



## Submission to Discussion Paper

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If you work in an organisation/council, please provide the following information:

Organisation/council name:	<b>Eastern Regional Libraries Corporation</b>
Position/job title	Chief Executive
Are you providing this submission on behalf of yourself or the organisation?	Organisation

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**Introduction**

Eastern Regional Libraries Corporation (ERLC) welcomes the Review of the *Local Government Act 1989* (the Act) and the opportunity to provide feedback on the legislative provisions that dictate the formation, governance, management and administration of a Regional Library Corporation (RLC).

ERLC is not providing comments on the appropriateness of the RLC model for other council services as it believes this is matter for our member councils. However, as highlighted below, the RLC model does provide quantified benefits for our member councils in relation to their library services.

**A successful model of collaboration between councils**

RLCs are a successful 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 (ERLC is 31% below the average per capita cost of municipal libraries).<sup>1</sup>

Public library indicator		ERLC	Municipal libraries average	% difference
Service	% of collection purchased in past 5 years	88%	60%	47%
	Loans per collection item per year	8.2	4.3	91%
	Customer satisfaction rating	8.5	8.5	-
Cost	Cost of library service per capita	\$30.74	\$44.49	-31%
	Cost per library visit	\$5.18	\$6.74	-23%
	Staff EFT per capita ('000)	0.24	0.35	-31%

In delivering economic, social and cultural benefits to its community there is a clear return on investment for local government through regional collaboration. Landmark research conducted in Victoria over the past 10 years, backed up by national and international research, shows that public libraries:

- return \$4.52 (ERLC’s benefit cost ratio) 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<sup>2</sup>;
- 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<sup>3</sup>; and
- 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.<sup>4</sup>

These economic, social and cultural benefits are amplified in the case of ERLC as they are achieved in an effective manner, with below average cost levels, while achieving the same average customer service rating as other library services.

<sup>1</sup> Public Libraries Victoria Network, <http://www.plvn.net.au/>.

<sup>2</sup> *Dollars, Sense and Public Libraries*, State Library of Victoria and Public Libraries Victoria Network, 2011.

<sup>3</sup> *Libraries Building Communities*, State Library of Victoria and Public Libraries Victoria Network, 2005.

<sup>4</sup> *Creative Communities: The cultural benefits of Victoria’s public libraries*, State Library of Victoria and Public Libraries Victoria Network, 2014.

## Corporate framework

The Discussion Paper notes that existing provisions for collaborative purchasing by councils are “complex and onerous”. In establishing a RLC 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 RLCs.

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

- i) a legislative provision within the *Local Government Act* which continues 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, and ensure member councils can meet their statutory reporting requirements; and
- iii) an acknowledgment that the current framework enshrined in the provisions of Part 6 – Planning and Accountability Reports for community accountability in relation to all other council services also covers library services provided by a RLC on behalf of the individual member councils.

These arrangements would remove much of the inefficiencies and duplication as discussed below.

### Governance

- Section 196 defines the legal status of the current and any future Regional Library Corporations. Given how successfully RLCs operate it is important that this status be preserved and not adversely affected by any other changes to the Act.
- As discussed previously, RLCs are prime examples of very efficient delivery of shared services between councils. The status of corporation created under section 196 (4) is very important in achieving this outcome.
- 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 would ensure sufficient accountability and flexibility exists to meet the collective interests of the member councils and their communities.
- Any change to the Agreement or Board or corporate policies, by-laws and processes must be agreed by the Board and member councils, taking into account the information presented (e.g. business cases, commissioned reports). The LGA imposes additional consultative processes on changes to the Agreement that are inefficient and unproductive. Administrative governance arrangements could be streamlined without loss of accountability.
- For example, the requirement to have a local law in respect of the conduct of meetings (section 91 (1)) and attendance at meetings (section 197E) could be removed as these matters can be handled by a Regional Library Agreement or Board policy.
- There are no issues 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).

**Planning and reporting**

- For corporate planning and reporting processes the Act requires a RLC 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.
- These matters could be equally delivered under the requirements of a Regional Library Agreement, and in many cases are duplicated currently in Regional Library Agreements.
- ERLC under its Regional Library Agreement develops its budgets, plans, etc. by responding to the various policies, plans and strategies of its member councils. These council policies, plans and strategies, including the reporting thereon, are already the subject of prescribed community consultation.
- For example, member councils have exhaustive statutory requirements under the provisions of Part 6 – Planning and Accountability Reports. These include public submissions and or feedback under sections 125,127, 129 and 134. These allow ample opportunity for feedback in relation to library services in the same fora and manner as other services delivered by member councils.
- The current provisions for councils in relation to consultation timelines, submission and advertising processes allow for public engagement and supports probity and public confidence in the delivery of all services, including library services.
- In addition under the Local Government Performance Reporting Framework (LGPRF), Indicator 3.5, councils are now also required from 2014/15 to report specifically on their library services.
- It is suggested: based on the above; the processes that have to be undertaken by member councils under Part 6; under the current LGA, RLCs are no longer required to have their meetings open to the public, section 196 (7), (b); and provided the necessary reporting processes are built into a Regional Library Agreement to ensure that member councils can meet their statutory requirements that:
  - ❖ sections 125, 126, 131, 132, 133 and 135 no longer apply to RLCs.

**Financial management**

- In general Regional Library Agreements (if not already doing so) could provide member councils with a requisite level of comfort as to the accountability, stability and management of the RLCs’ financial resources.
- Most financial management functions are already, and if not should be, addressed in a Regional Library Agreement (e.g. articulation of the funding formula, budget sign off process, annual audit, etc.).
- There is duplication currently of financial planning and reporting functions between RLCs and councils which could be removed e.g. advertising of RLCs’ budgets.

- The contributions that both local and state governments make to RLCs are already included as part of higher level budgetary processes and, for example, ample provision is made for public submissions under section 129 as part of councils' budgetary processes in relation to their contribution for library services.
- It is suggested: based on the above; the budgetary processes that have to be undertaken by member councils; under the current LGA, RLCs are no longer required to have their meetings open to the public, section 196 (7), (b); and provided the necessary budgetary processes are built into a Regional Library agreement that enables member councils to meet their statutory requirements:
  - ❖ section 127,128, and 129, and 130 no longer apply to RLCs; and/or
  - ❖ section 129 Public notice no longer applies to RLCs budgets.

#### **Procurement**

- RLCs are examples already 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 specialist procurers in the public library sector.
- Ideally, RLCs, subject to Board agreement and appropriate safeguards, would be able to collaborate with one another to further strengthen their procurement processes without having recourse to sections 186 or 193.
- However, the provisions of section 186 should still apply in relation to all contracts entered into by a consortium of RLCs.

#### **Human resources**

- It is not clear how the Act's exclusion of paragraph (b) from the definition of a 'senior officer' (Section 196 (7) (c) (ii)) is intended to enhance the operation of RLCs. It is suggested that paragraph (b) be included.

#### **Conclusion**

RLCs are a successful 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.

The economic, social and cultural benefits of libraries are amplified in the case of RLCs as they are achieved in an effective manner while achieving the same customer service rating as single municipality services.

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

- ❖ a legislative provision which continues the opportunity to establish RLCs;
- ❖ the transfer of many of the "complex and onerous" requirements of the Act into sensible provisions in a Regional Library Agreement that still ensure member councils' can meet their own statutory requirements; and
- ❖ the accountability to the community for library services, as for all other council services, to be met by member councils through the provisions of Part 6 – Planning and Accountability Reports.