

Ordinary Board Meeting

Agenda

Friday 7th May 2021

Notice of Meeting

Notice is hereby given that an Ordinary Meeting of the West Gippsland Libraries Board will take place at the new San Remo Library, Back Beach Road, San Remo on Friday, 7th May 2021 at 11.30 am.

Date of notice: 3 May 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 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

Leanne Williams (Chief Executive Officer)
Linda Fowler (Deputy Chief Executive Officer and Manager People and Culture)
Jenny Dunn (Manager Facilities)
Kathie Olden (Manager Volunteers and Community Participation)
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

Allison Jones (South Gippsland Shire Council)

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 5th March 2021.

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.

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:

- a) *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.*
- b) Give public notice that the Local Laws No 1 and No 2 have been made including in the Government Gazette;
- c) Send a copy of Local Laws No 1 and No 2 to the Minister for Local Government;
- d) 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.

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.

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.

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.



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

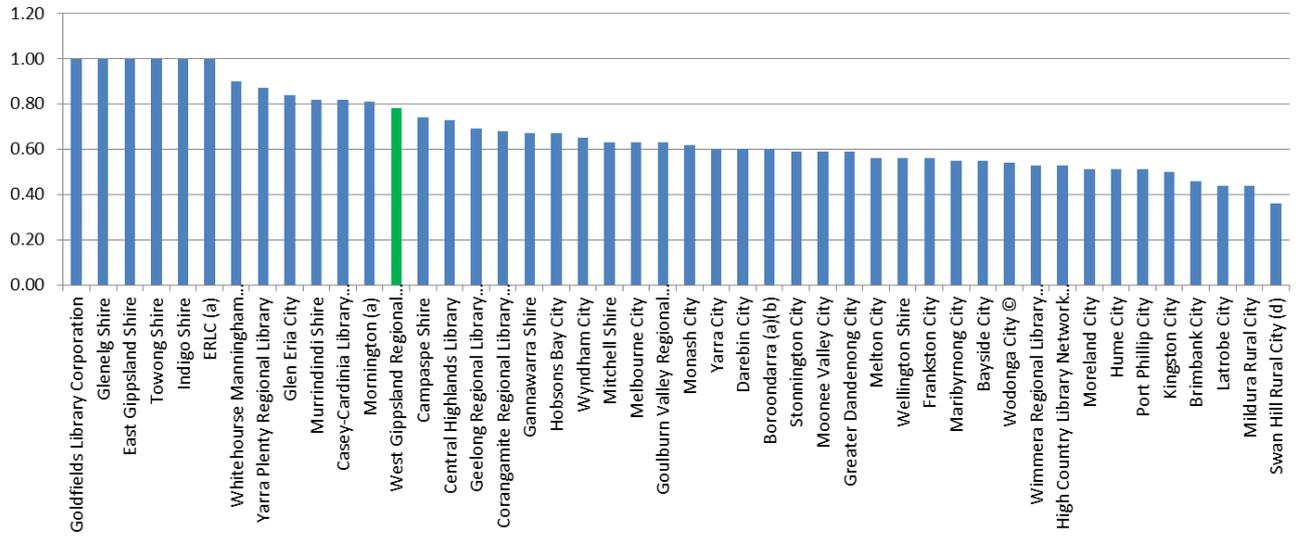
Entity Type	Considered an option for WGL?
<p>Unincorporated shared service</p> <p><i>(This requires one Council to be the lead and bring the library services in house. That Council would then deliver library services to other Councils. It also means disbandment of the Library Corporation, staff redundancies 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>



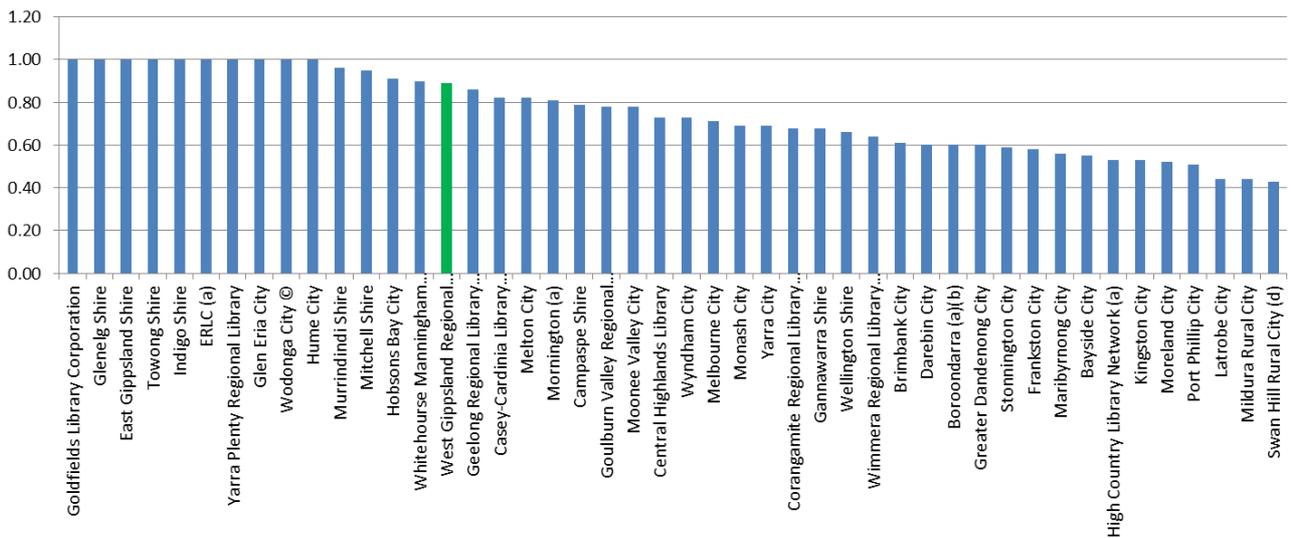
8.5 - Appendix 2 – Victorian Auditor General’s Office Council Libraries Performance Audit Report

1.00 is most efficient and 0.00 is least efficient

Core Library Service



Programs and Events



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.

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.

