (2020 Act), and
- e) after having considered and assessed the total investment involved and total risk exposure to West Gippsland Libraries,

West Gippsland Libraires participate in the formation and operation of Myli Libraries Ltd (Company), being:

- f) a public company limited by guarantee;
- g) a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission; and
- h) a public library recognised by the Australian Taxation Office,

on the terms of the Myli Libraries Ltd constitution circulated to the West Gippsland Libraries Board on 3 May 2021 and incorporating such other changes as may be agreed by the Company's founding members (Constitution);

AND the CEO of West Gippsland Libraries may instruct Russell Kennedy Lawyers to assist to register the Company.



Amendment to the Resolution

That the words 'Myli – My Community Library Ltd' be substituted for the words 'Myli Libraries Ltd' wherever they occur.

Moved: Cr Annemarie McCabe

Seconded: Jodi Kennedy

Carried unanimously

Resolution

It is recommended:

That:

- a) The Board note the significant due diligence work undertaken over the past 12 to 18 months, responding to the changes in the Local Government Act 2020 impacting on West Gippsland Libraries inability to continue as a Library Corporation pursuant to section 196 of the Local Government Act 1983.
- b) The Board adopt the attached Risk Management Strategy, noting the Risk Register, Assurance Map and status of required actions.

And:

That:

- c) pursuant to sections 196(7)(g) and 193 of the Local Government Act 1989 (Vic) (1989 Act);
- d) having considered the requirement to restructure regional library corporations as a result of the Local Government Act 2020 (Vic) (2020 Act), and
- e) after having considered and assessed the total investment involved and total risk exposure to West Gippsland Libraries,

West Gippsland Libraires participate in the formation and operation of Myli – My Community Library Ltd (Company), being:

- f) a public company limited by guarantee;
- g) a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission; and
- h) a public library recognised by the Australian Taxation Office,

on the terms of the Myli – My Community Library Ltd constitution circulated to the West Gippsland Libraries Board on 3 May 2021 and incorporating such other changes as may be agreed by the Company's founding members (Constitution);

AND the CEO of West Gippsland Libraries may instruct Russell Kennedy Lawyers to assist to register the Company.

Moved: Martin Hopley

Seconded: Cr Leticia Laing

Carried unanimously



West Gippsland Libraries – Leaders and innovators

WGL is a leader and innovator within the Library sector. It has been providing quality, specialist library services to the Shires of Baw Baw, Bass Coast and South Gippsland for over 25 years, offering extensive benefits to ratepayers and the broader community. WGL has a high reputation that punches above its weight, demonstrated by:

- WGL rating in the top third of all library services in Victoria according to the VAGO Audit Report for both core library services and programs and events (see Appendix 2).
- WGL rating in the top third for the number of active members (member used the service in the last 12 months) as a percentage of the population (PLV annual survey 2018.19).
- WGL rating in the top third for attendance at library programs (PLV annual survey 2018.19).
- Top third for lowest operating cost per opening hour (PLV annual survey 2018.19).
- WGL was the first library in Australia to offer a 24/7 library (just like a 24/7 gym) where members gained increased access and convenience at no additional cost to Council. This attracted media attention and enquires from all over Australia. The service has been incredibly successful, so the Board has since voted to support implementation of the 24/7 service in all libraries as the opportunity arises.
- The 24/7 library has been highlighted as a case study in Infrastructure Victoria's *Draft 30-Year Infrastructure Strategy* as an innovative means to increase access to "fast, free internet services, leveraging existing library infrastructure".
- First *Children in the Workplace Policy* (sought after by local businesses).
- Mental health framework supporting staff and the community.
- First library in Victoria to offer an online chat-bot to engage with users.
- Adaptive online programming reaching over 123,000 people (more than the regions total population) and having over 32,000 views between March and September 2020. Users of WGL's online programming are growing in metro Melbourne.
- 81% growth in social media followers in the last two years.

To support WGL's progressive service, it has established modern corporate service automations utilising best of breed products for Small and Medium Enterprises (SME's); an adaptive Enterprise Agreement that is based on a percentage of the rate cap (ensuring long term financial sustainability), has a sound financial management framework and is in a strong financial position.

Why now?

The changes to the Act have become a catalyst for WGL to capitalise on opportunities for the future, ensuring it remains innovative, competitive, and progressive. Whilst the Act provides 10 years for Corporations to transition, there are immediate implications and limitations to WGL if the decision is delayed. Further there are benefits to member Councils, ratepayers, the community and WGL by making the decision sooner rather than later.

- From 1 July 2021, WGL is frozen in time by the Act. It cannot grow or offer services outside its existing region nor to other Councils. This impact prevents WGL from capitalising on opportunities if, and when, they arise.
- It cannot expand its revenue base in other areas such as philanthropic funding, donations, and sponsorships from the private sector, to share in or reduce the cost of programs delivered to the community. A local government entity is not an attractive proposition when competing against other NFP's for funding. This was a significant factor highlighted in the City of Greater Shepparton's Council report when it decided to establish its NFP.
- Growing the revenue base provides greater resources and the ability to broaden the products and services offered to users and the community at no additional cost to Council.
- The NFP, through growth, advances the interests of Member Councils and ratepayers to



reduce the cost base per capita.

- Delaying the decision will not improve the quality of the decision and the cost of the project will continue to increase the longer it is delayed.
- Board turnover is inevitable when its composition consists of high calibre people. In fact, WGL has experienced more than 100% turnover of its Board in less than two years. WGL is now in a phase of Board stability which is essential for the transition phase. Board Member continuity also assists with keeping the cost of the project down.
- Stability and continuity will be provided to WGL users, members, and staff.
- Support for innovation will continue. Innovation is intrinsically linked to stability and growth, enabling adaptability and a future focus.
- It positions WGL well to continue to grow its brand, profile and reputation as an employer of choice. Growth of the service also creates more jobs and economic benefit to the community.
- Every \$1.00 invested in Victorian public libraries generates \$4.30 of benefits to the local community (SGS Economics and Planning).

Due diligence

Significant due diligence has been undertaken over the past three years. Local Government Victoria commissioned a report in June 2018 that explored the various options available. A number of these options were not applicable to WGL (refer to Appendix 1).

Legal

As outlined, Russell Kennedy have been engaged to assist with the due diligence prior to a decision being made, based on their work creating the City of Greater Shepparton's NFP. They will also undertake the necessary work to establish and transition to a NFP once the Board and Councils have passed a resolution to support the NFP. Over the past year Russell Kennedy have provided:

- Summary of the scope and key legal requirements.
- Board Discussion Paper.
- Entity structure draft.
- Attended Board Briefing Sessions, presented and answered questions from the Board.
- Developed a conversion checklist.
- Drafted the Constitution.

Refer to attachment 8.5.1 for the Constitution.

Risk

WGL engaged Business Olympian Group to develop a risk management framework, fulfilling obligations required under the Act. The risk consultants were engaged to develop and have completed:

- Organisational Risk Strategy.
- Board Risk Appetite Statement.
- Undertake a workshop with the WGL Board to identify risks.
- Risk Register that has been categorised into:
 - Business case risks;
 - Entity incorporation (and transition) risks;
 - Operational risks;



The risk register incorporates:

- Key controls to mitigate the identified risks;
- Key actions that provide assurance that the controls are being addressed; and
- The status of each identified risks.

Refer to attachment 8.5.2 for the Risk Management Strategy.

Naming

WGL engaged Icon Agency to undertake a brand strategy development process that considers the world around WGL and its community to inform and inspire a new name for the NFP. Icon Agency has a proven four-stage process to inform the strategy development and proposed name options for consideration. The WGL Board provided input to the process and were presented with four options for consideration. There was unanimous consensus amongst the Board on the preferred name option being put forward as Myli for final adoption which has been included in the new Constitution.

Refer to attachment 8.5.3 for the Naming Development and Brand Positioning Presentation and 8.5.4 for the Myli Brand Manifesto.

Accounting

WGL engaged Pitcher Partners to undertake the assessment in investment as required by section 111(1)(a) on behalf of the Member Councils. Pitcher Partners were engaged based on their independence from the audit and accounting functions for WGL and all Member Councils to ensure there were no conflicts of interest.

Pitcher Partners have also developed a memorandum outlining accounting options for the accounting redistribution of WGL to the new NFP and have met with the Chief Financial Officers from all Member Councils.

Processes and timeline

There are a number of requirements that have been undertaken to progress the NFP process. A summary is provided below:

Stage/Action	External Support	Date	Status
WGL CEO met with Council CEO's to provide an overview	N/A	December 2020 – February 2021	Completed
Entity conversion checklist developed	Russell Kennedy	January 2021	Completed
Risk assessment and framework	Business Olympian	January - February 2021	Completed
WGL Board risk workshop	Business Olympian	February 2021	Completed
Draft constitution developed	Russell Kennedy	February – March 2021	Completed
Brand Strategy developed	Icon Agency	March 2021	Completed
Board Briefing Risk Strategy & Appetite	Business Olympian	March 2021	Completed
Board training - strategy and governance	Business Olympian	March 2021	Completed
Board briefing entity name options	Icon Agency	March 2021	Completed
Board briefing Engagement and Communication Plan	N/A	March 2021	Completed



Stage/Action	External Support	Date	Status
Board briefing draft Constitution	Russell Kennedy	March 2021	Completed
Constitution amended following Board feedback	Russell Kennedy	April 2021	Completed
Brief Member Councils	N/A	April 2021	Completed
Accounting implications briefing report	Pitcher Partners	April 2021	Completed
Council CFO's and Directors to meet with WGL CEO and External Accountant	Pitcher partners	April 2021	Completed
Board adopt Not-For-Profit Constitution and new name	N/A	May 2021	Scheduled
Member Councils final briefing	N/A	June/July 2021	Scheduled
Member Councils adopt NFP Constitution, thus creating a new NFP for WGL to transition to.	N/A	July 2021	Scheduled
Commence transition process	Russell Kennedy	Post Member Councils adoption	Scheduled

Financial implications

There are financial implications to this project of which legal and consulting costs have already been incurred to support the due diligence process. The costs have been projected to span 3 to 4 financial years with most costs incurred in year 2 (2020.21) and year 3 (2021.22). The budget is allocated at \$100,000 across the 4 years and it's expected that costs in the 2020.21 financial year will approximate \$50,000. The CEO of WGL has met with Local Government Victoria to seek financial support for the imposed transition and WGL will be submitting an Expression of Interest (EOI) for a grant in June 2021. The aim of the EOI is recognition of the technical requirements that have needed to be undertaken and the critical specialist advice that will also support the other nine Library Corporations with their process.

Communication and engagement

WGL Board

The WGL Board with the support of the CEO are leading this project and have been involved in the process every step of the way over the past three years. Whilst there has been significant Board turnover, each new Board Member has been inducted and updated on the status of the project.

Council CEO's and Mayors

The WGL CEO met with each member Council CEO separately in December 2020 and January 2021. Each Council CEO has at some point served as a Board Member of either WGL or another Library Corporation and therefore understands the governance of the entity. Each Council CEO was provided with a verbal overview of the changes to the LGA that is prompting the transition, the due diligence that has been undertaken and why the transition needs to occur now.

The WGL CEO provides updates to the Council Mayors and CEOs after each board Meeting, briefing or workshop via email. The Legal Entity project was introduced via an email update to the Mayors and CEOs in February 2021 and monthly updates have continued since that time.

WGL Staff

The WGL Leadership Team have been included in various elements of the project over the past six months.

WGL were informed of the project and the various elements of the project as outlined in this report at



a number of in person and video-based presentations at the end of April 2021. Initial feedback from staff has been very positive including that of the new name.

Members, Patrons and Community

WGL engaged with the Community to develop its next 4 year Strategic Plan. An online survey was promoted and had 2,371 responses. Collection methods were via social media, patron point, and WGL's website. 96.74% of respondents were members of WGL.

One of the questions asked of respondents was do they agree with the "Strategic pillar: Belong – We are inclusive and work with you". One of the areas of focus within the pillar was "Transform – The long-term success and sustainability of our organisation is dependent on core functions such as how we are governed, how we are funded and how we build relationships. Ongoing review of the functions is required to ensure we are meeting the needs of the community". 98.74% of respondents (from 1,823 responses) agreed with this strategic pillar.

The Draft Strategic Plan which was on public exhibition during April and May 2021 specifically outlined transitioning to a NFP as an action. No submissions disagreed with the strategic objective to transition to a NFP.

Community Advisory Committee

The CEO presented an overview of the project and the new name to the CAC at a video session at the end of April 2021. Feedback from the CAC was positive. Further, the CAC were involved in the development of the community engagement survey and provided their input on the Strategic Plan at the Ordinary Board meeting held on 5th March 2021.

Policy and legislative implications

Policy and legislative requirements have been outlined in this report. In summary, the Local Government Act 2020 removes Library Corporations (sec 196 LGA 1989) from the Act and gives a 10 year sunset provision prior to a forced windup/liquidation by the Local Government Minister. This provision comes into effect from 1 July 2021. Councils will be required to establish the Not-For-Profit entity under the beneficial enterprises section 110 of the LGA 2020.

The VAGO Audit Strategy 2021 also identifies the LGA changes – see report 8.6.

Conclusion

WGL has been working through the requirements of the changes to the LGA for the past three years. Significant due diligence has been undertaken over the past 12 to 18 months and WGL has worked closely with lawyers, Russell Kennedy, to ensure that all due diligence requirements have been met.

It is recommended that the Board adopt the resolution that recommends to Member Councils that transition WGL to a Not-for-Profit entity.

Conflict of interest

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

Attachments

Attachment 8.5.1 – Company Constitution – Myli Libraries Ltd

Attachment 8.5.2 – Risk Management Strategy

Attachment 8.5.3 – Naming Development and Brand Positioning Presentation

Attachment 8.5.4 – Myli Brand Manifesto



8.5 - Appendix 1 – Summary of Consideration for Entity Options

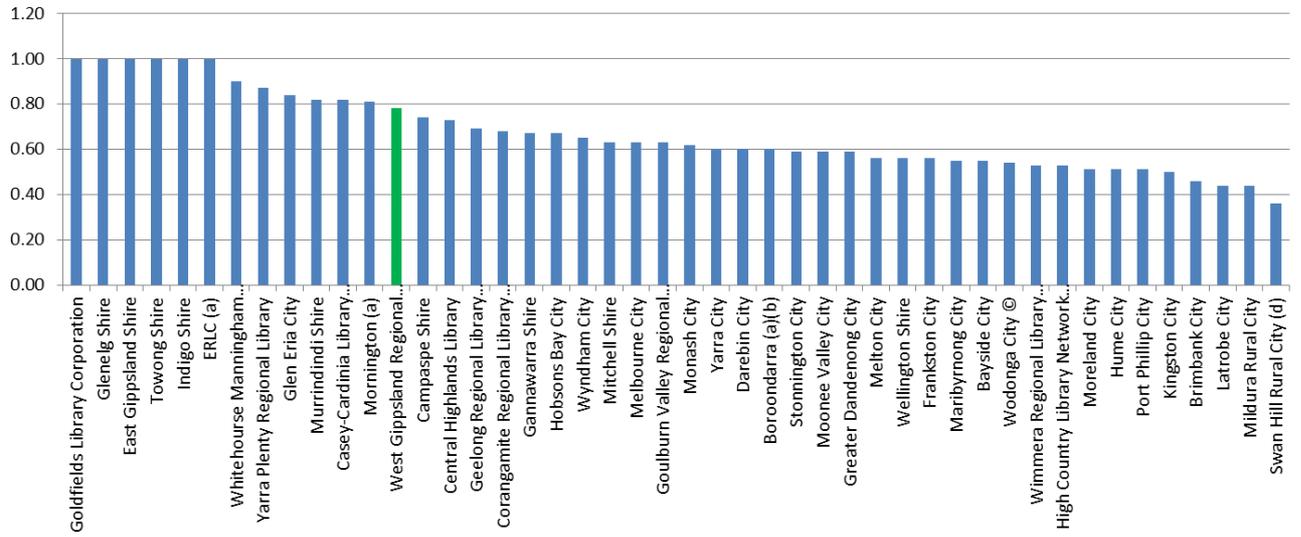
Entity Type	Considered an option for WGL?
<p>Unincorporated shared service</p> <p><i>(This requires one Council to be the lead and bring the library services in house. That Council would then deliver library services to other Councils. It also means disbandment of the Library Corporation, staff redundancies and loss of specialised service expertise).</i></p>	<p>Not considered an option. Winding up under the Corporations Act is required to move to this option. This has taken 12 to 18 months for other Library Corporations to complete and transition who opted for this approach. It is considered a dilution of the service and expertise and compromises the goodwill and reputation of the library service and member Councils. This option has been taken in some cases due to a relationship breakdown between the Corporation and Member Councils or for cost saving purposes. This is not considered an option as it requires one Council to take over and bring in house library services for all three Councils. This is a significant increase in the responsibility, workload and services to be delivered by that Council and there is yet to be evidence that substantiates any true cost savings whilst maintaining current service standards.</p>
<p>Councils provide their own library services in house</p> <p><i>(This would mean disbandment of the Library Corporation, staff redundancies and loss of specialised service expertise)</i></p>	<p>Not considered an option. Winding up under the Corporations Act is required to move to this option. This has taken 12 to 18 months for other Library Corporations to complete and transition who opted for this approach. It is considered a dilution of the service and expertise and compromises the goodwill and reputation of library services and member Councils. This option has been taken in some cases due to a relationship breakdown between the Corporation and Member Councils or for cost saving purposes. The VAGO Council Libraries Performance Audit Report 2019 questions the validity of this assumption by stating that overall “<i>Library Corporations and Cooperative models are more efficient than standalone Council Libraries</i>”.</p>
<p>Incorporated Association</p>	<p>Not an option. WGL does not have the required minimum number of 5 member Councils to create the Association.</p>
<p>Cooperative</p>	<p>Not an option. WGL does not have the required minimum number of 5 member Councils to create the Cooperative.</p>
<p>Proprietary (Private) Company</p>	<p>Not considered an option. The members own shares and can distribute profits (dividends) to the members. This is not considered a suitable option as it could be seen as profit driven and is inconsistent with the current governance and community focus of WGL.</p>
<p>Limited by Guarantee Company</p>	<p>Preferred and recommended option. Most closely aligned with existing governance, regulatory and NFP framework. As a NFP it puts the service and community first whilst maintaining strong controls to ensure sustainability and efficiency.</p>



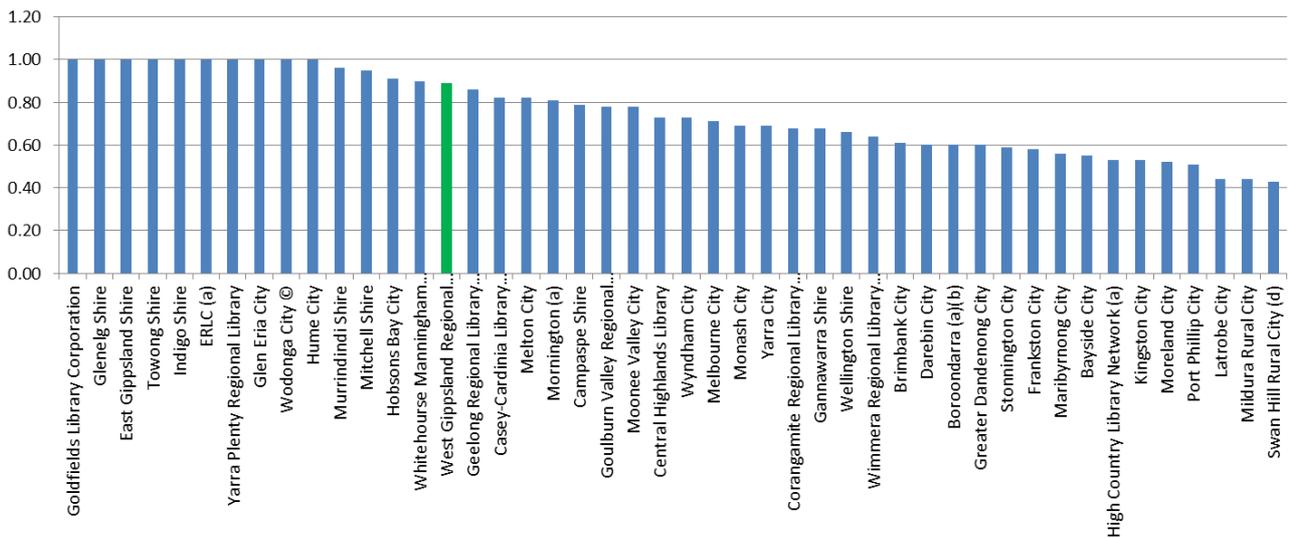
8.5 - Appendix 2 – Victorian Auditor General’s Office Council Libraries Performance Audit Report

1.00 is most efficient and 0.00 is least efficient

Core Library Service



Programs and Events



Jodi Kennedy left the Meeting at 1.08pm

8.6 Audit Strategy

Report Prepared by Chief Executive Officer

Executive summary

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

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

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

Recommendation

That the Board adopt the 2020.21 VAGO Audit Strategy.

Resolution

That the Board adopt the 2020.21 VAGO Audit Strategy.

Moved: Cr Annemarie McCabe

Seconded: Martin Hopley

Carried unanimously

Financial implications

The financial audit fee for the prior year was \$10,100 + GST. It is expected that the fee will remain consistent with the prior year.

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

Policy and legislative implications

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

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

Conclusion

It is recommended that the Board adopt the Audit Strategy for the year ending 30 June 2021.

Conflict of interest



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

Attachments

Attachment 8.6.1 – VAGO Audit Strategy Memorandum

Attachment 8.6.2 – VAGO Interim Management Letter



9. Presentations

Nil

10. General Business

Nil

11. For information

Australia's Best Libraries Awarded. Inspiration and ideas can be drawn from these libraries.
<https://www.resourcefurniture.com.au/projects/libraries/marrickville-library-and-pavilion>

12. Next Meeting

Ordinary Board meeting Friday 25th June 2021 on zoom at 11.30 am.

Meeting closed at 1.11pm



Leanne Williams

From: Leanne Williams
Sent: Wednesday, 12 May 2021 11:07 AM
To: David Lyons
Cc: WGL CAC Members; Kathie Olden
Subject: RE: CAC report to the Board Meeting 7th May 2021

Hi David,

Thanks for your email and summary of your meeting and discussions. It is very informative and very much appreciated.

Further to the Committee's questions which were answered at the meeting, I wanted to provide a response to your email consistent with Board discussions.

We agree that the final identity requires careful communication, and we will be working on this in coming months once the final decision has been made by the Council's in July. At that time, media releases, videos and information will be released and celebrated and we would certainly like to have you involved in this process. I will continue to liaise with Kathie on this to keep you updated.

To your point about what may seem like a quick occurrence for the NFP, the research and due diligence has actually been ongoing for 12 months to 3 years from when we first became aware of the legislative changes. Work then had to be put on hold due to Council elections last year. From a service and staffing perspective there is no impact as a result of becoming a NFP. It is procedural in nature yet presents new opportunities as we have discussed.

The Board agrees that we don't want to see a watering down of services. This is demonstrated by the Board including a couple of key points in the Constitution. First, the Purpose of the NFT in clause 1 is very clear about the specialised Library services that the NFP will provide. Secondly, clause 3.2.1 states that eligibility for a Council to join needs to be a **substantial supporter** of the company and they were to address the concerns the CAC have raised.

Whilst the constitution provides for a new Council to join and sets out the procedure for doing so, we expect that this will develop over a long period of time. The criteria for a new member council joining will be negotiated at such time that the opportunity arose in the future and would comply with the constitution. We are not currently negotiating with any councils.

There is reference to providing library services to other types of organisations. This is where I draw attention to the fee for service. We do not intend to charge fees to the public for our existing library services, rather we are open to providing library services to other organisations by way of a funding agreement without them joining as a member of the company. For example, this could include a smaller Council that only wants to access our e-resources and online services, or a school that doesn't have a library and would like us to deliver one on their behalf.

In regards to the CAC, we value the contribution that continues to evolve each year and it would be great to have a closer connection between the CAC and the local friends groups across the region. I understand that this will also develop with Kathie's support and may be somewhat addressed with the latest recruitment. I think the zoom meetings also help with the time/travel commitment that supports greater involvement in the CAC across the region.

For your information the CAC TOR were adopted by the board without any amendments and the board thanks you for attending via zoom.

Finally, your question about the Waterline library was answered by Cr Laing on the day and she has also responded to the community directly in email in recent weeks. The commitment has always been that the service currently needs to demonstrate growth before further plans can develop. Growth and use of the Waterline Library is demonstrated by significant increases in members (active members was sitting at 53 as of 31 March 2021 for Grantville, 6 for Corinella and 8 for Coronet Bay) and the formation of a Friends of the Library Group that could assist with promotion, membership drives and fundraising. All these things show a commitment to the Library and its long term development.

Thanks heaps and enjoy the rest of your week.

Kind Regards

Leanne Williams

Chief Executive Officer

 [03 5622 2849](tel:0356222849) | [0407 804 636](tel:0407804636)

 wgrlc.vic.gov.au

 <https://www.linkedin.com/in/leanne-williams-06720765/>

 2/65 Victoria Street, Warragul VIC 3820

From: David Lyons <David.Lyons@education.vic.gov.au>

Sent: Friday, 7 May 2021 10:30 AM

To: Leanne Williams <leannew@wgrlc.vic.gov.au>

Cc: WGL CAC Members <WGLCCACMembers@wgrlc.vic.gov.au>; Kathie Olden <KathieO@wgrlc.vic.gov.au>

Subject: CAC report to the Board Meeting 7th May 2021

Hi all,

This is what I will read as 6.2. Update from the Community Advisory Committee;

The CAC adjusted its meeting this on this occasion to allow us more time before the Board to discuss the items 8.2, 8.5 and 8.3.

With a Transition to a Not-For-Profit Entity including a rebranding, the CAC were given a briefing on Friday 30th April 2021 and have used the time between then and last night's CAC meeting to consider this from a community perspective. On the rebrand, our conclusion can be summed up as the work to create the name makes sense and the final identity will just need careful communication to our communities. On the Not-For-Profit Entity, we are surprised by how quickly this work has occurred and find it hard to digest the impact on our communities at this stage.

We don't want to see a watering down of the wonderful service we can already access and just not too sure what the councils have committed to when the libraries move to being a Not-For-Profit Entity. We can see the opportunities for new libraries to join but wonder how they will meet the high standards of the current WGL standards, especially if small libraries join. We were still a bit unclear on what occurs if those other libraries are also council based services and the business model around new libraries, council and services joining.

There was a little bit of reference to "fee for service" and the CAC would like to understand better what this could mean for library members, and of course, where the CAC sits in the new structure.

On other topics in today's meeting, we note 8.3 Amendments to Community Advisory Committee Terms of Reference has come to the table and look forward to it passing.

While the CAC was not able to prepare a formal submission to 8.1 Hearing of Submissions Draft Library Plan 2021 – 2025 and Draft Budget 2021.22,

We do want to ask, the CEO of Bass Coast and the CEO of WGRCL indicated when the South Coast mobile library ceased that there was potential for a larger library/community hub for the Waterline area - this was referred to as a future vision - 5 year plan. Does this need to be considered in the draft strategic plan?

Thanks
Wombat Lyons
CAC chair



DAVID "WOMBA"

Student Welfare

Address: Locked Bag 1, Trafalgar

Phone: (03) 5633 1733

Email: [lyons.david@edumail](mailto:lyons.david@edumail.vic.gov.au)

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**HAVE YOUR
SAY**

HAVE YOUR SAY: DRAFT STRATEGIC PLAN & DRAFT 2021-22 BUDGET

We are seeking your feedback to help us complete a review of what libraries look like in the future and how best we can serve you, and the community.

The draft 2021-25 Strategic Plan for library services has been prepared and we are seeking your input to make sure it meets community expectations.

The draft 2021-22 budget has also been prepared and we are seeking your feedback.

THIS CONSULTATION OPPORTUNITY IS OPEN UNTIL 3PM, FRIDAY 16 APRIL 2021.

WHY YOUR FEEDBACK IS IMPORTANT

Your feedback is important to provide us with an understanding of community and stakeholder expectation.

The focus and purpose of this engagement is to:

- Involve the community in creating our plan for 2021-2025 for West Gippsland Libraries; and
- Understand the communities' views and expectations of West Gippsland Libraries.

Please complete this form and email a copy to ceo@wgrlc.vic.gov.au or post to:

Chief Executive Officer
West Gippsland Libraries
2/65 Victoria Street,
Warragul VIC 3820

YOUR PRIVACY

The personal information collected above will be solely used for the purpose of providing feedback. You can access your own personal information by contacting us. For more information about our privacy policy, please visit our website: <https://www.wgrlc.vic.gov.au/about/library-policies/>



HAVE YOUR
SAY

TELL US YOUR FEEDBACK

Name

Nola Anketell

Address

Email

Phone

A copy of the Draft 2021-22 Budget and Draft 2021-25 Strategic Plan are available at your local branch or via our website, please use as your reference for providing us feedback.

Which document(s) are you providing feedback for?

DRAFT 2021-22 BUDGET

DRAFT 2021-25 STRATEGIC PLAN

What area of the community do you represent? For example, business owner, community or business group representative, interested community member, etc.

Interested community member & library member
for approx 50 years.



HAVE YOUR
SAY

When considering the future of libraries, do you agree with the overall direction set out in the Draft Budget or Strategic Plan?

YES NO

Please specify why:

I am very happy to see that many of the initiatives which I consider important have been included.

Do you have any specific comments about a key section of the Draft Budget or Strategic Plan?

YES NO

Please specify and include the section & page number:

Page 8 Goals, projects & initiatives.

Page 19 (Goals excellent)

More 24/7 Libraries (Page 21)

Flexible - more outreach services "



Please provide any additional feedback or thoughts you may have.

I have attended some movies, guest speakers etc. over the past couple of years. As I spend 4 months visiting family & travelling in Queensland I have spent many hours at libraries there with grandchildren. So pleased to see our libraries keeping up with modern trends as it is so important to encourage children to read from infants.

Interested in Friends of San Remo Group

I contacted W.G.L. several months ago wishing to donate as new, popular author books for new S-R Library. I was told you do not take book donations. As I recently waited books for a copy of a Di Morrissey book why have this policy if someone can donate a recent copy.

WHAT HAPPENS NEXT?

We appreciate you taking the time to provide your feedback. Your thoughts and ideas are important to us and will form part of our decision making.

We will consolidate comments and feedback and consider all submissions at the next Ordinary Board Meeting to assist in making further recommendations to WGL Board.

CONTACT US

Have questions? We're here to help! For more information about this project, please contact us

Mail: West Gippsland Libraries, 2/65 Victoria Street, Warragul VIC 3820

Telephone: (03) 5622 2849

Email: support@wgrlc.vic.gov.au

Web: wgrlc.vic.gov.au

#	Name	Which document(s) are you providing feedback for?	What area of the community do you represent? For example, business owner, community or business group representative, interested community member, etc.	When considering the future of libraries, do you agree with the overall direction set out in the Draft Budget or Strategic Plan? (Please specify why)	Do you have any specific comments about a key section of the Draft Budget or Strategic Plan? (Please specify section and page number)	Please provide any additional feedback or thoughts your may have.
Submission 2	Frank Delorenzo	Draft 2021-22 Budget, Draft 2021-25 Strategic Plan	just a visitor	Yes but why not have a more formal amalgamation with other council areas eg LATROBE in terms of sharing resources and avoid duplication?	no	Consider extending library hours and perhaps for some public holidays having some libraries open
Submission 3	Karen Grainger	Draft 2021-22 Budget	Interested community member	I agree with the draft budget. Although I am not an expert at reading budget documents, I tend to focus on the text that precedes the spreadsheets.	The Strategic Goals on pages 13 - 15 summarise what you intend to work on. These are admirable goals. I would be interested in being part of some of the volunteer aspects mentioned.	Looking forward to the proposed new Warragul Library project, I am unsure how that fits into the future draft budget. I can see that provision of a new library building can assist in helping to meet the Strategic Goals for the Warragul site and enhancing other library sites with 24/7 access will also work toward those goals.

Annual Budget 2021.22

(Draft)





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.

Chairperson's Introduction



Rick Brown
South Gippsland Shire Council
Board Chairperson

It's a great pleasure to present the draft Annual Budget 2021.22 for West Gippsland Libraries. We continue to provide an essential and highly appreciated service within the community, yet the challenges faced by COVID-19 will continue into 2022. I would like to recognise the significant work undertaken by the West Gippsland Libraries staff in supporting the community during these uncertain times.

This year sees the development of a new four-year strategic plan with three new strategic pillars that are embedded in our mission statement: connect; belong and learn.

The community consultation process has found that more than 98% respondents support the themes developed in this plan.

Our goals for each strategic pillar have been developed to support our vision for connected, inclusive and resilient communities that are supported to grow and thrive. Our goals for 2021-2024 are:

1. Making our service more accessible.
2. Grow our membership and awareness of our service within the community.
3. Create more learning opportunities within our service and within the community.

This budget focuses on strengthening both virtual and physical library services. A highlight of the budget is an increase in the investment of the e-resource and physical collection items of \$40,000.

This budget also invests in creating more 24/7 libraries with Mirboo North and Poowong Libraries planned to receive the highly successful service.

The 10-year Financial Plan continues to feature in the budget to assist with decision making and ensure the service delivers sustainable value for the community and its member Councils of Baw Baw, Bass Coast and South Gippsland.

It is such a pleasure to be the Chairperson of West Gippsland Libraries and be part of a great team that delivers wonderful benefits to the community. We are very grateful for the hard work from staff that support the community every day.

I look forward to working with the community and the West Gippsland Libraries team to deliver great outcomes in 2021.22.



Acknowledgement

West Gippsland Libraries acknowledges the traditional custodians of the various lands where our services and programs take place. We pay our respect to Elders past, present and emerging.

Our Child Safety Commitment

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



Annual Budget 2021.22 (Draft)

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From the CEO



Leanne Williams
Chief Executive Officer

The Budget 2021.22 has been developed to build on the significant work undertaken in past years. West Gippsland Libraries is a leader within the sector and this budget focuses on investing in the services that the community want and need.

The COVID-19 pandemic continues to impact our services with less people visiting our libraries and loans being down on the prior year. It has however, seen the demand for our virtual services significantly increase. Our website has become a virtual branch and the quality of the virtual programs delivered by our team are excellent. Investment in our virtual services will continue in 2021.22.

As mentioned by our Chairperson, Rick Brown, expanding our 24/7 service is essential for providing more access to more people. We are excited to include Mirboo North and Poowong Libraries to the 24/7 service.

In coming years, we will continue to partner with community organisations and businesses to lift the profile of the service to reach more people in the community. Our key strategic actions to support this include developing organisational plans and programs around advocacy, membership and engagement. This will include investing in technology and resources to continue enhancing the customer experience, attract new members and focus on continuously engaging with patrons to add value and ensure they stay active members.

West Gippsland Libraries will continue investing in staff development, training, and resources to deliver an accessible service. This ensures our people have the skills to confidently engage with our diverse community.

The way people use our libraries continues to change and we will continue to be agile to the changing needs.

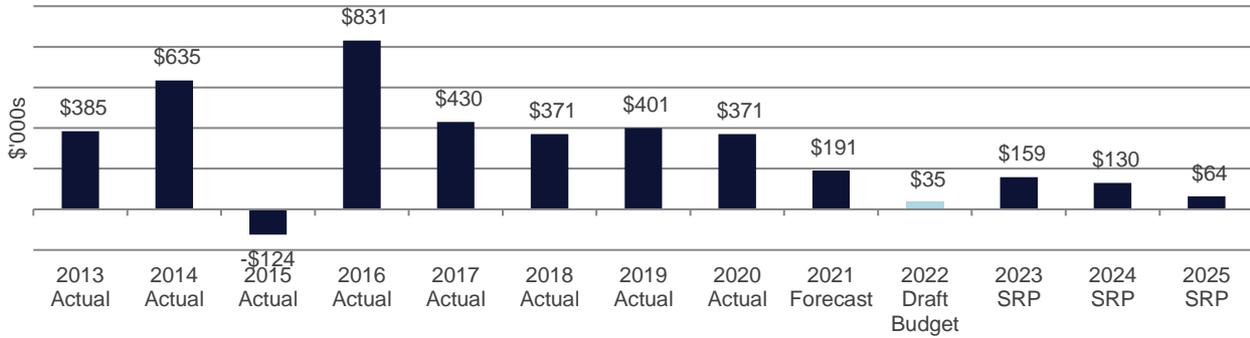
Our values are our commitment to our community and each other. We will:

- Build relationships with our stakeholders, communities, and each other.
- Deliver excellence in everything we do.
- We anticipate and bravely adapt with the changing needs of our communities.

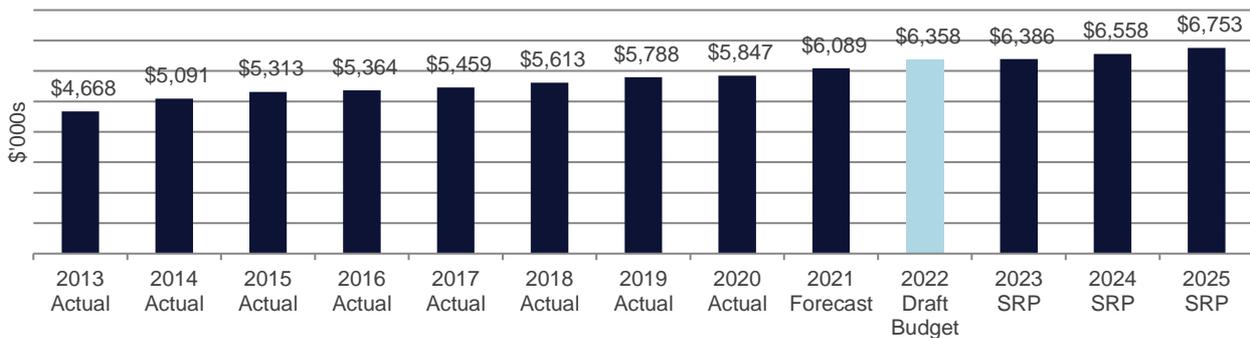


Organisational Performance

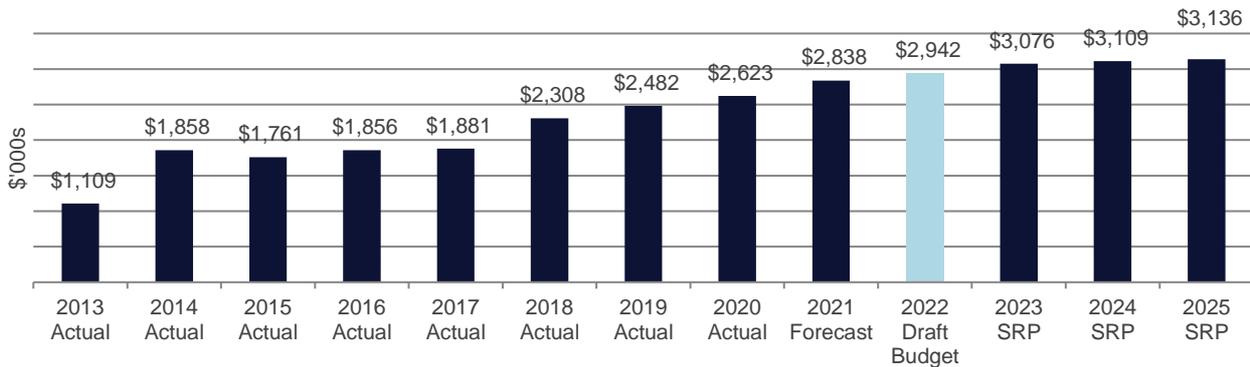
Operating result



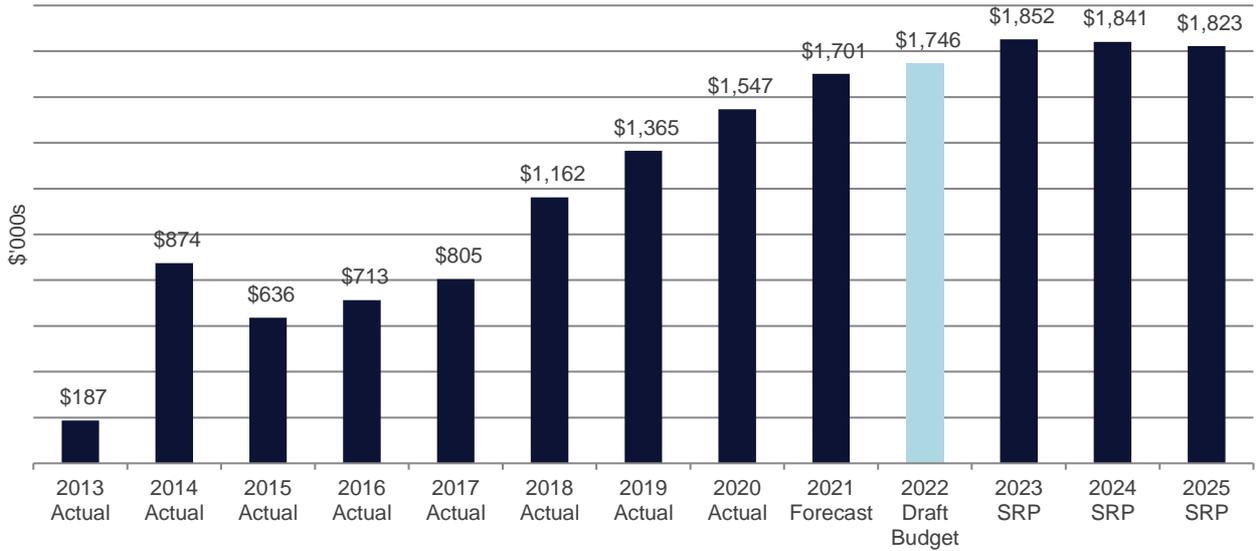
Cost of services



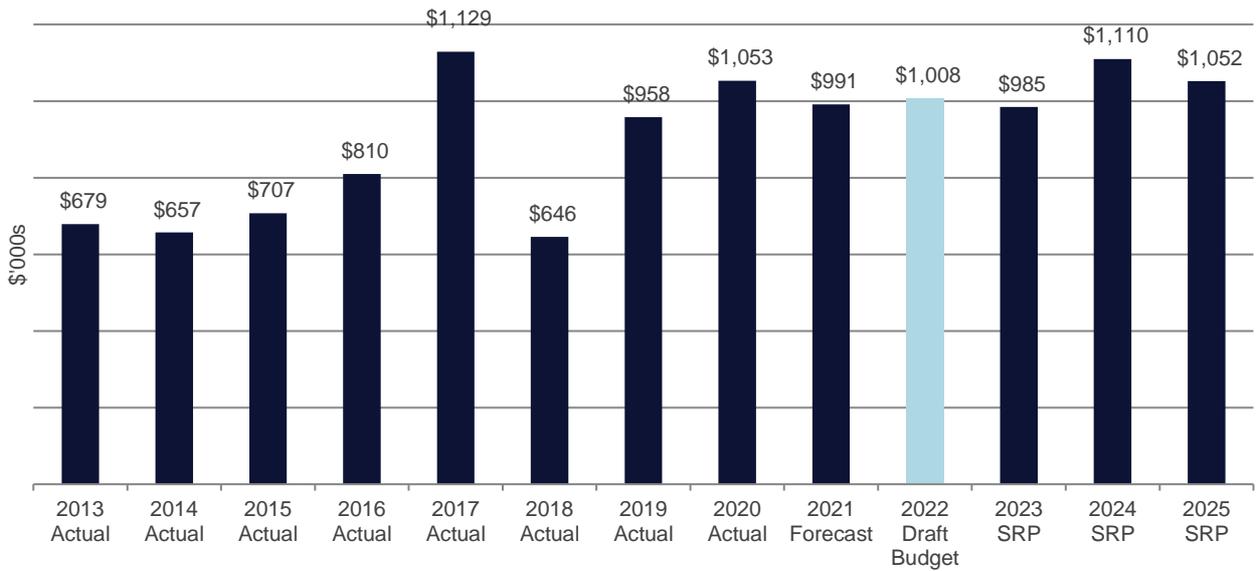
Cash and investments



Financial position (net current assets)

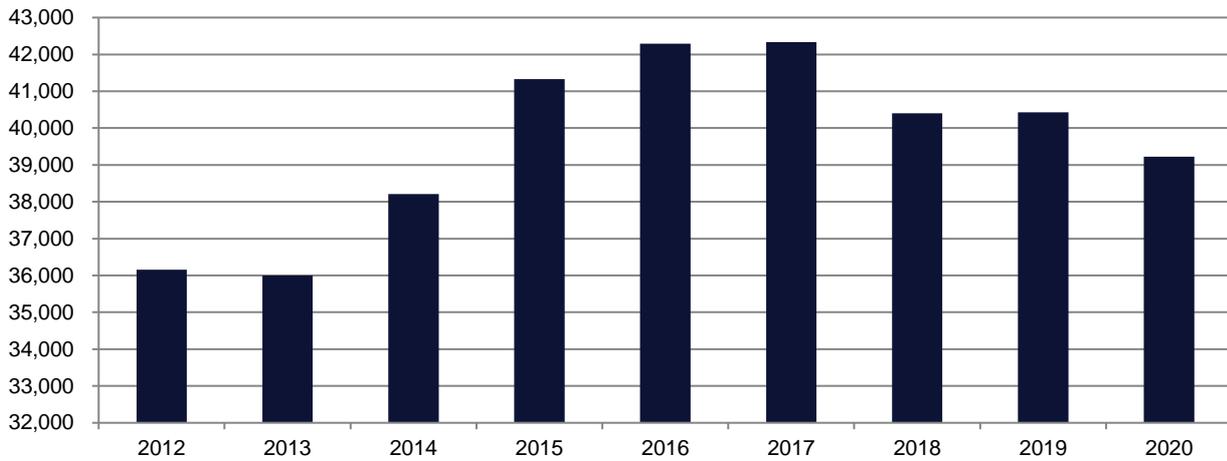


What are we spending on assets?



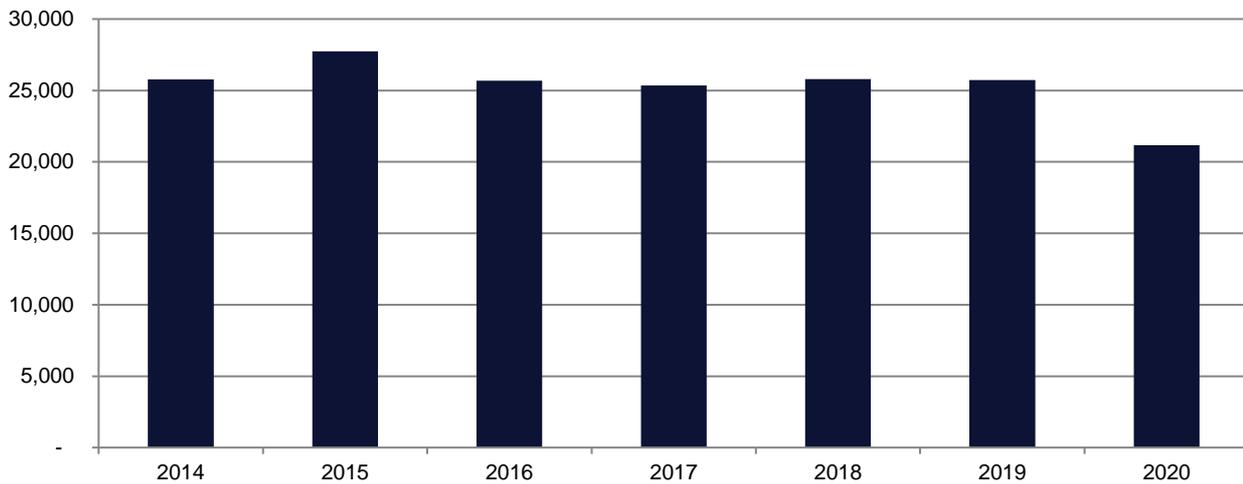
About Us

Our membership

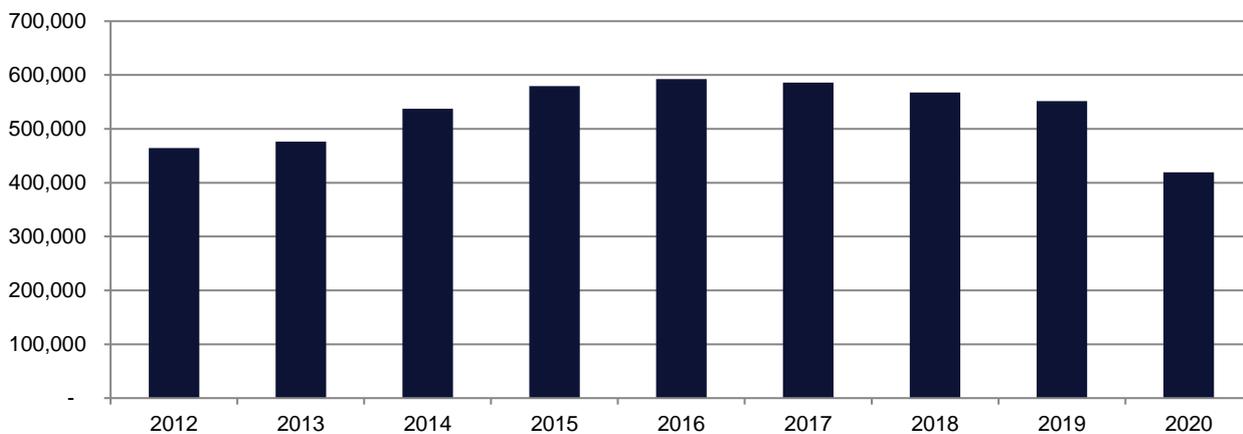


* Membership declined in 2020 due to COVID-19 and libraries being closed.

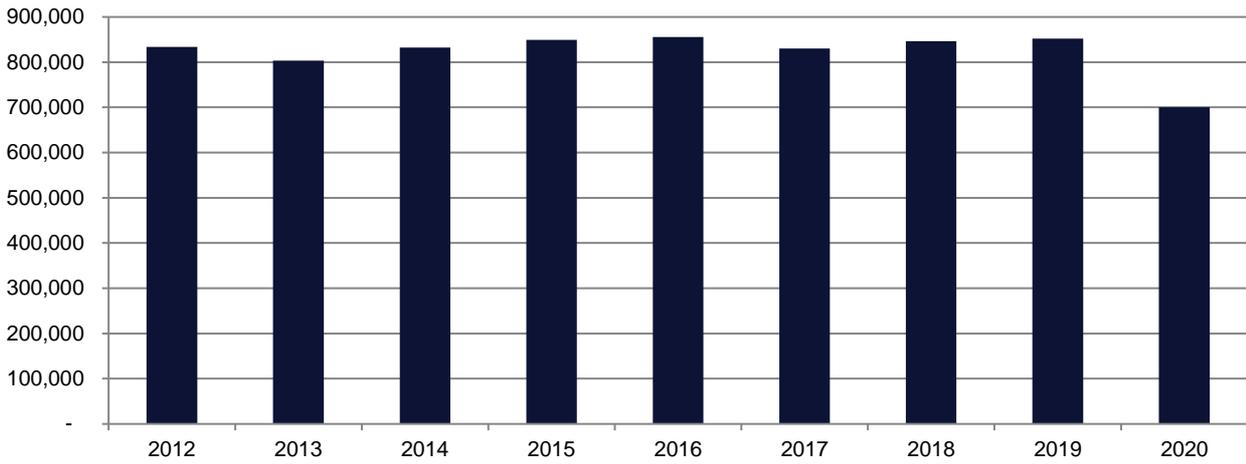
Active members



Visits to our library

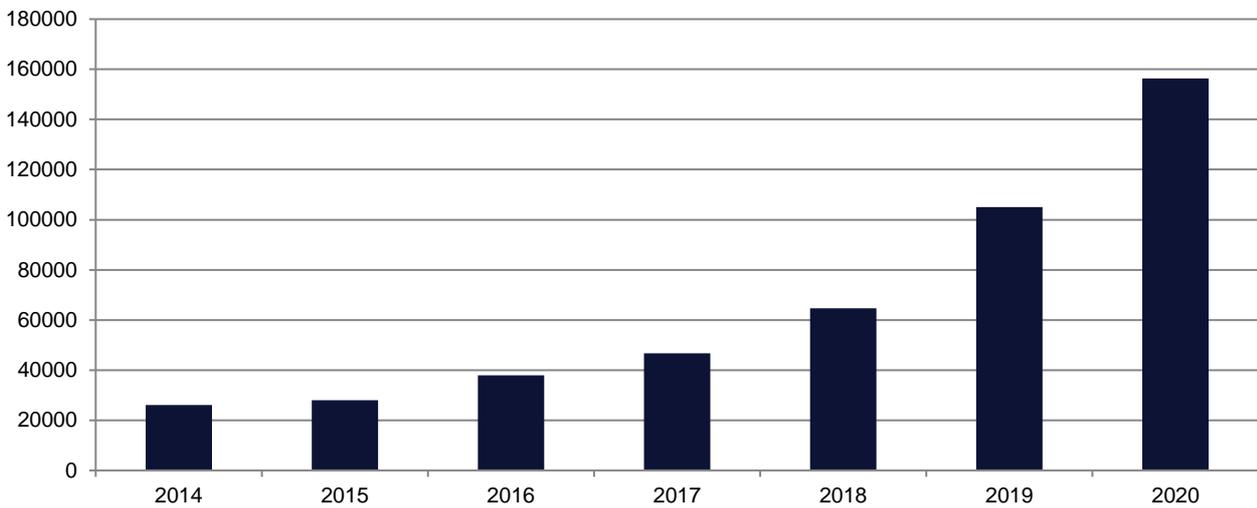


Number of items loaned

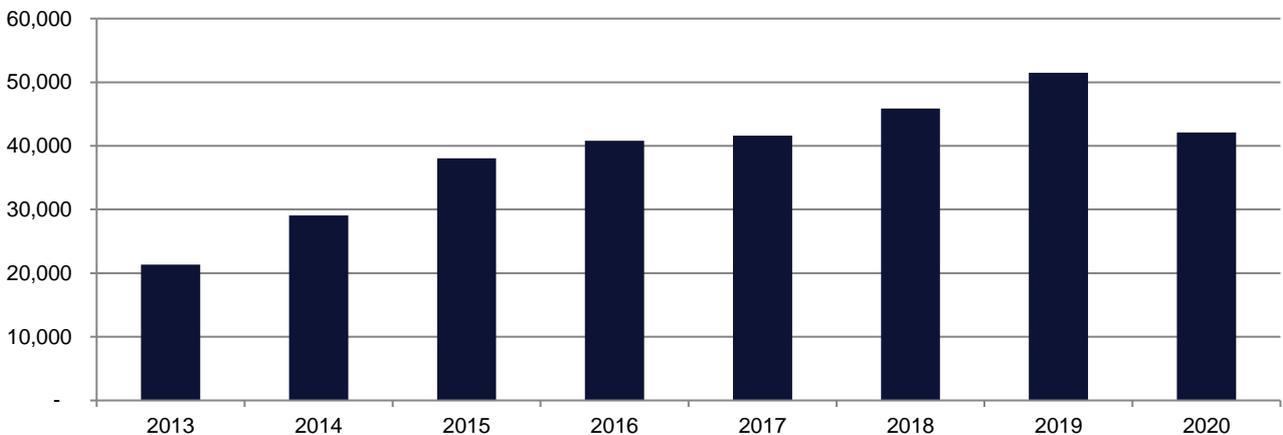


* Loans dropped in 2020 due to COVID-19 and libraries being closed.

Number of e-resources loaned



Number of people who attended our programs



How the community rates our service

Community feedback was sought as part of the development of the new Library Plan with an overwhelming positive response. We also asked respondents how they rates our service and the result was a rating of 4.4 stars out of 5.



“What an inspirational organisation! I have been constantly surprised and impressed by your innovation and I have never had an unpleasant interaction with any of your staff in many years of using your services.”

~ Library Patron

Community engagement

To develop the next four-year strategic plan (Library Plan), WGL combined the service trends from past years, identified areas of growth and sought feedback from the community.

2,371 responses to community consultation were received, which is an increase of 7.7% from the last survey four years ago. Further to the service trends from past years, a lot was learned from those who completed the survey including:

- 18% of respondents did not know WGL offers e-audiobooks through BorrowBox or RB Digital.
- 16% did not know WGL offers e-books and e-magazines.
- 51% did not know WGL offers video programs.
- 45% did not know WGL offers adult programs, both in person and online.
- 53% did not know WGL takes bookings for tech talks to support those bridging the digital literacy gap.
- 38% did not know WGL has a smartphone application.
- 47% did not know WGL offered a home delivery service during COVID-19 and continues to do so.
- 56% did not know WGL offers online story times.
- 49% did not know WGL provides outreach services such as visiting kindergartens, schools, and aged care facilities.
- 85% did not know WGL provides a mental health blog.

Influencers of membership

There are a few key priorities that influence membership and usage of the services. They are:

- Membership is down due to COVID-19, however prior to COVID-19. It was stagnant and had seen reductions since its peak in 2017 from the opening of the new Wonthaggi Library. This is due to many of the library buildings being aged and no longer meeting the needs of the community. They are not modern or vibrant. There are a number of new libraries being planned for construction in coming years. Maintaining membership will present challenges in the coming two years due to COVID-19 and service delivery challenges during the construction phase of the new libraries. WGL will be focusing on strategies to increase membership.
- Awareness of the services WGL provides. Staff are constantly having conversations within the community where people express a lack of understanding about the services provided by a modern library. WGL cannot increase membership without increasing awareness of its services.
- Becoming a member rather than just a user. Many people use the service without joining. This may be to



study or meet in the library, or to access PC and printing services with a guest pass. People who are not registered members make good use of the service offering but may not be borrowing actual physical or e-resources. This makes it difficult for WGL to demonstrate to stakeholders the true value the service provides to the community. WGL views membership as a currency to demonstrate its community value.

- Maintaining a quality collection. At WGL, we are about people and not just physical items and books are no longer the only reason people come to the library. However, it's essential that WGL continues to invest in its physical collection as this is a driver of retaining existing members. Respondents to the community engagement survey requested the continued need to invest and enhance the collection.

Areas of growth and focus

There are key service areas that are experiencing growth.

- E-resources were experiencing significant growth prior to COVID-19 and this has now been further enhanced. Continued investment in the e-resource collection is required to meet the demand.
- Programs were one of the fastest growing services within WGL prior to COVID-19. WGL continued to provide quality programs online in 2020 when physical programs could not be offered. In the future, WGL seeks to meet the communities growing demand by providing both physical and online programs.
- Website usage continues to grow and is quickly becoming a virtual library branch. Most recent data recorded over 474,500 visits which is an increase of 50% on the prior year. Ensuring the website continues to be modern, offers virtual services such as online chat and meets the growing needs of a virtual community is essential.
- Prior to COVID-19, visitation to WGL libraries had increased by 2% (YTD February 2020 compared to YTD February 2019). This was the first time in a number of year visitation had increased as demonstrated on the graph on page 9. WGL will be working hard post COVID-19 to ensure visitation returns and increases.

Library Plan

This section describes how the Annual Budget links to the achievement of the Library Plan within an overall planning and reporting framework. This framework guides West Gippsland Libraries in identifying community needs and aspirations over the long term (Long Term Financial Plan), medium term (Library Plan) and short term (Annual Budget). Accountability is demonstrated in the Annual Report.

Our Strategic Objectives

West Gippsland Libraries (WGL) has developed a new four-year strategic plan to strive for a vision for connected, inclusive and resilient communities that are supported to grow and thrive. To deliver on the mission, and to help people connect, belong, and learn, actions are outlined below.

The Library Plan provides greater detail as to the importance of these actions. As outlined in the **About Us** section of this budget document, the actions connect not only to the achievement of the Vision and Mission, but also retaining and growing membership and usage of the service to ensure long term organisation sustainability.

WGL also plays a role in supporting progress towards the United Nations Sustainable Development Goals. The United Nations Member States adopted 17 goals that are a “*plan for action for people, the planet and prosperity*”. You can read more about the goals at <https://sdgs.org.au/goals/>. Services provided by WGL contribute to goals 3, 4, 5, 10, 11, and 16.





SUSTAINABLE DEVELOPMENT GOALS



Connect – We are responsive and bring people together

98.5% of respondents from the community consultation supported the following themes:

Strategic Goal: Making our service available to more people for more hours		
Virtual	Physical	Flexible
<p>Our service goes beyond the four walls of a physical place and being virtual is essential for reaching more people in a digital environment.</p>	<p>People come together at the library because it is welcoming, safe and free.</p>	<p>Our service needs to be flexible to meet the changing and diverse needs of our community.</p>
<p>Action: Continue to enhance the website.</p> <p>Why: Visitation to the website continues to increase and many are choosing this as their main interaction with our service.</p>	<p>Action: Provide more 24/7 libraries.</p> <p>Why: We know that many in our community cannot get to the library during working hours. 24/7 provides a convenient way to access services. This has been demonstrated by the success of the Foster 24/7 Library.</p>	<p>Action: Provide more outreach services.</p> <p>Why: Improving the awareness and access to our service requires us to go where the community get together. This includes aged care facilities, kindergartens and community events.</p>
<p>Action: Provide a program portal to deliver life skills videos and learning content for members.</p> <p>Why: Increasing investment in online services and creating a quality member portal is important. It supports membership growth and builds connection with our current and potential membership base.</p>	<p>Action: Provide expert advice on the development of new libraries and develop a long-term infrastructure plan to ensure our physical places are modern.</p> <p>Why: As our communities grow and our buildings age, its essential that we plan for the renewal of our libraries to ensure they are modern and vibrant.</p>	<p>Action: Provide a home library service by engaging volunteers to help with this impactful service.</p> <p>Why: Accessing our service is a fundamental value of libraries. We know that some in our community face challenges accessing the service and we want to make it easier for them to do so.</p>



Belong – We are inclusive and work with you

98.7% of respondents from the community consultation supported the following themes:

Strategic Goal: Increase our membership and awareness of our service within the community		
Advocacy	Membership	Engagement
Our existing members and partners are our best advocates for promoting our service.	Our aspiration is to demonstrate our value to the community, and ensure people benefit from our high-quality service.	Engaging with our members is essential for providing excellence in everything we do.
<p>Action: Develop an Ambassador Program.</p> <p>Why: An Ambassador Program will guide how we identify ambassadors and how we help them advocate for us to increase awareness of our service and increase membership.</p>	<p>Action: Develop a formal feedback program from members.</p> <p>Why: Seeking feedback from members is an essential part of improving our service and achieving excellence.</p>	<p>Action: Implement the Volunteers Framework.</p> <p>Why: Working with volunteers provides benefits for everyone. It helps reduce social isolation, enables more people to use the service and can improve accessibility.</p>
<p>Action: Develop an Advocacy Plan</p> <p>Why: An advocacy plan will identify and target key strategic priorities which need a higher profile and community awareness.</p>	<p>Action: Transition to a Not-for-Profit entity.</p> <p>Why: The Local Government Act 2020 requires Library Corporations to change how they are legally governed. This transition is essential to ensure WGL can continue to deliver excellent services to the community for the long-term future.</p>	<p>Action: Develop a Friends of the Library Framework.</p> <p>Why: The friends groups provide immense support for our services including events and programs and annual monetary contributions. We would like to provide more support to the friends groups so we can all succeed.</p>
<p>Action: Finalise the Donation, Bequest and Fundraising Policy.</p> <p>Why: The community are often asking how they can support our service. This policy will provide clear guidance on how WGL can receive donations, bequests and fundraising contributions.</p>	<p>Action: Develop a formal Partnership Plan.</p> <p>Why: Partners offer an opportunity to promote our service and share the benefits and costs of service delivery.</p>	<p>Action: Improve engagement with our members.</p> <p>Why: If our engagement rate increases, that tells us we are delivering services that the community want.</p>



Learn – Our free resources allow minds to explore and create

98.9% of respondents from the community consultation supported the following themes:

Strategic Goal: Create more learning opportunities within our service and within the community		
Programs and Literacy	Performance	Services
<p>"Information Literacy is the ability to think critically and make balanced judgements about any information we find and use. It empowers us as citizens to develop informed views and to engage fully with society" <i>(Chartered Institute of Library and Information Professionals).</i></p>	<p>Our people are the key to the success of our service. Investing in them so they can be the best they can be is essential.</p>	<p>We have a solid foundation of many essential services. We are also innovative and bravely adapt to changing environments. We will continue to enhance existing services whilst investing in new and emerging services.</p>
<p>Action: Develop life skills programs (i.e., financial literacy).</p> <p>Why: Our libraries are increasingly providing life skills support to the community because they have nowhere else to turn. We are free and offer a safe place.</p>	<p>Action: Develop a Workforce Development Plan.</p> <p>Why: Our staff require a variety of skills and professional development to continue to support the community in a changing environment.</p>	<p>Action: Provide more new physical books and collection items.</p> <p>Why: Many of the respondents to the community engagement survey requested more books to meet the demand.</p>
<p>Action: Build relationships with education providers.</p> <p>Why: Education providers are an essential pathway to promoting the benefits of our programs within the community.</p>	<p>Action: Increase the staff training and development budget.</p> <p>Why: This demonstrates a commitment to continuous learning and improvement.</p>	<p>Action: Redevelop our Digital Strategy.</p> <p>Why: The Digital Strategy will provide an essential benchmark and tool to equip staff with the skills to support the community.</p>



Planning and accountability framework

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

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

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

Financial Goals

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

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

Rate cap

For the 2021.22 financial year the Minister for Local Government has set the rate cap at 1.5%.

Budget development

The Budget has been developed from first principles. Key assumptions that have influenced the development of the budget are detailed below.

- The increase in base wage rate for employees under the Enterprise Agreement is directly linked to the rate cap set by the Minister for Local Government. There is a floor amount of 1.6% which is more than the rate cap set for 2021.22 of 1.5%. Bargaining will be taking place for the Enterprise Agreement for the next three-year agreement between March and June 2021. Long term sustainability of the organisation is dependent on wage increments not exceeding the rate cap. An increase of 1.6% applied to the base wage rate will provide a shortfall of not just 0.1% to the base rate, but also a gap to wages oncosts, which is why the increments are 87% of the rate cap. Further in 2021.22, employees will receive an increase of 0.5% to their annual superannuation entitlement, putting further pressure on employee costs expenditure. The annual budget for 2021.22 is based on the existing 87% of the rate cap equalling 1.31% (1.74% in 2020.21). The Strategic Resources Plan (SRP) and Long-Term Financial Plan (LTFP) assumes that subsequent years will see a 2% increment in the rate cap and thus provides for a 1.74% increment in wages.
- The superannuation guarantee increases in 2021.22 from 9.5% to 10% and will continue to increase by 0.5% for the next four years. This has been included in the SRP and LTFP. This equates to an additional \$20,000 per year for the next four years.
- Materials and services costs continue to be reviewed each year based on changes to systems, new contract arrangements and past expenditure trends. Efficiency reductions have been incorporated as well as allowing for inflation of 5% based on historical trends. There has been specific consulting expenditure



included for 2021.22 to complete the legal entity major project.

- The budget provides for an increase in the collection of \$40,000 to ensure West Gippsland Libraries continues to provide a collection that is under five years old as identified in the Local Government Performance Reporting Indicators. Investment in e-resources will be increased to support their exponential utilisation by patrons. Available cash to invest in the collection is dependent on ongoing recurring savings elsewhere in the annual operating budget. The LTFP does show a decline in the collection investment in future years due to additional pressure from recurring expenditure. This will continue to be a focus for the organisation.
- Renewal of furniture and equipment has been included in the financial statements to work towards modernising branch libraries.
- The organisation has seen a significant decline during 2020 and 2021 in its other income. This includes revenue from printing and copying, fundraising contributions and donations and other miscellaneous grants. WGL has taken a conservative approach to providing for revenue in these areas for 2021.22 due to the uncertain economic climate.
- An increase in Council contributions consistent with the rate cap of 1.5%.
- An increase in recurring operating grants from the State Government of 1.5%. The existing funding agreement expires on 30 June 2021 and the sector is advocating for ongoing increments in line with population growth and CPI. There is currently no certainty that increments to the recurring grants will continue beyond 30 June 2021.
- The LTFP is a vital tool to inform strategic decision making for the organisation. It highlights the future implications of decisions made in the present and the recurring impacts to the financial sustainability long term. Highlighting such implications is an important mechanism to avoid decisions that erode the long-term viability of the organisation.

Major projects

There are three projects included in the draft Annual Budget for highlighting. They are:

- Mirboo North Library 24/7 access. Mirboo North Library is not open full time yet it is a growing community. To provide more access to more people and provide convenient access to members, a 24/7 service will be installed with the aim of increasing usage and members.
- Poowong Library 24/7 access. Poowong Library is only open a few hours each week. It is also a growing community. To provide more access to more people and provide convenient access to members, a 24/7 service will be installed with the aim of increasing usage and members.
- Legal entity transition. The Local Government Act 2020 that comes into effect from 1 July 2021 requires Library Corporations to change how they are legally governed. Board discussions have focused on the best option for WGL, which is to transition to a Not-for-Profit company. This is substantiated by the Victorian Auditor General's Council Libraries Performance Audit Report 2019 that highlighted overall "*Library Corporations and Cooperative models are more efficient than standalone Council Libraries*". This is considered a governance and procedural project and will not impact on service delivery to the community. In fact, this project is essential to ensure that the organisation can continue to deliver excellent services to the community for the long-term future.



Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2021.22 to 2030.31 incorporates the Strategic Resource Plan and Long Term Financial Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources



Comprehensive Income Statement

For the 10 year period ending 30 June 2031

	Forecast 2020.21	Draft Budget 2021.22	Strategic Resource Plan			Long Term Financial Plan					
			2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Income											
User fees	19,700	44,300	45,186	46,090	47,011	47,952	48,911	49,889	50,887	51,904	52,942
Contributions - cash	5,304,906	5,384,239	5,491,924	5,601,761	5,713,797	5,828,073	5,944,636	6,063,529	6,184,801	6,308,497	6,434,667
Grants - Recurrent	921,762	935,198	953,382	971,930	990,848	1,010,145	1,029,828	1,049,904	1,070,382	1,091,270	1,112,575
Grants - Non-recurrent	-	-	20,000	20,400	20,808	21,224	21,648	22,081	22,523	22,973	23,432
Other income	33,000	28,672	34,336	47,879	45,231	53,940	55,095	56,069	56,548	57,591	57,780
Total income	6,279,368	6,392,409	6,544,828	6,688,060	6,817,695	6,961,334	7,100,118	7,241,472	7,385,141	7,532,235	7,681,396
Expenses											
Employee costs	3,817,767	4,020,671	4,128,425	4,239,067	4,352,674	4,469,326	4,566,757	4,666,312	4,768,038	4,871,981	4,978,190
Materials and services	802,375	826,406	814,826	855,568	898,346	917,263	963,126	985,757	1,035,045	1,086,797	1,141,137
Depreciation and amortisation	1,030,696	1,087,275	1,014,937	1,031,864	1,067,177	1,045,298	1,027,266	1,114,373	1,099,384	1,059,676	1,072,876
Finance costs	81,696	74,097	67,730	61,535	53,681	45,828	37,420	28,239	18,128	7,285	-
Other expenses	356,000	349,116	359,589	370,376	381,487	392,931	404,719	416,861	429,367	442,248	455,515
Total expenses	6,088,534	6,357,565	6,385,507	6,558,410	6,753,365	6,870,646	6,999,288	7,211,542	7,349,962	7,467,987	7,647,718
Surplus (deficit) for the year	190,834	34,844	159,321	129,650	64,330	90,688	100,830	29,930	35,179	64,248	33,678
Other comprehensive income Items that will not be reclassified to surplus or deficit:											
Net asset revaluation increment /(decrement)	-	-	-	-	-	-	-	-	-	-	-
Comprehensive result	190,834	34,844	159,321	129,650	64,330	90,688	100,830	29,930	35,179	64,248	33,678

Balance Sheet

For the 10 year period ending 30 June 2031

	Forecast 2020.21	Draft Budget 2021.22	Strategic Resource Plan			Long Term Financial Plan					
			2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Assets											
Current assets											
Cash and cash equivalents	1,233,131	1,337,118	1,471,098	1,503,856	1,531,284	1,566,556	1,592,251	1,592,776	1,621,096	1,646,153	1,700,746
Other financial assets	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761	1,604,761
Trade and other receivables	31,397	31,962	32,724	33,440	34,088	34,807	35,501	36,207	36,926	37,661	38,407
Other assets	19,559	12,785	13,090	13,376	13,635	13,923	14,200	14,483	14,770	15,064	15,363
Total current assets	2,888,848	2,986,626	3,121,673	3,155,433	3,183,768	3,220,047	3,246,713	3,248,227	3,277,553	3,303,639	3,359,277
Non-current assets											
Property, infrastructure, plant & equipment	4,502,969	4,397,468	4,367,914	4,418,696	4,403,061	4,392,334	4,395,839	4,338,723	4,256,750	4,197,528	4,218,708
Total non-current assets	4,502,969	4,397,468	4,367,914	4,418,696	4,403,061	4,392,334	4,395,839	4,338,723	4,256,750	4,197,528	4,218,708
Total assets	7,391,817	7,384,094	7,489,587	7,574,129	7,586,829	7,612,381	7,642,552	7,586,950	7,534,303	7,501,167	7,577,985
Liabilities											
Current liabilities											
Trade and other payables	313,366	318,004	317,705	331,644	346,223	354,436	370,032	379,439	396,155	413,640	431,929
Provisions	801,731	844,341	866,969	890,204	914,062	938,558	959,019	979,926	1,001,288	1,023,116	1,045,420
Interest-bearing loans	72,583	78,743	84,938	92,793	100,646	109,054	118,235	128,345	139,191	-	-
Total current liabilities	1,187,680	1,241,088	1,269,612	1,314,641	1,360,931	1,402,048	1,447,286	1,487,710	1,536,634	1,436,756	1,477,349
Non-current liabilities											
Provisions	91,626	96,496	99,082	101,738	104,464	107,264	109,602	111,991	114,433	116,928	119,477
Interest-bearing loans	874,046	773,202	688,264	595,471	494,825	385,771	267,536	139,191	-	-	-
Total non-current liabilities	965,672	869,698	787,346	697,209	599,289	493,035	377,138	251,182	114,433	116,928	119,477
Total liabilities	2,153,352	2,110,786	2,056,958	2,011,850	1,960,220	1,895,083	1,824,424	1,738,892	1,651,067	1,553,684	1,596,826
Net assets	5,238,465	5,273,308	5,432,629	5,562,279	5,626,609	5,717,298	5,818,128	5,848,058	5,883,236	5,947,483	5,981,159
Equity											
Accumulated surplus	3,961,290	3,978,711	4,058,371	4,123,196	4,155,361	4,200,706	4,301,122	4,316,086	4,333,673	4,365,796	4,382,634
Reserves	1,277,175	1,294,597	1,374,258	1,439,083	1,471,248	1,516,592	1,517,007	1,531,972	1,549,562	1,581,686	1,598,525
Total equity	5,238,465	5,273,308	5,432,629	5,562,279	5,626,609	5,717,298	5,818,129	5,848,058	5,883,235	5,947,482	5,981,159

Statement of Changes in Equity

For the 10 year period ending 30 June 2031

	Total	Accumulated Surplus	Revaluation Reserve	Facilities Reserve
2020.21 - Forecast				
Balance at beginning of the financial year	5,047,633	3,920,458	862,800	264,375
Comprehensive result	190,834	190,834	-	-
Transfer to reserves	(2)	-	-	-
Transfer from reserves	-	(150,000)	-	150,000
Balance at end of the financial year	5,238,465	3,961,292	862,800	414,375
2021.22 - Draft Budget				
Balance at beginning of the financial year	5,238,465	3,961,292	862,800	414,375
Comprehensive result	34,844	34,844	-	0
Transfer to reserves	(1)	-	-	-
Transfer from reserves	-	(17,422)	-	17,422
Balance at end of the financial year	5,273,308	3,978,714	862,800	431,797
2022.23 - Strategic Resource Plan				
Balance at beginning of the financial year	5,273,308	3,978,714	862,800	431,797
Comprehensive result	159,321	159,321	-	-
Transfer to reserves	-	(79,661)	-	79,661
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,432,629	4,058,374	862,800	511,458
2023.24 - Strategic Resource Plan				
Balance at beginning of the financial year	5,432,629	4,058,374	862,800	511,458
Comprehensive result	129,650	129,650	-	-
Transfer to reserves	-	(64,825)	-	64,825
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,562,279	4,123,199	862,800	576,283
2024.25 - Strategic Resource Plan				
Balance at beginning of the financial year	5,562,279	4,123,199	862,800	576,283
Comprehensive result	64,330	64,330	-	-
Transfer to reserves	-	(32,165)	-	32,165
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,626,609	4,155,364	862,800	608,448
2025.26 - Long Term Financial Plan				
Balance at beginning of the financial year	5,626,609	4,155,364	862,800	608,448
Comprehensive result	90,688	90,688	-	-
Transfer to reserves	1	(45,344)	-	45,344
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,717,298	4,200,708	862,800	653,792
2026.27 - Long Term Financial Plan				
Balance at beginning of the financial year	5,717,298	4,200,708	862,800	653,792
Comprehensive result	100,830	100,830	-	-
Transfer to reserves	1	(415)	-	415
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,818,129	4,301,123	862,800	654,207
2027.28 - Long Term Financial Plan				
Balance at beginning of the financial year	5,818,129	4,301,123	862,800	654,207
Comprehensive result	29,930	29,930	-	-
Transfer to reserves	(1)	-	-	-
Transfer from reserves	-	(14,965)	-	14,965
Balance at end of the financial year	5,848,058	4,316,088	862,800	669,172
2028.29 - Long Term Financial Plan				
Balance at beginning of the financial year	5,848,058	4,316,088	862,800	669,172
Comprehensive result	35,179	35,179	-	-
Transfer to reserves	(2)	(17,590)	-	17,590
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,883,235	4,333,677	862,800	686,762
2029.30 - Long Term Financial Plan				
Balance at beginning of the financial year	5,883,235	4,333,677	862,800	686,762
Comprehensive result	64,248	64,248	-	-
Transfer to reserves	(1)	(32,124)	-	32,124
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,947,482	4,365,801	862,800	718,886
2030.31 - Long Term Financial Plan				
Balance at beginning of the financial year	5,947,482	4,365,801	862,800	718,886
Comprehensive result	33,678	33,678	-	-
Transfer to reserves	(1)	(16,839)	-	16,839
Transfer from reserves	-	-	-	-
Balance at end of the financial year	5,981,159	4,382,640	862,800	735,725



Statement of Cash Flows

For the 10 year period ending 30 June 2031

	Forecast	Draft Budget	Strategic Resource Plan			Long Term Financial Plan					
	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Cash flows from operating activities											
User fees	20,049	51,074	44,881	45,804	46,752	47,664	48,634	49,606	50,600	51,610	52,643
Contributions - cash	5,304,906	5,384,239	5,491,924	5,601,761	5,713,797	5,828,073	5,944,636	6,063,529	6,184,801	6,308,497	6,434,667
Grants - recurrent	921,762	935,198	953,382	971,930	990,848	1,010,145	1,029,828	1,049,904	1,070,382	1,091,270	1,112,575
Grants - non recurrent	-	-	20,000	20,400	20,808	21,224	21,648	22,081	22,523	22,973	23,432
Interest	20,000	7,872	13,120	26,239	23,158	31,426	32,131	32,645	32,656	33,222	32,923
Other receipts	12,182	20,235	20,454	20,924	21,425	21,795	22,270	22,718	23,173	23,634	24,111
Other payments	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)	(1,688)	(1,739)	(1,791)	(1,845)	(1,900)	(1,957)
Employee costs	(3,704,759)	(3,973,191)	(4,103,211)	(4,213,176)	(4,326,090)	(4,442,030)	(4,543,958)	(4,643,016)	(4,744,234)	(4,847,658)	(4,953,337)
Materials and consumables	(1,165,711)	(1,169,384)	(1,173,169)	(1,210,414)	(1,263,615)	(1,300,293)	(1,350,510)	(1,391,420)	(1,445,851)	(1,509,660)	(1,576,406)
Net cash provided by operating activities	1,406,929	1,254,543	1,265,836	1,261,877	1,225,444	1,216,316	1,202,940	1,204,256	1,192,205	1,171,988	1,148,651
Cash flows from investing activities											
Payments for property, plant and equipment	(991,000)	(1,008,000)	(985,383)	(1,110,469)	(1,051,542)	(1,064,087)	(1,030,771)	(1,088,572)	(1,017,412)	(1,033,677)	(1,094,058)
Proceeds from sale of property, plant and equipment	-	26,225	-	27,823	-	29,517	-	31,315	-	33,222	-
Net cash used in investing activities	(991,000)	(981,775)	(985,383)	(1,082,646)	(1,051,542)	(1,034,570)	(1,030,771)	(1,057,257)	(1,017,412)	(1,000,455)	(1,094,058)
Cash flows from financing activities											
Finance costs	(81,696)	(74,097)	(67,730)	(61,535)	(53,681)	(45,828)	(37,420)	(28,239)	(18,128)	(7,285)	-
Proceeds from borrowings	-	924,528	-	-	-	-	-	-	-	-	-
Repayment of leases	(53,364)	(22,101)	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(66,904)	(997,111)	(78,743)	(84,938)	(92,793)	(100,646)	(109,054)	(118,235)	(128,345)	(139,191)	-
Net cash provided by (used in) financing activities	(201,964)	(168,781)	(146,473)	(146,473)	(146,474)	(146,474)	(146,474)	(146,474)	(146,473)	(146,476)	-
Net (decrease) increase in cash & cash equivalents	213,965	103,987	133,980	32,758	27,428	35,272	25,695	525	28,320	25,057	54,593
Cash and cash equivalents at beginning of the financial year	1,019,166	1,233,131	1,337,118	1,471,098	1,503,856	1,531,284	1,566,556	1,592,251	1,592,776	1,621,096	1,646,153
Cash and cash equivalents at end of the financial year	1,233,131	1,337,118	1,471,098	1,503,856	1,531,284	1,566,556	1,592,251	1,592,776	1,621,096	1,646,153	1,700,746

Statement of Capital Works

For the 10 year period ending 30 June 2031

	Forecast	Draft Budget	Strategic Resource Plan			Long Term Financial Plan					
	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Property											
Buildings	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	110,000	95,000	-	-	-	-	65,239	-	-	-	-
Total property	110,000	95,000	-	-	-	-	65,239	-	-	-	-
Plant and equipment											
Furniture, equipment and computers	173,000	133,000	136,794	164,779	163,573	86,140	23,486	225,778	184,103	118,338	165,944
Motor vehicles	-	32,000	-	47,762	-	50,671	-	53,757	-	57,030	-
Library collections	708,000	748,000	848,589	897,927	887,969	927,276	942,046	809,038	833,309	858,308	928,113
Total plant and equipment	881,000	913,000	985,383	1,110,469	1,051,542	1,064,087	965,532	1,088,572	1,017,412	1,033,677	1,094,058
Total capital works expenditure	991,000	1,008,000	985,383	1,110,469	1,051,542	1,064,087	1,030,771	1,088,572	1,017,412	1,033,677	1,094,058
Represented by:											
New asset expenditure	123,000	38,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Asset renewal expenditure	783,000	970,000	967,383	1,092,469	1,033,542	1,046,087	1,012,771	1,070,572	999,412	1,015,677	1,076,058
Asset upgrade expenditure	85,000	-	-	-	-	-	-	-	-	-	-
Asset expansion	-	-	-	-	-	-	-	-	-	-	-
Total capital works expenditure	991,000	1,008,000	985,383	1,110,469	1,051,542	1,064,087	1,030,771	1,088,572	1,017,412	1,033,677	1,094,058

Statement of Human Resources

For the 10 year period ending 30 June 2031

	Forecast	Draft Budget	Strategic Resource Plan			Long Term Financial Plan					
	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Staff expenditure											
Employee costs - operating	3,817,767	4,020,671	4,128,425	4,239,067	4,352,674	4,469,326	4,566,757	4,666,312	4,768,038	4,871,981	4,978,190
Employee costs - capital	-	-	-	-	-	-	-	-	-	-	-
Total staff expenditure	3,817,767	4,020,671	4,128,425	4,239,067	4,352,674	4,469,326	4,566,757	4,666,312	4,768,038	4,871,981	4,978,190
	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT	EFT
Staff numbers											
Employees	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20
Total staff numbers	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20

Statement of Human Resources (continued)

For the 10 year period ending 30 June 2031

	Forecast	Draft Budget	Strategic Resource Plan			Long Term Financial Plan					
	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
Executive											
Permanent full time	565,974	577,524	587,573	597,797	608,199	618,782	629,549	640,503	651,648	662,987	674,523
Permanent part time	231,462	236,186	240,296	244,477	248,731	253,059	257,462	261,942	266,500	271,137	275,855
Total executive	797,436	813,710	827,869	842,274	856,930	871,841	887,011	902,445	918,148	934,124	950,378
Library Services											
Permanent full time	479,827	489,619	498,138	506,806	515,624	524,596	533,724	543,011	552,459	562,072	571,852
Permanent part time	1,512,657	1,668,518	1,697,550	1,727,087	1,757,138	1,787,712	1,818,818	1,850,465	1,882,663	1,915,421	1,948,749
Total library services	1,992,483	2,158,137	2,195,688	2,233,893	2,272,762	2,312,308	2,352,542	2,393,476	2,435,122	2,477,493	2,520,601
Marketing and Online Services											
Permanent full time	116,513	118,891	120,960	123,065	125,206	127,385	129,601	131,856	134,150	136,484	138,859
Permanent part time	67,543	68,921	70,120	71,340	72,581	73,844	75,129	76,436	77,766	79,119	80,496
Total marketing and online services	184,056	187,812	191,080	194,405	197,787	201,229	204,730	208,292	211,916	215,603	219,355
Technology and Collections											
Permanent full time	225,694	230,300	234,307	238,384	242,532	246,752	251,045	255,413	259,857	264,379	268,979
Permanent part time	411,456	419,853	427,158	434,591	442,153	449,846	457,673	465,637	473,739	481,982	490,368
Total technology and collections	637,150	650,153	661,465	672,975	684,685	696,598	708,718	721,050	733,596	746,361	759,347
Total staff expenditure	3,817,767	4,020,671	4,128,425	4,239,067	4,352,674	4,469,326	4,566,757	4,666,312	4,768,038	4,871,981	4,978,190
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Executive											
Permanent full time	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Permanent part time	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Total executive	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Library Services											
Permanent full time	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Permanent part time	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20
Total library services	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20
Marketing and Online Services											
Permanent full time	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Permanent part time	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Total marketing and online services	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Technology and collections											
Permanent full time	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Permanent part time	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
Total technology and collections	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40
Casual	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Total full time equivalent	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20	40.20

Budget Analysis

Grants

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of library services.

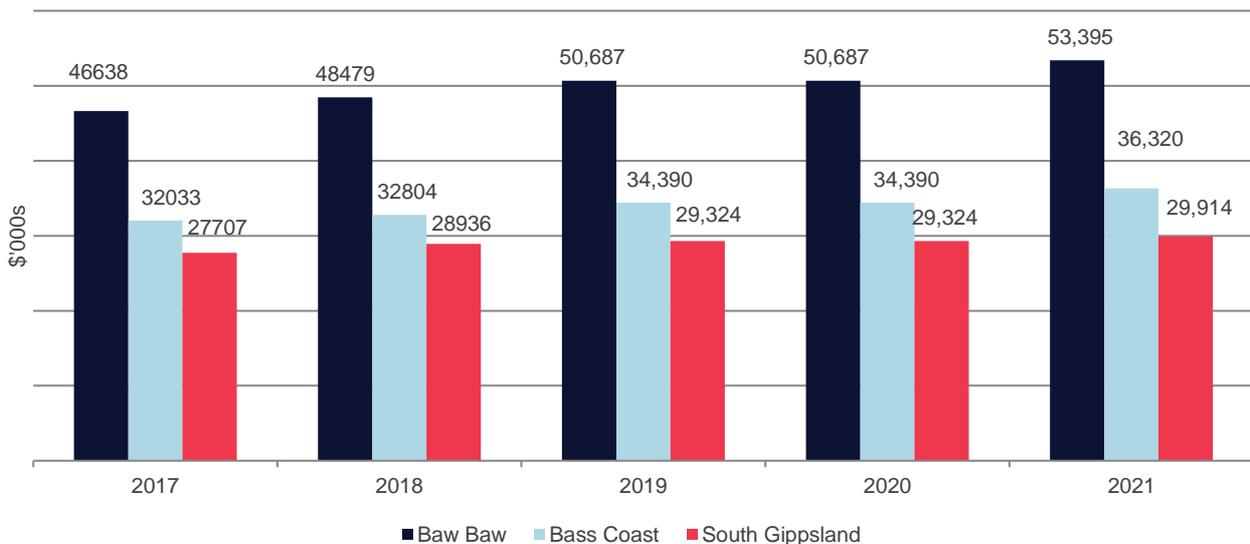
Overall, the level of operating grants is projected to remain consistent. This is based on a forecast increase in CPI for the public libraries annual recurring grant of 1.5%. This grant increment is not guaranteed, and the sector is advocating for an increment to be included in the State Budget. The Premiers Reading Challenge recurring grant is budgeted to remain the same which is consistent with prior years. No budget allocation has been made for other grants to be received due to the uncertain nature of the COVID-19 environment.

Operating Grant Funding Type and Source	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
State Government				
Public libraries	895,756	909,192	13,436	1.5%
Premiers reading challenge	26,006	26,006	-	0.0%
Other	-	-	-	0.0%
Total recurrent grants	921,762	935,198	13,436	1.5%

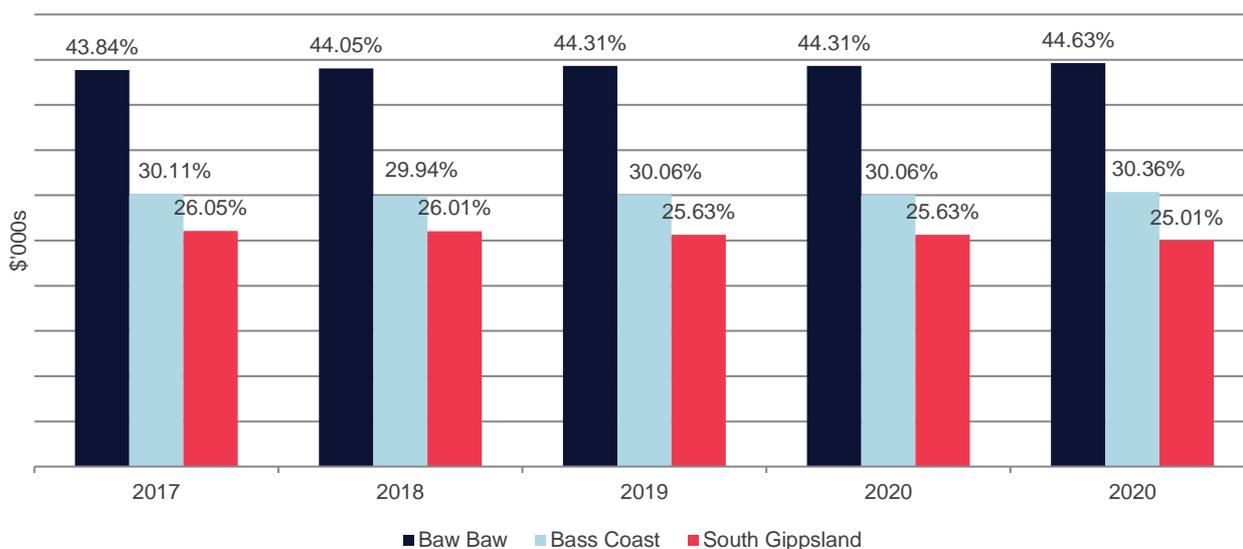
Contributions

The contribution from member Councils is in accordance with the agreed funding formula set out in the Regional Library Agreement. The formula allocates amounts on the basis of direct costs to staffing and library facilities within their respective Shires. Costs for library administration, technology and collection expenditure are allocated on a per capita basis. The contributions are determined once all operating income such as user charges and grant revenue has been deducted.

Population Changes



Population Percentage



The increase in contributions for the 2021.22 financial year is consistent with the rate cap of 1.5% for all member Councils shown in the table below. West Gippsland Libraries also receives wonderful support from local Friends groups who fundraise and contribute to local programs and collection requirements. This is budgeted to remain consistent due to COVID-19.

Contributions	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
Member Contributions				
Bass Coast Council	1,884,540	1,912,808	28,268	1.50%
Baw Baw Council	1,932,362	1,961,347	28,985	1.50%
South Gippsland Council	1,472,004	1,494,084	22,080	1.50%
Total member contributions	5,288,906	5,368,239	79,333	1.50%
Friends of the library contributions	15,000	15,000	-	0.00%
Donations	1,000	1,000	-	0.00%
Total contributions	5,304,906	5,384,239	79,333	1.50%

Employee Costs

Employee costs are budgeted to increase by 1.33%, representing 87% of the 1.5% rate cap. The current Enterprise Agreement will expire on 30 June 2021 and it applies a percentage increment to the base wage rate of 87% of the declared rate cap each year. There is currently a minimum increment of 1.6%, regardless of the rate cap, and this is higher than the rate cap set for 2021.22. This presents a shortfall between budgeted revenue and employee costs if changes are not negotiated in the Enterprise Agreement.

Bargaining will be taking place for the Enterprise Agreement for the next three-year agreement between March and June 2021. Long term sustainability of the organisation is dependent on wage increments not exceeding



the rate cap. An increase of 1.6% applied to the base wage rate will provide a shortfall of not just 0.1% to the base rate, but there is also a gap to wages oncosts (such as superannuation, work-cover, leave entitlements), which is why the increments are 87% of the rate cap. Further in 2021.22, employees will receive an increase of 0.5% to their annual superannuation entitlement, putting further pressure on employee costs expenditure.

The annual budget for 2021.22 is based on the existing 87% of the rate cap equalling 1.31% (1.74% in 2020.21). The Strategic Resources Plan (SRP) and Long-Term Financial Plan (LTFP) assumes that subsequent years will see a 2% increment in the rate cap and thus provides for a 1.74% increment in wages.

Other elements incorporated into the employee costs budget include:

- Band increments of \$13,000 that apply to staff who have not yet reached the end of band have been separately identified.
- Travel allowance costs have been budgeted at \$50,000. This is consistent with the prior year.
- On costs are expected to remain consistent with the prior year including work cover, and sick leave.
- All staff (including casuals) have been provided with one day of training or professional development. This provision will help provide structure to how training and professional development is approved and monitored. It also ensures West Gippsland Libraries continues to commit to and develop all employees who are the biggest asset in delivering library services.
- Quarterly meetings are a normal course of library operations as a way of delivering training and updates to staff such as manual handling or system changes. This gets staff together four times per year and is rostered on a rotation basis so that all libraries are adequately staffed at the time the meeting occurs. This cost is separately identified because it requires backfill of the libraries. This is equal to \$17,800 and is less than the prior year due to more meetings being able to take place via video.
- The staff development day is an annual event and continues to be highly successful. The staff development day is separately identified as it is compulsory for all staff to attend, thus incurring additional costs on the day.

The table below shows the increment in employee costs compared to the 2020.21 Adopted Budget. The second table shows the comparison to the 2020.21 forecast. Wages are expected to be less in 2020.21 due to COVID-19 closures and reduced programs. It is expected that in 2021.22, staffing will resume to pre-COVID-19 levels.

Employee costs	Adopted Budget 2020.21	Draft Budget 2021.22	Variance \$	Variance %
Salaries and wages	3,617,213	3,647,196	29,983	0.83%
Workcover	21,304	21,593	289	1.36%
Superannuation	329,250	351,882	22,632	6.87%
Total employee costs	3,967,767	4,020,671	52,904	1.33%

Employee costs	Forecast 2020.21	Draft Budget 2021.22	Variance \$	Variance %
Salaries and wages	3,467,213	3,647,196	179,983	5.19%
Workcover	21,304	21,593	289	1.36%
Superannuation	329,250	351,882	22,632	6.87%
Total employee costs	3,817,767	4,020,671	202,904	5.31%



Expenses

Materials and services are budgeted to increase in line with the budget assumptions of 5% per annum. Depreciation is expected to increase significantly due to being under budgeted in both 2019.20 and 2020.21. This is a result of purchasing new assets in recent years such as Drouin, Library, Waterline Library, San Remo Library and Wonthaggi Library. Finance costs continue to decrease as the loan over the Regional Support Centre is paid down. Other expenses are budgeted to decrease due to savings made in the Information Technology area over the past two years.

Expenses	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
Materials and services	802,375	826,406	24,031	2.99%
Depreciation and amortisation	1,030,696	1,087,275	56,579	5.49%
Finance costs	81,696	74,097	(7,599)	-9.30%
Other expenses	356,000	349,116	(6,884)	-1.93%
Total expenses	2,270,767	2,336,894	66,127	2.91%

Financial Sustainability

West Gippsland Libraries continues to review its financial operations to ensure it is financially sustainable into the future. In developing the Long-Term Financial Plan savings are reinvested back into increasing the quality of the collection, including both physical and electronic resources and renewal of furniture and equipment to ensure libraries remain fresh and modern.

West Gippsland Libraries tracks its working capital ratio (current assets less current liabilities) to ensure it remains financially sustainable. The working capital ratio benchmark is 1.15 which allows for current debts (equal to 1) to be paid and allow for additional cash flow. This is the minimum and the goal is to remain consistent with the trend of the existing ratio. A healthy working capital ratio is considered above 1.50 in line with the Victorian Auditor General’s Office for the Local Government Sector.

The ratio remains strong over the next 10 years however attention needs to be drawn to a slight decline to the trend. Long term financial sustainability requires focus on annual recurring expenditure to ensure decisions made in the present do not have adverse impacts on the long-term cash flow and the ability to meet ongoing asset renewal requirements.



Borrowings

In the past, West Gippsland Libraries borrowed strongly to finance the purchase of the Regional Support Centre Building in Warragul, ICT upgrades and rounds van replacements. Currently the loan secured over the Support Centre Building in Warragul has a remaining life of 10 years. All other borrowings tend to be leases which are generally taken out over a two to five year period.

This year the budget and long-term financial plan have been developed to exclude financing to fund purchases due to healthy cash reserves. However there has been an inclusion to refinance the existing loan with the aim of deriving a better interest rate. The table below reflects receiving funds to refinance the existing loan only plus the annual financing costs. If a better rate cannot be derived then the refinancing will not take place.

	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
Total amount borrowed as at 30 June of the prior year	1,066,897	946,629	(120,268)	-11%
Total amount to be borrowed	-	924,528	924,528	100%
Total amount projected to be redeemed	(120,268)	(1,019,212)	(898,944)	747%
Total amount of borrowings proposed as at 30 June	946,629	851,945	(94,684)	-10%

Capital Works

West Gippsland Libraries will be focusing on renewing some library spaces over the coming year. This will include enhancing the service to provide greater access by offering more libraries with the 24/7 service that has been so successful in Foster. The Budget includes provision for 24/7 access at Mirboo North and Poowong Libraries.

	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
Property				
Buildings	-	-	-	0%
Leasehold improvements	110,000	95,000	(15,000)	-14%
Total property	110,000	95,000	(15,000)	-14%
Plant and equipment				
Furniture, equipment and computers	173,000	133,000	(40,000)	-23%
Motor vehicles	-	32,000	32,000	100%
Library collections	708,000	748,000	40,000	6%
Total plant and equipment	881,000	913,000	32,000	4%
Total capital works expenditure	991,000	1,008,000	17,000	2%
Represented by:				
New asset expenditure	123,000	38,000	(85,000)	-69%
Asset renewal expenditure	783,000	970,000	187,000	24%
Asset upgrade expenditure	85,000	-	(85,000)	-100%
Asset expansion	-	-	-	0%
Total capital works expenditure	991,000	1,008,000	17,000	2%



	Forecast	Draft Budget	Variance	Variance
	2020.21	2021.22	\$	%
Carried forward works				
Leasehold improvements	-	-	-	0%
Furniture, equipment and computers	-	25,000	25,000	100%
Total carried forward works	-	25,000	25,000	100%

The works carried forward from the prior year represent furniture renewal at Warragul Library.

The table overleaf shows the projects funded in the proposed 2021.22 Annual Budget and how the projects will be funded. As mentioned in the borrowings section, the organisation has developed a healthy cash balance, so projects are budgeted to be funded from existing funds. Grants are not expected to be received for any projects.



Capital Works (continued)

	Project	Asset Expenditure Types				Summary of Funding Sources			
	Cost 2020.21	New \$	Renewal \$	Upgrade \$	Expansion \$	Grants \$	Contribution \$	Cash \$	Borrowings \$
Property									
Regional Support Centre Fixtures and fittings	45,000	-	45,000	-	-	-	-	45,000	-
Leasehold improvements - 24/7 Access - Poowong	25,000	25,000	-	-	-	-	-	25,000	-
Leasehold improvements - 24/7 Access - Mirboo North	25,000	25,000	-	-	-	-	-	25,000	-
Total property	95,000	50,000	45,000	-	-	-	-	95,000	-
Plant and equipment									
RFID Tags	15,000	15,000	-	-	-	-	-	15,000	-
Minor Purchases	48,000	-	48,000	-	-	-	-	48,000	-
Website enhancements	20,000	20,000	-	-	-	-	-	20,000	-
Furniture - Warragul Library**	25,000	-	25,000	-	-	-	-	25,000	-
Computer Purchases	25,000	-	25,000	-	-	-	-	25,000	-
Total plant and equipment	133,000	35,000	98,000	-	-	-	-	133,000	-
Motor vehicles									
Transit van	32,000	-	32,000	-	-	-	-	32,000	-
Total motor vehicles	32,000	-	32,000	-	-	-	-	32,000	-
Library collection									
Library Materials	460,000	-	460,000	-	-	-	-	460,000	-
E-resources	260,000	-	260,000	-	-	-	-	260,000	-
Premiers Reading Challenge	26,000	-	26,000	-	-	-	-	26,000	-
Local and Cultural History	2,000	-	2,000	-	-	-	-	2,000	-
Total library collection	748,000	-	748,000	-	-	-	-	748,000	-
Total capital works expenditure	1,008,000	85,000	923,000	-	-	-	-	1,008,000	-

** Project carried forward from prior year

Fees and Charges

Fee name	Details	GST?	2020.21 Charge	2021.22 Charge	Change	Unit of measure
Overdue fine	Adults	No	free	free	-	Removed under new initiative
Overdue fine	Junior	No	free	free	-	Per day
Overdue fine	Other items borrowed by juniors	No	free	free	-	Removed under new initiative
Inter library loans	Core copies electronic delivery	Yes	\$18.50	\$18.50	-	Per item
Inter library loans	Core loans including normal delivery	Yes	\$28.50	\$28.50	-	Per item
Replacement Library Cards	Replacement Library Cards	Yes	\$3.20	\$3.20	-	
Lost or damaged items	Lost /damaged items	Yes	cost of item	cost of item	-	
Lost or damaged items	Audio materials/Talking Books/CD's	Yes	\$16.25	\$16.25	-	Per tape/CD
Merchandise	USB's	Yes	\$8.00	\$8.00	-	Per item
Merchandise	Ear Buds	Yes	\$3.00	\$3.00	-	Per item
Photocopying and printing	Black and white A4	Yes	\$0.20	\$0.20	-	Per page (single sided)
Photocopying and printing	Colour A4	Yes	\$0.25	\$0.25	-	Per page (single sided)
Photocopying and printing	Black and white A3	Yes	\$0.40	\$0.40	-	Per page (single sided)
Photocopying and printing	Colour A3	Yes	\$0.50	\$0.50	-	Per page (single sided)
Library Bags	Adults	Yes	\$2.50	\$2.50	-	Per bag
Library Bags	Library Bags - Children	Yes	\$5.00	\$5.00	-	Per bag
Unpaid fees before borrowing and privileges are suspended	Adults		\$10.00	\$10.00	-	
Maximum unpaid fines before borrowing and privileges are suspended	Junior		\$5.00	\$5.00	-	
* Note: loss of library privileges includes borrowing, use of internet/public PC's and hold placements.						
Meeting room hire	Community groups or not-for-profits		free	free	-	
Meeting room hire	For profit organisations	Yes	\$90.00	\$90.00	-	Full day
Meeting room hire	For profit organisations	Yes	\$50.00	\$50.00	-	Half day
Refundable deposit for RFID Card	For applications to provide open access to unstaffed libraries at supported locations.	Yes	\$30.00	\$30.00	-	

Procurement Policy 2021.22



Procurement Policy 2021.22

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1. POLICY STATEMENT

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

2. PURPOSE

Section 186A of the *Local Government Act 1989* requires WGL to prepare, approve and comply with a procurement policy.

The purpose of the Procurement Policy is to:

- Provide policy and guidance to allow consistency and control over procurement activities;
- Ensure compliance with legislation;
- Establish a framework for WGL to achieve best outcomes;
- Demonstrate the application of elements of best practice in purchasing; and
- Demonstrate accountability to rate payers.

3. SCOPE

This policy applies to all purchases and contracts to purchase, goods, services and works.

It is binding upon West Gippsland Libraries staff and all persons undertaking procurement on behalf of the organisation.

4. OBJECTIVES

The objectives of the Procurement policy are to:

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

5. POLICY DETAILS

i. PRINCIPLES

West Gippsland Libraries will apply the following principles to all procurement activities:

Value for Money

Ensure value for money on all purchase decisions is maximised.

Factors such as quality, quantity, risk, timeliness and cost on a whole-of-contract and whole-of-asset-life basis will be considered to achieve the optimum combination which defines best value.

Open and fair competition

Prospective suppliers will be afforded an equal opportunity to tender or quote. Impartiality will be maintained in selecting suppliers.



Probity and transparency

Procurement activities will be performed with integrity and in a manner able to withstand the closest possible scrutiny.

Procedures will be implemented to ensure fairness and impartiality towards suppliers, consistency and transparency of process, identification and management of conflict of interest and security and confidentiality of commercial interests of existing and potential suppliers.

Accountability

West Gippsland Libraries will ensure responsibilities and requirements for compliance are communicated to all staff.

All procurement activities will be documented to provide an audit trail for monitoring and audit purposes.

Risk Management

West Gippsland Libraries will manage all aspects of its procurement processes to ensure all risks are identified, analysed, evaluated, treated, monitored and communicated to the standard required.

West Gippsland Libraries will ensure:

- systems are in place that limit the risk of unethical behaviour and clearly set the parameters of responsibility and authority;
- more than one person is involved in, and responsible for each transaction; and
- appropriate authorisations are obtained and documented.

E-Procurement

E-Procurement is integral to the overall development of procurement processes and involves the use of an electronic systems/s to acquire, manage and pay for goods, services and works. E-procurement describes business-to-business purchases that are done online or over a digital network or platform.

Reporting

Currently the **monthly** reporting process is as follows:

1. Resource is purchased on line in line with Employee spend threshold (pg. 6)
2. A receipt is provided to the EA or Finance Officer for document control.
3. When the bank statement is received, said receipts are married to financial transaction on the corresponding financial institution statement.
4. Once corresponding amounts are accepted for authenticity they are scanned into Xero (WGL Financial Platform)
5. All receipts and requests for payment then follow a 2 step approval process.

The procurement policy and implementation of related internal controls will be monitored and reviewed by West Gippsland Libraries. Limited testing of these controls may be undertaken by the external auditor annually.

Environmental sustainability

WGL will aim to make purchases that have the least impact on the environment and human health, within the context of purchasing on a value for money basis.

Preference will be given to purchasing products and services which:

- Minimise waste;
- Minimise greenhouse emissions;
- Minimise habitat destruction;
- Minimise pollution;
- Minimise soil degradation; and
- Maximise water and energy efficiency.



Local sourcing

Consistent with the value for money and fit for the purpose principles, where equivalent value can be sourced both locally and elsewhere, the goods or services should be procured from the local supplier.

Continuous improvement

West Gippsland Libraries will seek continual operational and process improvement including innovative and technological initiatives with the objective of reducing overall activity costs, improving management reporting capabilities and achieving best practice.

Collaboration

West Gippsland Libraries will seek and encourage the development of procurement collaboration with other Library Corporations and organisations including contracts available through the Victorian State Government, The Municipal Association of Victoria, Procurement Australia and other aggregated procurement providers as applicable.

ii. METHODS AND THRESHOLDS

West Gippsland Libraries will apply the following purchasing methods and conditions to all procurement activities within the nominated spend threshold:

Spend Thresholds	Purchasing Method	Conditions
Transaction limits on Corporate Credit cards determine the need for purchase orders or quotes	Corporate Credit Cards	Individual transaction limit of the credit card
Up to \$1,000	No quote	No purchase order required
>\$1,000 up to \$5,000	Written quotation	Seek and receive at least one quote Purchase order required
>\$5,000 up to \$25,000	Request for Quotation (RFQ)	Seek and receive at least three quotes Purchase order required
>\$25,000 up to \$149,999	Request for Quotation (RFQ)	Seek an RFQ from at least three suppliers Contract and purchase order required
\$150,000 and over	Invitation to Tender (ITT)	ITT published in newspaper ITT published on WGL's website ITT open to response from any supplier Contract and purchase order required

Note:

- 1) All \$ sums include GST
- 2) The total value of a purchase over the life of the contract must be considered to determine the correct procurement method.
- 3) West Gippsland Libraries may choose to publicly invite tenders for purchases with less than \$150,000 if it is of the opinion that it may produce a better outcome.



- 4) All quotations and tenders will be evaluated in accordance with the methodology outlined in WGL Methodology outlined in the Procurement Procedures Manual.

iii. FINANCE POLICY AND PROCEDURE MANUAL

West Gippsland Libraries will maintain a manual in which the Procurement Procedures will be set out in detail, highlighting the purchasing processes that must be followed.

iv. INTERNAL CONTROLS

West Gippsland Libraries will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end;
- transparency in the procurement process;
- a clearly documented audit trail exists for procurement activities;
- appropriate authorisations are obtained and documented; and
- systems are in place for appropriate monitoring of procedures.

v. PROCEDURAL EXEMPTIONS

The situation may arise where insufficient quotations are received to satisfy the above requirements. This may occasionally occur where there are few suppliers for the goods and services being sought or the work is highly specialised. In this case, the details of the contacted suppliers and an appropriate comment must be recorded, using a Procedural Exemption Form (Appendix A).

vi. DELEGATED OFFICER APPROVAL LEVELS

Authority granted is within the delegated thresholds outlined in Table B, and within the approved Annual Budget. All purchases require review and authorisation from two officers outlined in Table B.

Table B

Delegated Officer	Amount
Chief Executive Officer	Up to \$149,999
Deputy CEO / Manager People and Culture	\$10,000
Manager IT and Collections	\$10,000
Manager Library Services	\$10,000
Manager Marketing and Strategy	\$10,000
Facilities Manager	\$3,000
Executive Assistant	\$3,000
Team Leader Acquisitions /Collections	\$3,000

vii. GIFTS AND HOSPITALITY

No Board member or member of staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the organisation is interested.

Board members and staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings. Board members and staff should also avoid the ambiguous situation created by visiting the premises of a contractor, organisation, firm or individual uninvited and /or not on official business.



Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how flimsy the evidence available), must be promptly brought to the attention of the CEO.

6. RISK MANAGEMENT

i. GENERAL

Risk Management is to be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance the Corporation's capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

ii. SUPPLY BY CONTRACT

The provision of goods, services and works by contract potentially exposes West Gippsland Libraries to risk. Risk exposure will be minimised by measures such as:-

- Standardising contracts to include current, relevant clauses;
- Requiring security deposits or bank guarantees where appropriate;
- Referring specifications to relevant experts;
- Requiring contractual agreement before allowing the commencement of work;
- Use of or reference to relevant Australian Standards (or equivalent); and
- Effectively managing the contract, including monitoring and enforcing performance.

iii. CONTRACT TERMS

All contractual relationships must be documented in writing based on standard terms and conditions. To protect the best interests of West Gippsland Libraries, terms and conditions must be settled in advance of any commitment being made with a supplier. Any exceptions to this expose the West Gippsland Libraries to risk and such requests for exception must be supported with appropriate procurement and if necessary legal advice and therefore must be authorised by the CEO.

iv. CONTRACT MANAGEMENT

The purpose of contract management is to ensure that West Gippsland Libraries receives the goods and services provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system monitoring and achieving the responsibilities and obligations of both parties under the contract;
- providing a means for the early recognition of issues and performance problems and the identification of solutions; and
- Adhering to the risk management framework and relevant Occupational Health and Safety and Contractor Compliance procedures.

All WGL contracts are to include contract management requirements as appropriate.

v. CONFLICT OF INTEREST

Board members and staff shall at all times avoid situations in which private interest's conflict, or might reasonably be thought to conflict, or have the potential to conflict, with their employment duties.

Board members and staff shall not participate in any action or matter associated with the arrangement of a contract (i.e. evaluation, negotiation, recommendation, or approval) where that person or any member of their immediate family has a significant interest, or holds a position of influence or power in a business undertaking tendering for the work.



The onus is on the Board members and staff involved being alert to and promptly declaring an actual or potential conflict of interest to the Chief Executive Officer. Senior Officers of West Gippsland Libraries are required to complete a Pecuniary Interests Return that is held by the Chief Executive Officer.

vi. **DISCLOSURE OF INFORMATION**

Commercial in-confidence information received by the Corporation must not be disclosed and is to be stored in a secure location.

Board members and Corporation staff are to protect confidentiality by refusing to release or discuss the following:

- information disclosed by organisations in tenders, quotations or during tender negotiations;
- all information that is Commercial in Confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Board members and staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests.

Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

At no stage should any discussion be entered into which could have potential contractual implications prior to the contract approval process being finalised other than authorised pre-contract negotiations.

7. **SUPPORTING DOCUMENTS**

This policy should be read in conjunction with all other relevant Library Policies and procedures, as well as relevant legislative requirements.

Related procedures

- Procurement Procedures Manual

Related Legislation

- *Local Government Act 1989 (Victoria)*
- *Competition and Consumer Act 2010*

Related Policies

- Employee Code of Conduct
- Occupational Health and Safety Policy
- Credit Card Policy

Related Guidelines

- *Victorian Local Government Best Practice Procurement Guidelines 2013*

8. **EFT AND CHEQUE SIGNATORIES**

The following individuals are authorised to approve electronic transfers and sign cheques on behalf of the West Gippsland Libraries:

- Chief Executive Officer



- Manager People and Culture / Deputy CEO
- Manager Technology and Collections
- Manager Marketing and Strategy
- Manager Library Services

All EFT's and Cheques must have two signatures.

9. HUMAN RIGHTS CHARTER

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

10. MONITORING, EVALUATION AND REVIEW

Review of this policy and associated documentation will occur at least on in each financial year as required by section 186A (7) of the *Local Government Act 1989*.

11. NON COMPLIANCE, BREACHES AND SANCTIONS

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

12. DEFINITIONS AND ABBREVIATIONS

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

Term	Meaning
The Act	<i>Local Government Act 1989</i> (as amended)
Conflict of Interest	In Victorian local government the law provides that a staff member holding a delegation or advising council or a special committee has a conflict of interest which they must disclose in writing when they have a personal or private interest of the type of specified in the legislation.
Contract	An agreement between two or more authorised persons on behalf of their organisations to perform or not perform a specific act/s that is enforceable in law. A contract may be verbal or written or inferred by conduct.
Library Staff	Includes full-time and part time library staff, and temporary employees, contractors and consultants while engaged by the library.
Delegate	A person authorised by the Library or Chief Executive Officer to make general or specified decisions constrained only by the instrument of delegation. Specifically, delegates commit and incur expenditure. The delegate is responsible for actions arising from their use of such power.



Local	<p>In the context of this policy the definition of local is one that seeks to support manufacturers and suppliers located;</p> <p>Firstly within the municipal boundary</p> <p>Secondly within municipalities adjacent or near to the municipality</p> <p>Thirdly within Australia</p>
e-Procurement	e-Procurement is integral to the overall development of procurement processes and involves the use of electronic system/s to acquire and pay for supplies, services and works.
Probity	In the context of a procurement process, probity is a defensible process that is able to withstand internal and external scrutiny – one that achieves both accountability and transparency, providing suppliers with fair and equitable treatment.
Procurement	Procurement is the whole process of acquisition of external goods, services and works. It can include planning, design, standards determination, specification writing, preparation of quotation and tender documentation, selection of suppliers, financing, contract administration, disposals, and other related functions. It also includes the organisational and governance frameworks that underpin the procurement function.
Purchase Order	A form of contract, which is an official document used to authorise and record the purchase of goods or services by a buyer. It is the prime reference confirming the contractual situation between the buyer and the supplier.
Quotation/quote	A document in the form of an offer to supply goods and/ or services, usually in response to a request for quotation.
Request or quotation (RFQ)	A written process of inviting offers to supply goods and /or services, involving simple documentation that specifies the requirements.
Invitation to tender (ITT)	<p>A publicly advertised invitation to tender against a set of clearly defined and specified requirements.</p> <p>Tenderers are advised of all requirements involved, including the conditions of tendering and proposed contract conditions.</p>
Sustainability	Activities that meet the needs of the present without compromising the ability of future generations to meet their needs.
Tender	An offer in writing to supply goods and /or services, usually submitted in response to a public or selective invitation such as an invitation to tender.



Tender process	The process of inviting parties to submit a tender using public advertisement, followed by evaluation of submissions and selection of a successful bidder of tenderer.
Thresholds	The value above which a procurement, unless exempt, is subject to the mandatory procurement procedures.
Value for money	The optimum combination of quality, quantity, risk, timeliness, on a whole-of-contract and whole-of-asset-life basis (VAGO)
WGL (West Gippsland Libraries)	West Gippsland Regional Library Corporation

APPROVAL

Board Chair

Date Approved



Procedural Exemption

Insufficient quotations and procedural exemptions

The situation may arise where insufficient quotations are received to satisfy requirements. This may occur occasionally occur where there are few suppliers for the goods and services being sought or the work is highly specialized. In this case, the details of the contracted suppliers and appropriate comment must be recorded using this form.

Purchase request and description	
Reason for exemption	
Is this the first purchase with this supplier?	
Requesting officer	
Authorised by	
Date	





Russell Kennedy
Lawyers

MYLI – MY COMMUNITY LIBRARY LTD

CONSTITUTION

A public company limited by guarantee under the *Corporations Act 2001* (Cth)

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MYLI – MY COMMUNITY LIBRARY LTD

CONSTITUTION

1 PURPOSE OF THE COMPANY

The Company is a charitable and not-for-profit institution established and operated in Australia solely to establish and operate one or more Public Libraries to make available public library resources, services and programs aimed at meeting the needs of the community, local government, schools and other persons or institutions, so that they are supported to grow and thrive. **(Purpose)**.

2 NOT-FOR-PROFIT AND CHARITABLE NATURE OF THE COMPANY

2.1 Powers

Solely to carry out the Purpose, the Company has all the powers of an individual and a company limited by guarantee under the Corporations Act.

2.2 Income applied for the Purpose

The Company's income and property:

2.2.1 must be applied solely towards the Purpose; and

2.2.2 must not be paid or given to a Member, directly or indirectly, by way of dividend, bonus or otherwise, unless permitted by clause 2.3 or 2.5.

2.3 Permitted payments to Members

The Company may pay a Member in good faith with prior Board approval up to a fair and reasonable amount for:

2.3.1 expenses properly incurred for the Company;

2.3.2 goods or services supplied to the Company;

2.3.3 interest on money lent to the Company; or

2.3.4 rent for premises let to the Company.

2.4 Winding up

Subject to clause 2.7, the Company's surplus assets, after satisfying all liabilities on wind up or dissolution:

2.4.1 must not be paid or given to current or former Members unless eligible under clause 2.5; and

2.4.2 must be paid to eligible recipients selected under clauses 2.5 and 2.6.

2.5 Eligible recipients

A fund, authority or institution is eligible to receive any surplus under clauses 2.4.2 and 2.7 if it:

2.5.1 has not-for-profit and charitable purposes similar to the Purpose;

- 2.5.2 prohibits its income and property from being paid to members on at least the terms of this clause 2;
- 2.5.3 is a charity registered under Relevant Laws if the Company had been;
- 2.5.4 is income tax exempt under Commonwealth taxation Laws if the Company had been; and
- 2.5.5 can receive deductible gifts under the Commonwealth taxation Laws if the Company could and on the same basis.

2.6 Selection of eligible recipients

Eligible recipients to receive any surplus referred to in clause 2.5 must be selected:

- 2.6.1 by Member special resolution;
- 2.6.2 failing clause 2.6.1, by Board resolution; and
- 2.6.3 failing clause 2.6.2, by application to the Supreme Court of Victoria.

2.7 Surplus gifts

Any surplus gifts, fundraising contributions under Commonwealth taxation Laws and money received because of those gifts or contributions, must be transferred to eligible recipients selected under clauses 2.5 and 2.6 on the earlier of:

- 2.7.1 the Company's deductible gift recipient endorsement being revoked; or
- 2.7.2 the winding up of the Company.

3 MEMBERSHIP

3.1 Limited liability of Members / guarantee

- 3.1.1 A Member's liability is limited to the guaranteed amount in clause 3.1.2.
- 3.1.2 If the Company is wound up, each Member and former Member in the previous year must contribute up to one dollar (\$1) towards:
 - (a) the Company's liabilities contracted before the Legal Person ceased to be a Member; and
 - (b) costs, charges and expenses to wind up and adjust the rights of the contributories among themselves.

3.2 Classes of Members and eligibility

- 3.2.1 The Members of the Company comprise Ordinary Members who are organisations, such as a local government, a subsidiary of a local government, companies, associations, partnerships or other incorporated or unincorporated organisations which are substantial supporters of the Company and meet any other eligibility criteria set out in Regulations.
- 3.2.2 Subject to the prior approval of an ordinary resolution of the Members, the Members of the Company may be extended to include such other voting or non-voting categories whose rights, benefits, privileges, entitlements, obligations, liabilities, eligibility and status may be determined by the Board from time to time.

3.3 **Member rights and obligations**

- 3.3.1 Ordinary Members have the right to appoint two Representatives per Ordinary Member with each Representative having one vote.
- 3.3.2 Ordinary Members and other voting Members have the right to receive notice of, participate in the requisition of, attend, speak at, vote at and join in the demand for a poll at general meetings. Voting rights of Ordinary Members are exercisable by up to two Representatives appointed by the Ordinary Member in accordance with clause 3.3.4 (and whose appointment may be withdrawn by that Member).
- 3.3.3 Non-voting Members have the right to receive notice of and attend, speak at and engage in discussion at a general meeting, but may not vote at that meeting.
- 3.3.4 Members have the right to appoint a Representative to exercise all the Member's rights. Members must comply with the procedure established by the Company for the notification and removal of Representatives and the procedures for appointment of any permitted alternates.

3.4 **Rights not transferrable**

A Member's membership rights and privileges:

- 3.4.1 apply only whilst the Legal Person is a Member; and
- 3.4.2 are personal and may not be transferred or transmitted.

This clause 3.4 does not preclude the Company from recognising the merger, amalgamation or restructure of one or more Members by operation of the law.

3.5 **No membership period or fees**

- 3.5.1 Members are not required to take any steps to renew or otherwise continue membership.
- 3.5.2 No fees are payable to the Company in order to apply for, be admitted or continue as a Member.

3.6 **Register of Members, including closure of register**

- 3.6.1 The Company must maintain a register of Members in accordance with the Corporations Act which contains the name, addresses for notices and membership start/end dates for current and recent former Members.
- 3.6.2 The Board may establish Regulations to close the register to new Members for up to 60 days per year.
- 3.6.3 The Company may maintain a database of other Member details which is separate to the register of Members.

3.7 **Change of Member details**

A Member must notify the Company if the Member's addresses for notices change within 28 days of the change.

4 BECOMING AND CEASING TO BE A MEMBER

4.1 Admission of Members

- 4.1.1 The Board may admit in its absolute discretion a Legal Person as Member upon application in accordance with any requirements specified in the Regulations.
- 4.1.2 The Board must consider membership applications as soon as reasonably practicable.
- 4.1.3 The Board need not provide reasons for refusing to admit a Legal Person as Member.
- 4.1.4 Successful applicants become Members when added to the register of Members.

4.2 Resignation of Members

- 4.2.1 A Legal Person may resign as Member by written notice to the Company.
- 4.2.2 The resignation takes effect when the Company receives the Member's notice or on a later date specified in the notice.

4.3 Ceasing to be a Member

A Legal Person automatically ceases to be a Member if the Legal Person:

- 4.3.1 has a debt to the Company which remains unpaid for one year or more;
- 4.3.2 ceases to be eligible to be a Member in the relevant class for 12 months or more, including failing to meet any requirements to support the Company set out in Regulations;
- 4.3.3 is wound up or deregistered or in the case of an individual, dies;
- 4.3.4 becomes insolvent, or makes any arrangement or composition with the Member's creditors generally.

4.4 Initial Members

The initial Members of the Company are those Legal Persons named in the application to the Australian Securities and Investments Commission to register the Company.

5 GENERAL MEETINGS

5.1 Convening an annual general meeting

- 5.1.1 The Board must convene an annual general meeting to be held at least once every year, and where practicable should be aligned with the Councillor election cycle under the *Local Government Act 2020* (Vic). The requirements for convening an annual general meeting may otherwise be set out in the Corporations Act or Relevant Laws.
- 5.1.2 The business of an annual general meeting is to:
 - (a) consider the Board's, financial and auditor's report;
 - (b) appoint an auditor if that office is or will become vacant;

- (c) consider any other matter required by the Corporations Act or Relevant Laws; and
- (d) consider any special business, the general nature of which is specified in the notice of meeting.

5.2 Convening a special general meeting

- 5.2.1 General meetings other than annual general meetings are called special general meetings.
- 5.2.2 The Board must convene and hold special general meetings of the Members if required by the Corporations Act or Relevant Laws.
- 5.2.3 The Board or 3 Directors may convene special general meetings of the Members.
- 5.2.4 The notice of special general meeting must specify the general nature of special business, unless the Corporations Act or Relevant Laws require otherwise.

5.3 Notice of meeting

- 5.3.1 At least 21 days' notice of any general meeting must be given specifying the meeting's place, date and time, unless the Corporations Act or Relevant Laws require or permit some other period of notice.
- 5.3.2 Notice of every general meeting must be given in writing in accordance with clause 10.6 to:
 - (a) every Director;
 - (b) every Member entitled to attend who has supplied an address for notices to the Company; and
 - (c) the Company's auditor.
- 5.3.3 No other Legal Person is entitled to receive notices of general meetings.
- 5.3.4 A general meeting and any resolution passed at the meeting is not invalid merely because of:
 - (a) the accidental omission to give notice of the meeting; or
 - (b) the non-receipt of any such notice.

5.4 Postponement

- 5.4.1 The Board may postpone, relocate or cancel a general meeting which it convened by giving at least 5 days' notice to the Members.
- 5.4.2 Clause 5.4.1 does not apply to a meeting requisitioned by Members or convened by the Members, by individual Directors under clause 5.2.3 or by court order.

5.5 Quorum

- 5.5.1 A general meeting may not transact business unless a quorum is present when the meeting proceeds to business.

5.5.2 The quorum for general meetings is the presence in person of at least one Representative from at least 75% of all Ordinary Members.

5.5.3 If a quorum is not present within 30 minutes of the time scheduled to start the general meeting:

- (a) the meeting, if requisitioned by Members, is dissolved; and
- (b) in any other case, the meeting is adjourned to such other place, date and time as the Board determines and notifies to Members (if required to do so by clause 5.7).

5.6 Meeting chair

5.6.1 The Chair may chair a general meeting.

5.6.2 If the Chair is not present and willing to act the Deputy Chair may chair.

5.6.3 If the Chair and Deputy Chair are not present and willing to act:

- (a) the Directors present may choose one of their number to chair the meeting; and
- (b) if no Director is present, or if all the Directors present decline to chair, the Members present must choose one of their number to chair.

5.6.4 In addition to powers conferred by law, the meeting chair may:

- (a) determine the meeting's conduct and procedures to ensure proper and orderly discussion or debate;
- (b) make rulings without putting a question to the vote, or terminate discussion or debate and require that matter to be put to a vote;
- (c) refuse to allow debate or discussion on any matter which is not ordinary or special business; and
- (d) refuse any Legal Person admission to a general meeting (including for causing offence or disruption), or expel the Legal Person from the general meeting and not permit them to return.

5.6.5 All procedural decisions by the meeting chair are final.

5.7 Adjournment

5.7.1 The meeting chair:

- (a) may, with the consent of any general meeting at which a quorum is present; and
- (b) must, if so directed by the meeting,

adjourn the meeting to some other time or place.

5.7.2 The adjourned meeting may only transact unfinished business from the original meeting.

- 5.7.3 If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as required for the original meeting. It is not otherwise necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

5.8 **Voting – show of hands / poll**

- 5.8.1 Each Representative of an Ordinary Member has one vote.
- 5.8.2 By default, resolutions at general meetings must be voted on by a show of hands, including a show of hands using technology.
- 5.8.3 The meeting chair does not have a second or casting vote.
- 5.8.4 The meeting chair must declare whether resolutions were carried, carried unanimously, carried by particular majority or lost. These voting results must be minuted.
- 5.8.5 The minutes of the voting results are conclusive without the need to record the number or proportion of, or manner in which votes were cast.
- 5.8.6 A poll may be demanded by the meeting chair or at least two Members or Representatives of one or more Ordinary Members present in person and entitled to vote.
- 5.8.7 A demand for a poll must be made on or before the result being declared, and may be withdrawn.
- 5.8.8 A poll to elect a meeting chair or adjourn the meeting must be taken immediately. Polls must otherwise be taken at that meeting in the manner directed by the meeting chair.
- 5.8.9 The meeting chair must decide all voting disputes, and that decision is final.

5.9 **Proxies**

- 5.9.1 A Member (or its Representative) may appoint a proxy to act on the Member's behalf at any general meeting at which that Member may attend and vote.
- 5.9.2 A proxy must be:
- (a) a Representative, officer or employee of an Ordinary Member; or
 - (b) the Chair.
- 5.9.3 For the instrument appointing a proxy to be valid, it must be:
- (a) in writing and signed by the appointor;
 - (b) in the form complying with the Corporations Act or some other Board approved form; and
 - (c) lodged with the Company at least 48 hours before the time for holding the meeting or adjourned meeting.
- 5.9.4 A Member with voting rights may direct their proxy as to how to vote on any particular resolution by recording the direction on the instrument appointing the proxy.

- 5.9.5 A vote given according to the proxy instrument is valid despite revocation of the instrument or of the authority under which the instrument was executed, if no knowledge in writing of that fact was received by the Company before commencing the meeting or adjourned meeting at which the instrument is used.

5.10 Use of technology

General meetings may be held at more than one place, provided that the technology that is used enables each Member present at all places the meeting is held to clearly and simultaneously communicate with every other such Member.

5.11 Circular resolution

- 5.11.1 The Board may if it thinks fit submit any question or resolution to the vote of all Members entitled to a vote at a general meeting by circular resolution, unless the Corporations Act or Relevant Laws require a general meeting.
- 5.11.2 The Board may determine in the Regulations:
- (a) the form of the circular resolution;
 - (b) the polling date;
 - (c) the method for responding to the circular resolution; and
 - (d) whether voting on the circular resolution is to be by secret ballot.
- 5.11.3 A resolution approved by a majority or specific majority of the Members has the same force and effect as such a resolution passed in a general meeting.

6 BOARD

6.1 Initial structure of Board

While the Company has three or less members, the Board will comprise between 7 and 9 Directors as follows:

- 6.1.1 each Ordinary Member may appoint up to 2 Directors in accordance with clause 6.3 (**Ordinary Member Appointed Directors**); and
- 6.1.2 up to 3 further Directors may be appointed by the Board in accordance with clause 6.4 (**Independent Directors**) as long as the number of Independent Directors never exceeds the number of Ordinary Member Appointed Directors,

and so that at all times a majority of the Board will be persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws.

6.2 Future structure of Board

While the Company has four or more members, the Board will comprise as follows:

- 6.2.1 each Ordinary Member may appoint one Director in accordance with clause 6.3 (**Ordinary Member Appointed Directors**); and
- 6.2.2 up to 3 further Directors may be appointed by the Board in accordance with clause 6.4 (**Independent Directors**):

- (a) as long as the number of Independent Directors never exceeds the number of Ordinary Member Appointed Directors; and
- (b) so that, if possible, the total number of Directors is between 7 and 9,

and so that at all times a majority of the Board will be persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws.

6.3 **Appointment of Ordinary Member Appointed Directors**

- 6.3.1 Subject to this Constitution, the Corporations Act and the Relevant Laws, each Ordinary Member may appoint up to the relevant number of Directors to act as Ordinary Member Appointed Directors in accordance with clause 6.1.1 or 6.2.1.
- 6.3.2 The appointee must be a person with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws, unless the Board or all Ordinary Members agree this is not required to enable the Company to comply with the requirement that at all times a majority of the Board will be persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws.
- 6.3.3 If an Ordinary Member declines to appoint a Director, those positions may be filled until the next annual general meeting in accordance with clause 6.4 or for a longer period determined in writing by the Ordinary Member declining to appoint a Director.

6.4 **Appointment of Independent Directors**

- 6.4.1 Subject to this Constitution, the Board must determine any other procedures or matters in relation to the selection process to appoint Independent Directors and may make Regulations for that purpose.
- 6.4.2 The Regulations pursuant to clause 6.4.1 must be consistent with the following:
 - (a) Before each annual general meeting, the Board must publicly call for Independent Director candidates who need not be Members.
 - (b) A selection committee must be established for the purpose of conducting the selection process.
 - (c) The selection committee may, but is not required to, interview all candidates for becoming an Independent Director.
 - (d) The committee must recommend candidates to be appointed as Independent Directors on the basis of their skills, background and expertise deemed necessary or desirable by the Board (including, without limitation, to complement the Ordinary Member Appointed Directors) for the effective operation of the Board.
 - (e) The committee must recommend candidates so that a majority of the Board will be persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws.
 - (f) The Board may appoint Independent Directors after considering the recommendations from the selection committee conducting the selection process.

- (g) The meeting chair must announce the Independent Directors at the annual general meeting. Appointments take effect at the end of the annual general meeting at which the appointments are announced.

6.5 Eligibility to be a Director

A person is eligible to become a Director if he or she:

- 6.5.1 in the case of an Ordinary Member Appointed Director, is a Representative, officer or employee of an Ordinary Member, provided that Ordinary Member has no more than the relevant number of Ordinary Member Appointed Directors already on the Board in accordance with clause 6.1.1 or 6.2.1;
- 6.5.2 is over the age of 18 years;
- 6.5.3 consents in writing to become a Director;
- 6.5.4 is not prohibited, disqualified or otherwise prevented from being a Director under the Corporations Act or Relevant Laws;
- 6.5.5 has not exceeded the maximum term of office under clause 6.6; and
- 6.5.6 is not an employee of the Company.

6.6 Limits on period of office as a Director

If a Director has served 7 Years or more continuously, then the Director may finish serving their current term of office but is not eligible to be appointed as a Director for a subsequent continuous period of 2 years.

6.7 Term of office of Directors

- 6.7.1 An Ordinary Member Appointed Director holds office:
 - (a) commencing from the date the Ordinary Member resolves to appoint the person; and
 - (b) concluding either the end of the second or fourth (as determined by the Ordinary Member) annual general meeting after commencing as an Ordinary Member Appointed Director.
- 6.7.2 An Ordinary Member may appoint an Ordinary Member Appointed Director for a shorter term than under clause 6.7.1 if the Ordinary Member so determines at the time of appointment.
- 6.7.3 An Independent Director holds office:
 - (a) commencing from the date the Board resolves to appoint the person (for example, the appointment may take effect immediately after the next annual general meeting);
 - (b) concluding at the end of the second or fourth (as determined by the Board) annual general meeting after commencing as an Independent Director.
- 6.7.4 The Board may appoint an Independent Director for a shorter term than under clause 6.7.3 if the Board so determines at the time of appointment.

6.8 Casual vacancies

- 6.8.1 If a casual vacancy occurs for any Ordinary Member Appointed Director office, the Ordinary Member who appointed that person may appoint another eligible person in their place for the balance of the term of the original Ordinary Member Appointed Director.
- 6.8.2 If a casual vacancy occurs for any Independent Director office, the Board may appoint another eligible person in their place until the end of the next annual general meeting.
- 6.8.3 The Board may continue to act despite vacancies on the Board. However, if there are less than 4 Directors, or there is not a majority of the Board being persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws, or the number of Independent Directors exceeds the number of Ordinary Member Appointed Directors, the Board may only:
- (a) act in the case of emergencies;
 - (b) appoint persons to fill casual vacancies; or
 - (c) convene a general meeting.

6.9 Office bearers

The Board may elect and remove the following office bearers from the Directors:

- 6.9.1 Chair;
- 6.9.2 Deputy Chair; and
- 6.9.3 such other office bearers with titles determined from time to time by the Board.

6.10 Resignation of Directors

- 6.10.1 A Director may resign as Director by written notice to the Company.
- 6.10.2 The resignation takes effect when the Company receives the Director's notice or on a later date specified in the notice.

6.11 Ceasing to be a Director

- 6.11.1 The Members may remove any Director in accordance with the Corporations Act.
- 6.11.2 An Ordinary Member may remove a person it has appointed as an Ordinary Member Appointed Director.
- 6.11.3 A directorship automatically ceases if the Director:
- (a) dies or is physically incapable of fulfilling their duties as a Director;
 - (b) becomes disqualified from being a Director pursuant to the Corporations Act or Relevant Laws;
 - (c) for more than 6 months is absent without Board permission from Board meetings held during that period;

- (d) becomes a bankrupt or makes any arrangement or composition with personal creditors generally; or
- (e) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health.

6.12 Director remuneration and reimbursement

- 6.12.1 Despite clause 2, the Independent Directors may be paid reasonable remuneration for undertaking the ordinary duties of an Independent Director. Such reasonable remuneration is inclusive of all travel and other expenses incurred by them when engaged in the Company's business, attending meetings or otherwise in carrying out the duties of an Independent Director. The Independent Directors must not otherwise be paid any other remuneration for those duties.
- 6.12.2 Ordinary Member Appointed Directors are not entitled to be remunerated for undertaking the ordinary duties of an Ordinary Member Appointed Director.
- 6.12.3 In light of clause 6.12.1, the Directors are not otherwise entitled to be reimbursed for reasonable travel and other expenses incurred by them when engaged in the Company's business, attending meetings or otherwise in carrying out the duties of a Director.
- 6.12.4 Despite clause 2, the Directors may be paid for any service rendered to the Company in a professional or technical capacity outside the scope of the Director's ordinary duties where:
 - (a) the service and amount payable is on reasonable and proper terms; and
 - (b) the provision of that service has the Board's prior approval.

6.13 Initial Board

- 6.13.1 The initial Directors of the Company are those persons named in the application to the Australian Securities and Investments Commission to register the Company.
- 6.13.2 Despite clause 6.7.1(b), the initial Directors of the Company will conclude their term of office at either the 2023 or 2025 annual general meeting (as determined by the relevant Ordinary Member) but may be eligible to further serve as a Director subject to clause 6.6.

7 BOARD POWERS

7.1 Management vests in Board

- 7.1.1 The Board is responsible for the governance, business and affairs of the Company. In addition to the specific powers conferred on the Board by this Constitution, the Board may exercise all the Company's powers which are not by the Corporations Act, Relevant Laws or this Constitution required to be exercised by the Members in general meeting.
- 7.1.2 The powers under clause 7.1.1 are subject to:
 - (a) this Constitution;
 - (b) the Corporations Act and Relevant Laws; and

- (c) such resolution, not being inconsistent with those provisions, as may be passed by the Members in general meeting.

7.1.3 A resolution under clause 7.1.2 does not invalidate any prior act of the Board which would have been valid before the resolution was passed or made.

7.2 **Power to delegate**

7.2.1 The Board may delegate its powers and functions in writing to:

- (a) an officer or employee of the Company; or
- (b) a committee under clause 9.

7.2.2 The Board may amend or revoke the terms of its delegation at any time.

7.3 **Power to appoint Chief Executive Officer**

7.3.1 The Board may appoint a Chief Executive Officer on such terms and conditions as the Board determines from time to time.

7.3.2 The Board may remove a Chief Executive Officer, subject to the terms of any agreement between the Company and the Chief Executive Officer.

7.3.3 The Chief Executive Officer is entitled to attend Board meetings and general meetings, if so directed by the Board from time to time.

7.3.4 The Chief Executive Officer will have the responsibilities determined by the Board.

7.4 **Power to appoint Company Secretary**

7.4.1 The Board must appoint at least one Company Secretary in accordance with the Corporations Act.

7.4.2 The Company Secretary will have the responsibilities set out in the Corporations Act and Relevant Laws.

7.5 **Power to make Regulations**

7.5.1 The Board may from time to time make, vary and rescind Regulations in relation to the Company.

7.5.2 The Regulations for the time being in force, and which are not inconsistent with this Constitution, are binding on Members and have full effect accordingly.

8 **BOARD MEETINGS**

Subject to this clause 8, the Board may meet to consider business, adjourn and otherwise regulate its meetings as it thinks fit.

8.1 **Number of meetings**

The Board must meet at least 5 times per year.

8.2 **Convening meetings**

The Company Secretary must arrange a Board meeting:

- 8.2.1 at the request of the Board;
- 8.2.2 at the request of the Chair;
- 8.2.3 on the requisition of 3 or more Directors; and
- 8.2.4 at the request of the Chief Executive Officer (or a person acting in their place) in emergencies referred to in clause 8.3.1.

8.3 Notice of meeting

- 8.3.1 At least 72 hours' notice of any Board meeting must be given unless the Board decides otherwise or in emergencies, including:
 - (a) a natural disaster occurring in a municipality in which the Company operates;
 - (b) the death, serious injury or the like of a Director or officer, which would affect the normal operation of the Company, or the community and cannot wait until the next scheduled meeting of the Board; or
 - (c) where a matter cannot be practicably dealt with any other time due to emerging issues, time constraints or unexpected matters.
- 8.3.2 The notice must specify the business to be transacted. The Board may only transact business of a routine nature unless notice of any other business has been given either in the notice convening the meeting or in some other notice given at least a reasonable time before the meeting.
- 8.3.3 The decision of the meeting chair as to whether business is routine is conclusive.

8.4 Quorum

- 8.4.1 The quorum for a Board meeting is the following number of the Directors entitled to attend and vote:

Number of Directors	Quorum
7 or less	4
8 or more	5

- 8.4.2 In addition to clause 8.4.1, a majority of Directors present must be persons with a degree of responsibility to the public within the meaning of Commonwealth taxation Laws.
- 8.4.3 A meeting at which a quorum is present may exercise all powers and discretions of the Board.
- 8.4.4 If a Board meeting is adjourned due to lack of quorum, the Chair must set a further date for the adjourned meeting.

8.5 Meeting chair

- 8.5.1 The Chair may chair a Board meeting.
- 8.5.2 If the Chair is absent the Deputy Chair may chair.
- 8.5.3 In the absence of the Chair and the Deputy Chair, the Directors may appoint a meeting chair from among their number.

8.6 **Voting**

- 8.6.1 Each Director present and entitled to vote at a Board meeting, including via technology, has one vote. Proxy voting and alternate Directors are not permitted.
- 8.6.2 Questions arising at a Board meeting must be decided by a majority of votes. Such a decision is for all purposes a decision of the Board.
- 8.6.3 In the event of an equality of votes the meeting chair does not have a second or casting vote.

8.7 **Use of technology**

The Board may hold a technology enabled meeting if:

- 8.7.1 all Directors (other than any Director on leave of absence) have access to the technology to be used for the meeting; and
- 8.7.2 those Directors participating by technological means can hear, or can hear and read the communications of all other participating Directors.

8.8 **Circulating resolutions**

- 8.8.1 A written resolution signed or approved by technological means (other than any Director on leave of absence) is taken to be a decision of the Board passed at a Board meeting convened and held.
- 8.8.2 The written resolution may consist of:
- (a) several documents in the same form, each signed by one or more Directors and, such a resolution takes effect when the last Director signs such a document; or
 - (b) permanent records indicating the identity of each Director, the text of the resolution and the Director's agreement or disagreement to the resolution, as the case may be, and such a resolution takes effect when the last Director indicates their approval.

8.9 **Conflicts and personal interests**

- 8.9.1 A Director who has a material personal interest in a matter that relates to the Company's affairs must give the other Directors written notice of the interest unless the Corporations Act or Relevant Laws require otherwise.
- 8.9.2 To the maximum extent required by Law, a Director who has a material personal interest in a matter that is being considered by the Board must not be present while the matter is being considered, or vote on the matter.

8.10 **Minutes**

- 8.10.1 The Board must ensure that minutes of all proceedings of general, Board, committee meetings (and meetings of any other Board entity) are recorded in a minute book within one month after the relevant meeting is held.
- 8.10.2 The minutes must be signed by the meeting chair at which the proceedings took place or by the meeting chair of the next succeeding meeting.

- 8.10.3 Minutes entered and signed are prima facie evidence of the proceedings to which they relate.

8.11 **Validity of acts / procedural defects**

- 8.11.1 A Board act or decision will not be invalid by reason only of a defect or irregularity in connection with the election or appointment of a Director.
- 8.11.2 For entered and signed minutes, unless the contrary is proved:
- (a) the meeting is deemed to have been convened and held;
 - (b) all proceedings that are recorded in the minutes as having taken place are deemed to have taken place; and
 - (c) all appointments that are recorded in the minutes as having been made are deemed to have been validly made.

9 **COMMITTEES**

9.1 **Board's power to establish committees**

The Board may establish committees as follows:

- 9.1.1 a committee will comprise two or more committee members, of which at least one must be a Director;
- 9.1.2 the committee members otherwise need not be a Director or Member;
- 9.1.3 the committee has the purpose set out in its charter approved by the Board, and may undertake the powers and functions delegated to it by the Board; and
- 9.1.4 in the absence of any provision in the committee charter, meetings and proceedings of any committee are governed by the provisions of clause 8.

10 **ADMINISTRATION**

10.1 **Change of name**

The Members may change the Company's name by special resolution in accordance with the Corporations Act. Such a resolution authorises the Board to update all references to the Company's name in this Constitution.

10.2 **Amendment of Constitution**

- 10.2.1 The Members may amend this Constitution by special resolution in accordance with the Corporations Act and Relevant Laws.
- 10.2.2 If the Company is registered under Relevant Laws, a special resolution under clause 10.2.1 (unless it expressly provides otherwise) does not take effect if it would cause the Company to lose any entitlements to registration under Relevant Laws.

10.3 **Accounts**

The Board must cause:

10.3.1 proper accounting and other records to be kept in accordance with the requirements of the Corporations Act and Relevant Laws, and

10.3.2 financial statements to be made and laid before each annual general meeting as required by the Corporations Act and Relevant Laws.

10.4 **Audits and appointment of auditor**

A properly qualified auditor must be appointed and the auditor's duties regulated in accordance with the requirements of the Corporations Act and Relevant Laws.

10.5 **Records and inspection**

A Member (other than a Director) is not entitled to inspect any document of the Company, except as provided by law or authorised by the Board.

10.6 **Service of notices**

10.6.1 Notices must be in writing and may be given by the Company to any Member:

- (a) in person;
- (b) by sending it by post to the Member at the Member's registered address; or
- (c) by sending it to the address, facsimile number, e-mail address or other address supplied for receiving notices.

10.6.2 A notice sent by post is deemed to have been given 6 Business Days after it was posted. A notice sent by fax, or by other electronic means, is deemed to have been given on the next business day after it was sent.

10.7 **Indemnity of officers**

10.7.1 The Company indemnifies current and former Directors (**Indemnified Officer**) out of its assets against any Liability incurred by the Indemnified Officer in or arising out of:

- (a) the conduct of the Company's affairs or business; or
- (b) the discharge of the Indemnified Officer's duties.

but only to the extent that:

- (c) the Indemnified Officer has acted in good faith and is not otherwise entitled or actually indemnified by a third party;
- (d) the Company is not precluded by Law from doing so; and
- (e) the Liability is not a cost or expense for an unsuccessful application to a Court for relief under the Corporations Act, or the defence of civil or criminal proceedings where judgement is given against the Indemnified Officer or in which the Indemnified Officer is not acquitted.

10.7.2 The Company may execute any deed in favour of any Indemnified Officer to confirm the indemnities conferred by clause 10.7.1 in relation to that person.

10.7.3 Clause 10.7.1 applies whether or not any deed is executed under clause 10.7.2.

10.8 Insurance

- 10.8.1 The Company may pay or agree to pay premiums for directors and officers insurance to insure Indemnified Officers against any Liability incurred by the Indemnified Officer referred to in clause 10.7.
- 10.8.2 The Company may execute any deed in favour of any Indemnified Officer to take out insurance referred to in clause 10.8.1, on such terms as the Board considers appropriate.

10.9 Seal

- 10.9.1 The Board will determine whether or not the Company is to have a seal (known as the common seal) and, if so, will provide for the safe custody of such seal.
- 10.9.2 The seal, if any, of the Company may only be affixed to any instrument with the Board's authority.
- 10.9.3 The affixing of the seal must be attested by the signatures of persons authorised by the Board for that purpose.

11 DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Constitution:

Board means the board of Directors of the Company with a quorum to transact business;

Business Day means a weekday which is not a public holiday in the state or territory of the Company's registered office;

Chair means the Director and office bearer under clause 6.9.1;

Company means the company named on page 1 of this Constitution;

Company Secretary means a secretary appointed under clause 7.4;

Constitution means this constitution of the Company;

Corporations Act means the *Corporations Act 2001* (Cth);

Director means a person for the time being who performs the role of director of the Company;

Deputy Chair means the Director and office bearer under clause 6.9.2;

Indemnified Officer has the meaning given in clause 10.7;

Independent Director means a Director appointed for the purposes of clause 6.1.2 or 6.2.2;

Law includes statute, regulation, legislative instrument, rules, standards, proclamation, ordinance or by-law which, by or under statute, bind a person from time to time;

Legal Person includes an individual person, a partnership, body corporate, government authority or agency (whether or not incorporated);

Liability includes cost, charge, loss, damage, expense or penalty;

Member means a Legal Person who is a member of the Company pursuant to clauses 3 and 4;

Ordinary Member Appointed Director means a Director appointed for the purposes of clause 6.1.1 or 6.2.1;

Public Library means a public library for the purposes of gift deductibility under Division 30 of the *Income Tax Assessment Act 1997* (Cth).

Purpose has the meaning given in clause 1;

Regulations means regulations made by the Board under clause 7.5;

Relevant Laws means Laws regulating the registration, reporting or governance obligations of the Company and includes:

- (a) *Australian Charities and Not-for-profits Commission Act 2012* (Cth),
- (b) *Income Tax Assessment Act 1997* (Cth); and
- (c) *Charities Act 2013* (Cth).

Representative of a Member means:

- (a) a proxy appointed in accordance with clause 5.9;
- (b) a representative appointed by an Ordinary Member in accordance with this Constitution; or
- (c) an attorney of the Member, whose instrument of appointment has been provided to the Company;

and includes a Representative appointed on a standing basis.

Year, in relation to a Director's term of office, means the period of approximately one calendar year between annual general meetings or if no annual general meeting is convened in a year a date prescribed by the Board being within 5 months of the end of the Company's financial year.

11.2 Interpretation

In this Constitution, unless the contrary intention appears:

- 11.2.1 the singular includes the plural and vice versa;
- 11.2.2 words importing a gender include every other gender;
- 11.2.3 a reference to an individual or person includes a partnership, body corporate, government authority or agency and vice versa (whether or not incorporated);
- 11.2.4 a reference to a person includes that person's executors, administrators, successors, substitutes and permitted assigns;
- 11.2.5 a reference to a document or instrument, including this Constitution, includes that document or instrument as novated, altered or replaced from time to time;

- 11.2.6 a reference to a statute, code or other law includes regulations and other instruments made under it and includes consolidations, amendments, re-enactments or replacements of any of them;
- 11.2.7 other grammatical forms of defined words or expressions have corresponding meanings;
- 11.2.8 headings and the provision of a table of contents are for convenience only and do not affect the interpretation of this Constitution; and
- 11.2.9 a Member is to be taken to be present at a general meeting if the Member is present in person or by Representative.

11.3 **Interpretation subject to Relevant Laws**

- 11.3.1 This Constitution is to be interpreted subject to the Corporations Act and the Relevant Laws. If there is any inconsistency, Relevant Laws prevail.
- 11.3.2 To the extent that Relevant Laws require this Constitution to include provisions so that the Company can hold a registration or exemption status, those provisions are taken to form part of this Constitution.
- 11.3.3 Provisions which are optional replaceable rules under the Corporations Act do not apply to the Company.

West Gippsland Libraries Transition to a Not-For-Profit Entity – Accounting Implications

Report Prepared in consultation with:

- Pitcher Partners Accountants
- Russell Kennedy Lawyers
- All Member Councils Chief Financial Officers
- Council Director Board Representatives
- WGL Chief Executive Officer

Overview

This report extends on the previous briefing report provided to Council in April 2021 pertaining to the requirements for West Gippsland Libraries (WGL) to transition to a company limited by guarantee, Not-For-Profit (NFP). This follows changes to the *Local Government Act 2020* (the Act) that come into effect from 1 July 2021. Significant due diligence has been undertaken by WGL over the past 12 months to 2 years with the involvement of all member Councils.

On 7 May 2021, the WGL Board resolved to adopt the new NFP Constitution of Myli – My Community Library Ltd written by Russell Kennedy Lawyers in consultation with the WGL Board. This was the **first step** in a series of legislative requirements that the WGL Board and Member Councils (collectively) need to undertake to make the entity transition required under the Act.

The **second step** is for the WGL Board to adopt the legal and accounting procedure in a resolution that will enable the formal transition to occur. This briefing report outlines the proposed accounting treatment and rationale for Council's consideration.

The **final step** in the legislative process is the adoption of the same resolution (drafted by Russell Kennedy Lawyers) by all three Member Councils at the Ordinary Meeting in July 2021 that executes the following functions:

- That Council participate in the formation and become a founding member of Myli – My Community Library Ltd;
- Adopt the Constitution of Myli – My Community Library Ltd as recommended by the WGL Board;
- Assesses the risk pursuant to section 111 of the Local Government Act 2020 as completed by Pitcher Partners;
- Novate the existing Library Agreement to Myli – My Community Library that maintains all the existing provisions (including annual funding) with the exception of those clauses where equivalent matters are now contained in the Constitution;
- Appoint the Board Directors to Myli – My Community Library Ltd (that maintains the existing Members on the Board);
- Adopt the accounting treatment required for the transfer of assets to Myli – My Community Library Ltd; and
- Enact the dissolution and winding up of WGL upon completion of the above processes.

Why now?

The April briefing report to Council highlighted the many reasons that substantiate the importance of Council making the above decisions in July 2021. Furthermore, WGL has been having preliminary discussions with other Councils who have shown an interest in joining the new NFP. One incentive for Council making the decision in July 2021 is any new Council that joins the NFP would contribute to the cost sharing of the existing Member Councils annual financial contribution. Without the NFP, this is unable to occur.

Due diligence

Significant due diligence has been undertaken over the past three years. As previously outlined to Council in April 2021, the four project areas are:

- Legal – Completed;
- Risk – Completed;
- Naming – Completed; and
- Accounting – Addressed in this report.

Accounting Implications to Council

WGL engaged Pitcher Partners for two purposes:

1. Complete the assessment of the total investment involved in forming Myli – My Community Library Ltd, the total risk exposure and ensure that its total risk exposure does not exceed its total investment pursuant to section 111(1)(a) of the Act.
2. Advise on the accounting implications to member Councils derived from the transition to Myli – My Community Libraries Ltd.

It should be noted that Pitcher Partners are not an audit service provider for any of the member Councils and therefore do not have a conflict of interest.

The process that has been undertaken pertaining to the accounting implications are as follows:

- Pitcher Partners in consultation with Russell Kennedy Lawyers developed an Accounting Memo advising of three possible accounting treatments to transition from the Library Corporation to the NFP.
- The Executive Director of Pitcher Partners met with the three Council CFO's, three Council Directors (who preside on the WGL Board) and the WGL CEO to talk through the three options and reach consensus on the best accounting treatment for now and future financial years.
- The Executive Director of Pitcher Partners was able to answer all questions asked by the CFO's and Council Directors.
- There was agreement amongst Council CFO's and Directors that the non-current asset stated on Council's balance sheet reflected changes in the carrying value year on year and did not translate to a realisable cash asset. For example:
 - Books are recognised as an asset at cost and do not have a resale value.
 - E-resources are licenses and are not convertible to a saleable or cash asset, nor can they be separately distributed to individual member Councils.
 - The building asset owned by WGL is headquarters for staff and is required to conduct business.

In simple terms, yet not to underestimate the complexity of the accounting transactions, the three options available are:

Accounting Options – <i>Options outlined below are separate to ongoing annual contributions for service delivery under the Library Agreement.</i>	
<p><u>Option 1</u> – Financial obligation</p> <ol style="list-style-type: none">i. Distribute the net assets back to each member Council.ii. This would require Council to account (for at least a short period) for its proportion of each asset and liability previously presented in the WGL financial statements.iii. Once the NFP is created Council would then transfer	<p>This option is not supported because:</p> <ul style="list-style-type: none">• It creates significant accounting complexities at the time of transition and would require Council CFO's and accounting departments to take on short

<p>the net assets to the NFP via a financial obligation (e.g. similar to a loan or promissory note arrangement) and record a financial asset (receivable) with settlement required in the event that a member Council exits the arrangement.</p> <p>iv. Such a settlement would be prompted only by agreed terms and conditions (contingent event).</p> <p>v. Council would be required to apply the measurement requirements of <i>AASB 9 Financial Instruments</i>.</p> <p>vi. In future years Council would be required to test the financial asset for impairment at each reporting date, and in the event that an impairment occurs, record an impairment loss in the profit or loss.</p>	<p>term accounting for assets and liabilities previously undertaken by WGL.</p> <ul style="list-style-type: none"> • Significant accounting complexities to WGL. • Ongoing impairment assessments with possible fluctuations in Councils financial reports year on year. • Provides a financial benefit to only one Council (if only one chose to leave) therefore leaving impairment implications to the remaining Councils.
<p><u>Option 2</u> – Transfer obligation</p> <p>vii. Distribute the net assets back to each member Council as outlined in option 1 above.</p> <p>viii. This would require Council to account (for at least a short period) for its proportion of each asset and liability previously presented in the WGL financial statements.</p> <p>ix. Once the NFP is created Council would then transfer the net assets to the NFP via a transfer obligation (obligation to return assets to members) and record an intangible asset with assets required to be returned in the event that a member Council exits the arrangement.</p> <p>x. Such a settlement would be prompted only by agreed terms and conditions (contingent event).</p> <p>xi. Council would record the intangible asset in accordance with <i>AASB 138 Intangible Assets</i> and the principles of <i>AASB 15 Revenue from Contracts with Customers</i> and then apply accounting treatment of 'refund obligations' and 'rights of returned goods'</p> <p>xii. In future years Council would be required to assess the recoverability of the intangible asset in accordance with <i>AASB 136 Impairment of Assets</i> at each reporting date, and in the event that an impairment occurs, record an impairment loss in the profit or loss.</p>	<p>This option is not supported because:</p> <ul style="list-style-type: none"> • It creates significant accounting complexities at the time of transition and would require Council CFO's and accounting departments to take on short term accounting for assets and liabilities previously undertaken by WGL. • Significant accounting complexities to WGL. • Ongoing impairment assessments with possible fluctuations in Councils financial reports year on year.
<p><u>Option 3</u> – Gift Council assets to NFP</p> <p>xiii. By far the simplest means to provide the NFP with the net assets required to operate by way of contributing/gifting the net assets.</p> <p>xiv. As a NFP this would extinguish any claim Council currently has to net assets.</p> <p>xv. Council would recognize a non-cash gift expense in the profit or loss only once and equal to the amount currently recognized in Council's balance sheet as a non-current asset.</p> <p>xvi. In past years when a library corporation has disbanded they have recognized a write down of the assets in the profit or loss statement.</p>	<p>This is the supported option because:</p> <ul style="list-style-type: none"> • Simplest and lowest cost to apply the accounting treatment. • Does not shift accounting responsibilities back to Council during transition. • Does not create ongoing impairment risks for member Councils. • Does not jeopardise the ongoing cash flow and financial sustainability of the NFP. • Investment in facilities within each municipality boundaries will be managed through a facilities reserve exclusive for each

	member Council.
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Accounting Recommendation

There was consensus among the Council CFO's and Directors for **Option 3** and that a gift of Council's assets to the NFP was the best option and significantly reduced the complexity and workload for all parties. It also provided simplified accounting for member Councils on an ongoing basis and demonstrated a commitment to the long-term sustainability of the organisation.

Under this option, member Councils would recognise a gift expense equivalent to the amount currently recognised on their balance sheet and would no longer carry a non-current asset for library services. Ongoing accounting treatment for member Councils would be simplified to recognising an expense equal to the annual contribution for library service delivery each year.

The Council and WGL Auditors have already highlighted this matter in the current years Financial Audit Strategy. Their audit procedures for the financial year are seeking clarification on intended accounting treatment following the WGL Board's adoption of the new NFP's Constitution in May 2021.

Collective agreement on accounting treatment is required from all three Member Councils prior to the WGL Board adopting the final resolution at their Ordinary Board Meeting being held on Friday 25th June 2021. Member Councils will then adopt the final resolution at their Ordinary Council Meeting in July 2021.

It is intended that the accounting treatment will be presented as outlined below.

Resolution Accounting Procedure Extract

(Drafted by Russell Kennedy Lawyers in consultation with Pitcher Partners and External Auditors)

MYLI – MY COMMUNITY LIBRARY LTD ESTABLISHMENT

That, pursuant to section 110(1) and section 111 of the 2020 Act and having assessed the total investment involved and total risk exposure and ensured the total risk exposure does not exceed the total investment and that risk management frameworks are in place, Council:

- (a) participate in the formation of a beneficial enterprise to be known as; and*
- (b) become a founding member of,*

Myli – My Community Library Ltd (Company), being:

- (c) a public company limited by guarantee;*
 - (d) a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission; and*
 - (e) a public library recognised by the Australian Taxation Office,*
- on the terms of the Myli – My Community Library Ltd constitution*

GIFT OF WGRLC ASSETS

That, pursuant to section 10 of the 2020 Act, Council enter into a gift and transfer deed between Bass Coast Shire Council, Baw Baw Shire Council, South Gippsland Shire Council, WGRLC and the Company (Gift and Transfer Deed) which provides in general terms, that with effect at 11:59pm on 30 June 2022:

- a) Council is one of the ultimate owners of WGRLC, and is therefore one of the ultimate owners of WGRLC's business, assets and liabilities;*
- b) in order to restructure WGRLC and replace it with the Company, Council wishes to gift Council's interests in WGRLC, and therefore Council's interests in WGRLC's business, assets and liabilities, to the Company (except that any transfer of land will be subject to WGRLC following the procedure in section 189 of the 1989 Act);*

- c) so as to give effect to Council's gift, Council directs and authorises WGRCL to transfer in specie all its business, asset and liabilities to the Company pursuant to sections 196(4)(d) and (e) of the 1989 Act and any other power enabling WGRCL to do so.

Policy and legislative implications

Local Government Act

Policy and legislative requirements have been outlined in this report. In summary, the Local Government Act 2020 removes Library Corporations (sec 196 LGA 1989) from the Act and gives a 10-year sunset provision prior to a forced windup/liquidation by the Local Government Minister. This provision comes into effect from 1 July 2021. Councils will be required to establish a new entity and in this case the Not-For-Profit entity has been selected (as briefed in April 2021) under the beneficial enterprises section 110 of the LGA 2020.

Beneficial enterprises

Process before participating in beneficial enterprises:

Legislative requirement	Assurance/Compliance
(1) A Council must in participating in a beneficial enterprise under section 110— (a) assess the total investment involved and the total risk exposure and ensure that its total risk exposure does not exceed its total investment; and	Assessment completed by Pitcher Partners. Refer to attachment 1.
(b) if section 110(1)(a), (b) or (c) applies, ensure that the corporation is a limited corporation; and	The corporation is a company limited by guarantee as outlined in attachment 1 and the Constitution.
(c) have regard to the risks involved; and	Risk Management Strategy and risk assessment adopted by the WGL Board 7 th May 2021.
(d) establish risk management arrangements; and	Risk Management Strategy adopted by the WGL Board 7 th May 2021.
(e) implement regular performance monitoring and reporting arrangements in relation to the beneficial enterprise; and	Regular performance reporting framework will continue under new NFP. Reported to the Board quarterly.
(f) ensure that any changes to the operation or purpose of the beneficial enterprise are reported to the Council; and	Changes to the Constitution must comply with clause 10.2 of the Constitution and at AGM of the Members (the Councils).
(g) identify and manage any risks associated with any changes to the operation or purpose of the beneficial enterprise.	Risk Appetite adopted as part of the Risk Management Strategy. Risks will be monitored and assessed on an ongoing basis in accordance with the strategy and Constitution.
(2) A Council must report on the operations and performance of each beneficial enterprise in its annual report.	This is consistent with current practice of WGL with Member

	Councils.
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External audit implications

The VAGO Audit Strategy 2021 identifies the LGA changes and its implications on the current financial year to Member Councils and WGL.

Conclusion

WGL has been working through the requirements of the changes to the LGA for the past three years. Significant due diligence has been undertaken over the past 12 to 18 months and WGL has worked closely with lawyers, Russell Kennedy, and accountants, Pitcher Partners, to ensure that all due diligence and legislative requirements have been met.

It is recommended that Council support the resolution that recommends Member Councils gift its assets in WGL to the new NFP, Myli – My Community Library Ltd.

MEMORANDUM

To: Leanne Williams **Date:** 26 May 2021
From: Mark Harrison **cc:**
Subject: **West Gippsland Regional Library Corp restructure**

The following commentary has been compiled at the request of West Gippsland Regional Library Corporation ('WGL') to assist its members to assess the commercial obligations associated with the proposed restructure of WGL.

Executive Summary

- A. WGL proposes to restructure its current legal structure to operate through a company limited by guarantee.
- B. The Councils' that control WGL are requested to gift their interest in WGL to the company limited by guarantee, this is a cost of the proposed transaction.
- C. The Councils' are party to an existing Library Agreement that is intended to be novated to the company limited by guarantee, maintaining the Councils' existing financial risks of the current service arrangement.
- D. No other material financial costs have been identified within the proposed transaction.

Commentary

1. Our comments are based on the following understanding:
 - a) WGL is a Victorian body corporate established to operate libraries for various councils. The councils to which services are provided at the members of the body corporate,
 - b) the members of WGL (the 'Councils') are:
 - Bass Coast Shire Council,
 - Baw Baw Shire Council,
 - South Gippsland Shire Council,
 - c) the councils' ownership interest in WGL is currently accounted for as an equity accounted investment in their respective financial reports. An equity accounted investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income,
 - d) the councils/members are parties to a library services agreement that documents the fees/funding to be provided to WGL for provision of services,
 - e) it is proposed that there be a gifting of Council assets (as represented by the respective equity accounted investments) to a new company, Myli – My Community Library Ltd ('Myli'),
 - f) Myli is a company limited by guarantee as per the Corporations Act 2001.
 - g) Myli represents a 'beneficial enterprise' in accord with sect 110 of the Local Government Act 2020.

If any of the above is incorrect or subsequently changes, the following should be disregarded, and the necessary revisions advised so that the comments can be reconsidered.

2. We have been engaged to provide commercial comment to assist the Councils to assess their obligations under the Local Government Act 2020 – sect 111. This commentary is limited to matters associated with

the total investment involved and the total risk exposure and assisting Councils to assess if the total risk exposure exceed its total investment.

3. Myli is a company limited by guarantee. A company limited by guarantee is a type of public company registered under the Corporations Act. They are formed on the principle that the liability of members is limited to the amount they agree to contribute if the company is wound up. This amount is typically nominal and set out in the company's constitution. Companies limited by guarantee cannot pay dividends.
4. In compliance with the above, the constitution of Myli identifies that Myli must not make payment or give a Member, directly or indirectly, an amount by way of dividend, bonus or otherwise, other than in very limited circumstances such as expense re imbursement or service fees/interest/rent.

Further, the Company's surplus assets, after satisfying all liabilities on wind up or dissolution must not be paid or given to current or former Members unless an Eligible recipient.

An Eligible recipients is a fund, authority or institution that has not-for-profit and charitable purposes similar to the Myli Purpose; and also prohibits its income and property from being paid to members on at least the Myli terms, is a charity registered under Relevant Laws if the Company had been, is income tax exempt under Commonwealth taxation Laws if the Company had been; and can receive deductible gifts under the Commonwealth taxation Laws if the Company could and on the same basis.

5. It has been determined that the appropriate means to effect the transfer of assets and liabilities of the Council from WGL to Myli is by gifting Council's interests in WGL, and therefore Council's interests in WGL's business, assets and liabilities, to the Company (Myli) and so as to give effect to Council's gift, the Councils will direct and authorise WGL to transfer in specie all its business, asset and liabilities to the Company (Myli).
6. It is also proposed that the existing Library Agreement to which all councils are already parties be novated to Myli – My Community Library, maintaining all the existing provisions (including annual funding) with the exception of those clauses where equivalent matters are now contained in the Constitution
7. Our understanding of the commercial implications of the above are:
 - a) Councils are divesting themselves of the existing equity accounted investment in WGL. The financial reporting implications of the divestment will be to expense the council asset currently carried in their respective financial reports.
 - b) The current equity accounted investment will not be replaced by another investment or interest in the new library corporation.
 - c) The Councils become members of Myli and provide a guarantee in accord with the terms of the constitution in the event of the entity being wound up. The constitution identifies a maximum guarantee of \$1 per member at the time of the entity being wound up.
 - d) On the basis of the above, the cost/lost investment of the councils will be the respective value of the equity accounted investment in WGL and this amount will never be recouped by the councils.
 - e) The change in the nature of the equitable interest from part ownership of the WGL body corporate to being a member of a company limited by guarantee results in each council having to fund \$1 of a Myli asset deficiency if the company is wound up.
 - f) The Councils retain the existing obligations and financial risks that they are already party to in the Library Agreement and accordingly maintain the pre existing risk exposure of this arrangement (we emphasise we have not reviewed this Agreement).
- g) We assume the councils, in their capacity as members, will have director representation on the Board of Myli. Councils should give due consideration to the potential exposure of liability that may arise if a claim is made of Myli directors and the directors acts in that capacity as a function of their employment with a council. We are advised existing insurance policies address this risk.
8. We have not been requested to assess, nor have we been provided information to make an assessment, of risk management arrangements; and how Councils implement regular performance monitoring and reporting arrangements in relation to the beneficial enterprise; ensure that any changes to the operation or purpose of the beneficial enterprise are reported to the Council; nor identify and manage any risks associated with any changes to the operation or purpose of the beneficial enterprise.
9. We emphasise that the above is a commercial commentary of the proposed arrangement based upon our understanding of the transaction, as documented above. The commentary does not represent legal advice and should not be construed as such. Legal advice should be sought by the parties to the proposed transaction as they may believe necessary. No assurance is provided in regard to the above.