

MINUTES

ORDINARY MEETING GOULBURN VALLEY REGIONAL LIBRARY CORPORATION

Held on Thursday 24 June 2021
79 Benalla Road Shepparton and via Zoom
Commenced at 2:04pm
Finished 4:00pm

BOARD MEMBERS in attendance

Mr Derek Poulton, Greater Shepparton City Council (Chairperson)
Cr Julie Brooks, Moira Shire Council (deputy Chairperson)
Cr Reg Dickinson, Strathbogie Shire Council
Ms Fiona Le Gassick, Greater Shepparton City Council
Mr David Roff, Strathbogie Shire Council
Ms Jessica Bonaddio, Moira Shire Council

Chief Executive Officer – Kevin Preece

Vision

We connect, empower and inspire our communities.

Meeting opened at 2:04pm

All in the meeting attended remotely via Zoom.

1.0 Acknowledgement

The Chairperson read the acknowledgement of the first nation's community.

"We acknowledge the traditional owners of the land where we now meet and pay respect to their elders past and present."

2.0 Apologies

Sally Rice and Cr Greg James submitted an apology prior to the meeting.

3.0 Confirmation of Minutes

Moved : Reg Dickinson

Seconded : David Roff

That the Draft Minutes of the ordinary Board Meeting held on 22 April 2021, as circulated, be confirmed.

Carried

4.0 Business arising from the previous meeting Minutes

4.1 Board Meeting Action List

The Board action list was reviewed and has been updated.

No	Meeting	Action	Responsibility	Status
1	Feb 2021	Develop an Environmental Policy for review	CEO	On Agenda Sept 2021
2	Feb 2021	Develop a project plan for development and implementation of a Reconciliation Action Plan	CEO	Completed
3	April 2021	Check to see if an independent member of the finance and audit committee is a requirement under the new LGA	CEO	Not a requirement. Completed
4	April 2021	Board members to provide feedback on the Fraud Control Policy by 15 May.	Board	On Agenda Completed

5.0 Declaration under acts, regulations, codes or local laws & declaration of any interest or conflict of interest

5.1 Meeting Declaration

The meeting declaration was read. No interests were declared.

The CEO advised that all Board members need to complete an Key Management Persons declaration for the 30 June 2021 Audit and also a Register of Interest declaration in early July. CEO advised that if one has been completed as part of Council roles then a copy of that will suffice.

6.0 Correspondence

The Board reviewed and noted the listed correspondence directly to and from the Board and / or of relevance to Board governance.

7.0 Board membership

7.1 Board membership

The Chairperson welcomed Jessica Bonaddio as the Moira Shire community representative and also Fiona Le Gassick, deputising for Kaye Thomson, to their first meeting.

David Roff advised that Strathbogie Shire has advertised for a new community representative and have several applications.

Moved : Julie Brooks That the Board accept the nomination of Ms Jessica Bonaddio to the Board as Moira Shire Council community representative. Carried	Seconded : Fiona Le Gassick
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8.0 CEO Report

The CEO reported on significant activities of the CEO and any salient items of specific operational and strategic interest.

Activities the CEO has focussed on in the last period included;

- Management restructure
- Tatura Libraries grant acquittal
- Audit actions
- Asset Register Review

The CEO reported on the Covid-19 response and recovery status, detailed in the Business Operations Report and the status of the Management restructure that was recommenced in mid March 2021.

The CEO proposed a process and timing to complete the CEO performance review that included the membership of the CEO Employment Matters Committee.

The membership of the CEO Employment Matters Committee will be Derek Poulton, David Roff and Sally Rice.

Moved : Julie Brooks That the Board confirm the membership of the CEO Employment Matters Committee and the process and timing as proposed. Carried	Seconded : Jess Bonaddio
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Moved : Fiona Le Gassick That the Board accept the CEO report.. Carried	Seconded : David Roff
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The Chair asked if the HR functions contract required as part of the re structure had been progressed with GSCC. CEO advised that there had been no further discussions as the work specification had not been finalised.

Fiona Le Gassick advised that she would be happy to help facilitate discussions at GSCC.

9.0 Financial Report

The Finance and Audit Committee has met on 17 June 2021 and reviewed the Financial Statements to 31 May 2021.

The statements show that with 92% of the year completed we have expended 88% of the recurrent expenditure budget and are \$142.3k under expended YTD.

Employee costs are under \$194.2k YTD and materials and services are under \$119k YTD primarily due to reduced costs due to COVID-19 library closures, service reductions and some delayed billing for IT services. We have incurred \$32.6k towards the Tatura project that will be mostly offset by the donations.

We have paid an expense of \$100k to Greater Shepparton City Council as our transfer of fundraising revenue towards furniture and shelving for Tatura Library.

We have received 100% of instalments from member councils and 100% of our State government funding. We have also received \$97.2k from donations to the Tatura Library fundraising including \$85k of the \$100k of the federal government grant.

We have received \$120k from the state government through the Living libraries Infrastructure Program for Avenel and Murchison Library kiosks. Expenditure for this project will be incurred next year.

Capex is \$45.6k under spent YTD primarily due to delayed spending on book stock as a deliberate response to COVID-19 and the delay in vehicle replacement due to unavailability of suitable vehicle.

The CEO reported that the expenses for the Management Restructure of \$183k will now be likely incurred in July so we will record a strong surplus but this will now need to be accounted in the 21/22 budget.

Julie Brooks asked if we had incurred additional cleaning costs during Covid? CEO advised that general cleaning of libraries is a Council responsibility but staff did undertake additional cleaning during lockdowns of high use surfaces and last year were also cleaning returned book/DVD covers. This practice has now ceased as we have returned to more normal operations.

Reg Dickinson asked if we could reduce costs to Councils given the strong surplus for this year rather than maintain the 1.5% increase. This discussion was carried into the next item Budget 21/22 discussion.

Moved : Reg Dickinson

That the Board approves the Financial Report.

Carried

Seconded : Julie Brooks

10.0 Adoption of 2021-22 Budget

At the April meeting the Board approved a draft 2021-22 Budget for public review.

The key influences and assumptions in relation to the draft budget are;

1. Return to close to pre COVID-19 operations
2. Increased revenue requirement from each Municipality of 1.5%.
3. Assumed increase in State Govt grant revenue of 2.5%.
4. No increase in Book stock purchase. – remains at 400k Total Capex \$470k
5. Employee benefits increase by 1.5% (EBA 2018 approved.).
6. No savings from Management re structure
7. Maintain existing levels of branch staffing, opening hours and programming activity.
8. Increase in depreciation expense of 2% due to increased capital purchases for ebook stock.
9. Achieving a balanced budget.

Other items that will impact the final adopted budget include;

1. Potential employee cost savings through Management restructure.
2. Additional contract expenses to offset some employee activity (i.e. HR and IT functions).
3. Timing of moving to Cloud based IT.
4. Future COVID-19 lockdowns.
5. Capex and expenses for Avenel and Murchison kiosk project.

The Draft Budget was advertised and the public review period closed on 16 June 2021.

There was no feedback or submissions received in this period.

A **revised draft budget** has also been prepared that includes expected expenses and savings from the Management restructure and expenses on the funded project for Avenel and Murchison kiosks

The CEO advised that State Government revenue will now likely be increased by 3.5% as a result of recent ministerial announcements.

In response to RD question from the financial report the CEO advised that;

Council 1.5% increase has been included in their draft budgets and was consistent with rate cap increase.

The management restructure is a significant productivity initiative that will yield over \$100k annually. This productivity dividend can be utilised to either increase services, i.e. opening hours, increased library stock, mobile library services or could be used to reduce the need for Council increases. This is a legitimate debate for next financial year when we will be developing a new four Library Plan (our corporate objectives) and a new Strategic Resource Plan (how we will fund our objectives).

The CEO recommended that we should proceed with the current recommended budget and revenue settings and establish our new objectives and priorities as part of this planning process and next years budget.

Derek Poulton asked if we should go to a new public review period as the revised budget varies from the draft that was put to public review.

The CEO advised that this would not be necessary as there was no additional ask for revenue and a positive change to service expense. The main changes are the change in timing from the restructure expense and the Avenel /Murchison project into this fin year budget. So while we will finish 20/21 with a surplus and a strong bank, with the re structure and Avenel/Murchison project we will see the cash at bank reduce significantly but remain at a level commensurate with our adopted financial risk level.

Reg Dickinson advised that he would like to see increased services like a mobile library stop at Ruffy.

Moved : Fiona Le Gassick

Seconded : Julie Brooks

That the Board adopts the revised 2021-22 draft budget noting the variations from the draft budget for public review.

Carried

Revised draft Budget Income and Capital Statements (including restructure costs and savings)

2021/2022 Financial Year

	2020/2021 Budget	2020/2021 Forecast	2021/2022 Preliminary Budget	2022/2023 Forecast Budget	2023/2024 Forecast Budget	2024/2025 Forecast Budget	Variance (Fav./)Unfav. \$
	\$	\$	\$				
REVENUE							
User Fees	52,700	27,220	48,200	48,923	49,657	50,402	(4,500)
Grants (Operating)	875,420	878,707	900,675	914,185	927,898	941,816	25,255
Contributions (Monetary)	2,757,438	2,889,838	2,803,800	2,845,857	2,888,544	2,931,873	46,362
Other Income	24,200	33,000	37,000	37,555	38,118	38,690	12,800
TOTAL REVENUE	3,709,758	3,828,765	3,789,674	3,846,519	3,904,217	3,962,780	79,916
EXPENSES							
Employee Costs	2,481,000	2,397,700	2,562,800	2,415,482	2,451,714	2,488,490	(81,800)
Materials and Services	689,200	797,700	781,400	793,121	805,018	817,093	(92,200)
Depreciation	480,596	490,000	499,800	507,297	514,906	522,630	(19,204)
Borrowing Costs	1,500	1,500	900	400	0	0	600
Other Expenses	57,200	57,200	58,450	59,327	60,217	61,120	(1,250)
TOTAL EXPENSE	3,709,496	3,744,100	3,903,350	3,775,627	3,831,855	3,889,333	(193,854)
Surplus/(Deficit) for the period	262	84,665	(113,676)	70,893	72,362	73,448	(113,937)

CAPITAL EXPENDITURE**Book stock & resources**

Physical Books and resources	223,000	171,000	189,000	184,000	180,000	184,000	34,000
PRC books and resources	27,000	27,000	27,000	27,000	27,000	27,000	0
eBooks & eAudiobooks	70,000	93,000	93,000	98,000	102,000	108,000	(23,000)
DVD's	47,000	38,000	38,000	38,000	38,000	38,000	9,000
Audiobooks	33,000	50,000	50,000	45,000	45,000	43,000	(17,000)
Vehicles	35,000	0	43,000	43,000		35,000	(8,000)
Equipment & furniture	5,000	8,000	5,000	5,000	5,000	5,000	0
CIT	30,000	30,000	30,000	30,000	30,000	30,000	0
Avenel/Murchison Kiosks	0	0	120,000	0	0	0	(120,000)
Total Capital Expenditure	470,000	417,000	595,000	470,000	427,000	470,000	(125,000)

Goulburn Valley Libraries
Revised Budget Balance Sheet 21/22

	Adopted Budget 2020/21	Revised Draft Budget 2021/2022
		\$
ASSETS		
Current Assets		
Cash and Cash Equivalents	901,966	1,179,622
Trade and Other Receivables	5,351	10,767
Other Assets	24,244	22,999
Total Current Assets	931,561	1,213,388
Non-Current Assets		
Property, Plant, Equipment and Infrastructure	9,602,081	8,954,497
Right of Use Assets	93,818	51,039
Total Non-Current Assets	2,338,637	2,284,616
TOTAL ASSETS	3,270,198	3,498,004
LIABILITIES		
Current Liabilities		
Trade and Other Payables	105,059	87,496
Provisions	729,970	701,340
Interest-bearing Loans and Borrowings		0
Lease Liabilities		0
Total Current Liabilities	835,029	788,836
Non-Current Liabilities		
Trade and Other Payables	96,932	0
Provisions	55,408	60,606
Interest-Bearing Loans and Borrowings	6,052	0
Lease Liabilities		48,003
Total Non-Current Liabilities	158,392	108,609
TOTAL LIABILITIES	993,421	897,445
NET ASSETS	2,276,777	2,600,559
EQUITY		
Accumulated Surplus / (Deficit)	(628,970)	(305,188)
Member Contributions	2,905,747	2,905,747
TOTAL EQUITY	2,276,777	2,600,559

11.0 Business Operations Report

The board reviewed the Business Operations Report that provides an update on all salient Operational Activity of the Goulburn Valley Libraries for the period to date.

The steady increase in Loans, Members and Visits were noted as we slowly re commence services from COVID-19 restrictions was noted.

The Board noted the status of employment matters and filling vacant positions.

Moved : Reg Dickinson

Seconded : David Roff

That the Business Operations Report be accepted.

Carried

12.0 Draft Environmental sustainability Policy

At the February 2021 Board meeting the Board requested that management prepare an Environmental Sustainability Policy.

The Board reviewed a draft Environmental Sustainability Policy that provides a framework for a Environmental Sustainability Action Plan.

The CEO advised that the draft Policy will be socialised with all staff to gain input into the development of the Action Plan in coming months.

Derek Poulton commented that the plan should align with member Councils Environmental plans/policies to ensure we are in step with their directions and that the principle about limiting carbon emissions should not be specifically referring to one item such as vehicle and air travel.

Target for completion of the Policy and Action Plan is September 2021.

Moved : Fiona Le Gassick

Seconded : Jess Bonaddio

That the Board notes the status of the Environmental Sustainability Policy.

Carried

13.0 Finance and Audit Committee Charter

The Audit Interim Management letter recommended that the Audit Committee Charter should be updated to align with the new Local Government Act 2020.

The Board reviewed a new draft Charter. The draft was reviewed by the Finance and Audit Committee at its meeting of 17 June 2021.

There were no proposed changes to the draft charter by the Board.

Moved : David Roff

Seconded : Julie Brooks

That the Board adopts the new Finance and Audit Committee Charter.

Carried

14.0 Review of Fraud Control Policy and Fraud Risks

The Audit Interim Management Letter recommended that the Fraud Control Policy was past its review date and that specific Fraud Risk Assessments were not completed and included in the Risk Register.

The current Fraud Control Policy was reviewed by management and the Board at the April meeting with proposed changes highlighted.

Two general Fraud Risks were previously included in the register but the Auditors have recommended that specific fraud risks assessments should be undertaken in line with the policy.

Eight specific Fraud risks have been identified by Management and assessed and reviewed by the Board.

The CEO explained the rationale for the assessments and main treatments.

The Board noted that emails scams could also include phone scams in this risk item.

Moved : Julie Brooks

Seconded : Jess Bonaddio

That the Board adopts the updated Fraud Control Policy and notes the assessment of Fraud Risks in the Risk Register,

Carried

15.0 Asset Register Review

The Audit Interim Management Letter has noted the status of the prior year recommendations in regard to the Asset Register.

During our final visit for the 2019-year audit, we reviewed the asset register and noted a significant number of assets on the register that have a NIL written down value. This represents two main potential issues:

- 1) *Do the assets still exist,*
 - 2) *or have they been disposed without appropriate write off from the asset register*
- If the assets do still exist, are the assessed useful lives of such assets not representative of the actual useful lives?*

Computers and IT equipment were reviewed in 19/20 and this resulted in an adjustment of \$1.45m in fair value at 30 June 2020.

The review of the remainder of the Asset Register has now been substantially completed with recommended changes passed to our Finance Contractor (GSCC) for updating.

The current review has identified a further \$180,680 of Furniture and Equipment assets that have been fully or partially depreciated and do not exist and are to be removed from the register.

A further \$3,014,473 of Books and Audio materials value that has been fully or partially depreciated have been also identified for removal.

The Board noted the status of the Asset Register Review.

16.0 Library Projects

16.1 Yarrowonga Library

The CEO reported that Moira Shire is continuing to develop detailed design plans for the new Library at the Town Hall site. Moira Shire has been successful in achieving a \$1million grant under the 2021 Living Libraries Infrastructure Program.

An appeal has been lodged with VCAT against the planning permit and the Practice Hearing was held on 19 June with a Compulsory Conference scheduled for 22 July 2021.

16.2 Tatura Library

The CEO advised we have completed a Final Acquittal Report for the MDBED grant of \$100,000. This report has been independently audited by Opie Accounting and forwarded to the MDBED to enable the payment of the final \$15,000 of the grant.

We are working with our Security consultant to complete installation of equipment to enable the “7/11/7 Open Library” in the second half of 2021.

16.3 Improving Mobile Library Services to small communities

The CEO reported that we have been successful and have received \$120k of funding through for Living Libraries Infrastructure Program for a project to improve services to remote communities served by the Mobile Library.

Derek Poulton suggested that we could undertake some initial survey work at these communities to get some baseline data that could be used to assess success and potential need in other communities.

The CEO advised that included some specific questions in our last survey and will look at what we could collect and how prior to commencing the project commencing. We will be consulting with the local community to select appropriate sites for these installations very soon.

16.3 Reconciliation Action Plan

The CEO provided an updated project plan and reported on the first RAP Working Group meeting held yesterday 23 June.

Moved : Julie Brooks

That the Board notes the Library projects report.

Carried

Seconded : David Roff

17.0 Information Items

The CEO commented on the Public Libraries Victoria prospectus targeting new membership to the Libraries Victoria consortia.

GV Libraries receives significant benefit in Library Management System cost savings and service benefits by participating in this consortium.

18.0 Motions on Notice

There were no Motions on Notice received at least 7 days prior to the meeting, accepted by the Chairman and circularised to all board members.

19.0 Other Business

There was no other business raised that was not listed on the Agenda and accepted by the Chairperson.

20.0 Next Meeting

The next ordinary meeting of the Board will be held on 23 September 2021.

Board Meeting Planner

Date	Meeting	Agenda Items
16 September 2021	Finance & Audit Committee	End of year financial report
23 September 2021	Board	Annual Financial Statements Annual report
18 November 2021	Finance & Audit Committee	Review of Procurement Policy and delegations
25 November 2021	Board	Confirmation of chair, deputy, committees Review Code of Conduct

Meeting closed at 4:00pm

Kevin Preece

Chief Executive Officer