Review of the Local Government Act 1989

Submission from a Syndicate of CEOs of Regional Library Corporations
December 2015

This submission to the Review of the Local Government Act 1989 is made by a syndicate of CEOs of 10 Victorian Regional Library Corporations, entities formed under section 196 of the Act. The views expressed are those of the CEOs. This is not a submission from the Boards of the Regional Library Corporations, nor is it a submission from Public Libraries Victoria Network (PLVN), of whom the regional libraries are members.

Introduction

We welcome the Review of the Local Government Act 1989 and the opportunity to reflect on the effectiveness of the legislative provisions that dictate the formation, governance, management and administration of Regional Library Corporations (RLCs) in Victoria. Twenty years after the establishment of the first RLCs in 1995, we believe that it is time to examine whether section 196 and related provisions represent the most appropriate and efficient mechanisms for enabling councils to collaborate in providing high quality library services to their communities. As the custodians of these services, having first-hand knowledge of the operation of these sections of the Act, we are uniquely placed to provide practical insights on the effectiveness of these powers and processes.

An exemplary model of collaboration between councils

In delivering economic, social and cultural benefits to its community there is no better investment for local government than its library service. Landmark research conducted in Victoria over the past 10 years, backed up by national and international research, shows that public libraries:

- return $3.56 to the community for every $1 invested through direct benefits to library users and outcomes related to improved literacy, social connection, and health and wellbeing;¹
- build social capital through programs that enhance early years' and adult literacy and lifelong learning, enhancing digital literacy and overcoming the digital divide, creating well-informed communities and facilitating connections between individuals, groups and government;²
- are public places of cultural meaning and significance that provide focal points for local identity and creativity where culture is celebrated, passed on, examined and reinvented.³

Furthermore, Regional Library Corporations are an exemplary model of collaboration between councils as they have been shown to deliver high quality library services in metropolitan and regional Victoria at significantly below average cost levels (19% below the per capita cost of municipal libraries).⁴

<table>
<thead>
<tr>
<th>Public library indicator</th>
<th>RLCs</th>
<th>Municipal libraries</th>
<th>% difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of collection purchased in past 5 years</td>
<td>65%</td>
<td>60%</td>
<td>+10%</td>
</tr>
<tr>
<td>Loans per collection item per year</td>
<td>5.4</td>
<td>4.3</td>
<td>+27%</td>
</tr>
<tr>
<td>Customer satisfaction rating</td>
<td>9.0</td>
<td>8.5</td>
<td>+6%</td>
</tr>
<tr>
<td>Cost of library service per capita</td>
<td>$36.11</td>
<td>$44.49</td>
<td>-19%</td>
</tr>
<tr>
<td>Cost per library visit</td>
<td>$5.74</td>
<td>$6.74</td>
<td>-15%</td>
</tr>
<tr>
<td>Staff EFT per capita (’000)</td>
<td>0.28</td>
<td>0.35</td>
<td>-21%</td>
</tr>
</tbody>
</table>

Corporate framework

The Discussion Paper notes that existing provisions for collaborative purchasing by councils are “complex and onerous”. In establishing a Regional Library Corporation, the Act bestows many of the powers, functions and restrictions of a council on the Corporation. This is appropriate for some functions, but in others creates inefficiencies and duplication between councils and regional libraries.

As a general principle the optimum arrangement to ensure appropriate corporate and community accountability and administrative efficiency would combine:

i) a legislative provision within the Local Government Act to allow for the establishment of regional libraries as legal entities
ii) Regional Library Agreements between member councils that clearly document the agreed purpose, form, content and funding of the collaboration
iii) published guidelines that represent best value and best practice in governance and management of regional libraries.

The key issues in the Review of the Local Government Act, from the perspective of the CEOs of Regional Library Corporations and the powers and functions of regional libraries, are as follows.

Governance

- Section 196 defines the legal status of the current and any future Regional Library Corporations. It is important that this status be preserved and not adversely affected by any other changes to the Act.
- Having been formed through a Regional Library Agreement approved by the minister and published in the Government Gazette, the Board is responsible for governance of the Corporation. Thereafter, the combined authority of the Board and the Regional Library Agreement ensure sufficient accountability and flexibility exists to meet the collective interests of the member councils and their communities.
- Use of the Corporations Act would not enhance governance of an entity established between two or more member councils expressly for the purpose of delivering core local government services to the community.

Conduct

- Corporations have typically provided for 5-yearly reviews of their Regional Library Agreement. Any change to the Agreement or Board/corporate policies, by-laws and processes must be agreed by the Board, taking into account the information presented to it (e.g. business cases, commissioned reports). The Local Government Act imposes additional consultative processes on changes to the Agreement and its by-laws that are inefficient and unproductive. Administrative governance arrangements could be streamlined without loss of accountability.
- After 20 years of operation there are no concerns with the provisions covering the conduct, probity and ethical behaviour of Board members. These provisions could be retained within the Act or addressed through guidelines that Corporations enact in their Regional Library Agreement (e.g. Board members’ declarations of interest and reporting timeframes).

Planning and reporting

- For corporate planning and reporting processes the Act requires a regional library to act in the manner of a council through development of its multi-year Strategic Plan, Strategic Resource Plan, Annual Action Plan, Annual Budget, Annual Report and other formal documents. Given the size and scope of most Corporations this is good corporate practice that would be expected regardless of any regulatory requirement.
Public engagement in planning, review and Board processes supports probity and increases member council and public confidence in the management of the Corporation. However, current provisions related to reporting to the Minister, consultation timelines, submission and advertising processes can be onerous and could be streamlined with appropriate guidelines put in place to improve efficiency and responsiveness to local service conditions.

Financial management

In general the current financial management arrangements (e.g. quarterly reporting to the Board, reporting on borrowing) are fair and provide stakeholders with a requisite level of comfort as to the accountability, stability and management of the regional libraries’ financial resources.

There is some duplication of financial planning and reporting functions between regional libraries and councils which could be streamlined (e.g. advertising of library budgets).

Most financial management functions could be addressed through guidelines and the Regional Library Agreement (e.g. articulation of the funding formula).

Procurement

Regional libraries are prime examples of very efficient council procurement practices. Aggregation of interests creates purchasing power for collections and resources that significantly exceeds that of any single council. Collaboration also delivers critical mass that attracts specialist expertise, resulting in Regional Library Corporations becoming leading and expert procurers in the public library sector.

Ideally, the Act or associated guidelines would provide for Regional Library Corporations, subject to Board agreement and appropriate safeguards, to collaborate with one another to further strengthen their procurement processes.

It is important that the review of the Act retain:
- the requirement for regional libraries to have appropriate procurement policies and financial delegations
- the authority of regional libraries to conduct and manage their own tender processes.

Human resources

Current employment arrangements are sound, whereby the Board employees the CEO and the CEO employees all other staff in line with standard employment law, approved delegations and an agreed Code of Conduct.

The Act’s 2012 exclusion of a ‘senior officer’ from this process (Section 196 (7)(c)(ii) ) prevents employment of other senior officers by contract, potentially constraining the optimal operation of regional libraries.

Clarification is required in the Act or accompanying guidelines in relation to remuneration for community-based Board members who are not Councillors.

Conclusion

Regional Library Corporations are a successful and well-established model for the efficient delivery of shared services between councils. We look forward to participating further in the Review of the Local Government Act and contributing to a more streamlined approach to governance and management of Victoria’s high performing regional libraries.
<table>
<thead>
<tr>
<th>Library Corporation</th>
<th>CEO</th>
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<tbody>
<tr>
<td>Casey-Cardinia Library Corporation</td>
<td>Peter Carter</td>
</tr>
<tr>
<td>Corangamite Regional Library Corporation</td>
<td>Roslyn Cousins</td>
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<tr>
<td>Geelong Regional Library Corporation</td>
<td>Patti Manolis</td>
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<tr>
<td>Goldfields Library Corporation</td>
<td>Chris Kelly</td>
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<td>Kevin Preece</td>
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<td>David Roff</td>
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<td>John Murrell</td>
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<tr>
<td>Whitehorse Manningham Regional Library Corporation</td>
<td>Sally Both</td>
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<tr>
<td>Wimmera Regional Library Corporation</td>
<td>Paula Clark</td>
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<td>Yarra Plenty Regional Library</td>
<td>Christine Mackenzie</td>
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