

ITEM 3. DICTIONARY OF SYDNEY – TRANSITIONAL FUNDING 2016/17**FILE NO: S043973****SUMMARY**

In 2005, the City of Sydney entered into a five year Linkage Project Agreement for an Australian Research Council (ARC) grant for a project to research and develop the Dictionary of Sydney (the Dictionary). The joint partners in the project were Sydney University, the City of Sydney, State Records NSW, State Library of New South Wales and the University of Technology Sydney. In 2006, the Dictionary of Sydney Trust was established as the vehicle to continue to guide the work of the Dictionary and to garner ongoing financial support once the original research funding came to an end.

In 2014, an independent incorporated association was formed for the project, Dictionary of Sydney Inc (the Association) and the project team relocated to Benledi House in Glebe, with rent subsidised under the City's Accommodation Grants Program.

The Dictionary is now an established online encyclopaedia about Sydney and its histories, attracting nearly 250,000 unique visitors to the site per year. The City has sponsored the Dictionary since its inception and remains its only ongoing funder. Since 2011, the City has had concerns about the Association's ongoing sustainability, business model and continuing reliance on the City's financial support as its primary source of revenue.

On 8 December 2014, Council approved a grant of \$200,000 to the Association's operational funding for 2015/16. A further \$20,000 was allocated to enable an independent review to be undertaken with recommendations to be made on the long term sustainability of the Association as a stand-alone organisation. Alternative options were also to be reviewed and considered including being incorporated into a like-minded organisation or the City of Sydney. Since 2005, the City has provided \$1,620,000 in cash support, as well as value-in-kind (VIK) support including office space, web hosting and office furnishings to the Dictionary of Sydney.

The independent review was completed in August 2015. A number of options for the appropriate management and governance models for the future of the Association were recommended. The review confirmed that the Association was not viable as a stand-alone operation without ongoing core funding. The research explored the operations and viability of a number of peak institutions and recommended the incorporation into the State Library of NSW as the best outcome for the Association's future, and recommended the City of Sydney as the second most viable option.

Further to this work, the Association's Board has met with the State Library and the City. The Association has determined that the option best suited to its long term success is to be housed within the State Library.

Subsequently, the Association has approached the City with a request for an additional grant from the City of \$164,000. This amount covers:

- \$114,000 for the transition to a new online platform that is required as a condition of the arrangements with the State Library. The Dictionary's online platform will be transferred from Heurist to Drupal operating system, which will make it compatible with the State Library's platform; and
- \$50,000 to contribute to the final six months' operational costs to assist in the transition.

City staff have assessed these costs as reasonable transition costs for the organisation to ensure that the community resource that the City has so heavily invested in since 2005 has a viable future with its new host organisation. This will be the final operational grant to be provided to the Dictionary of Sydney.

To support this transition, the Dictionary of Sydney has requested the City extend the Association's Accommodation Grant and lease of their current office at Benledi House in Glebe by six months on a month-to-month basis.

RECOMMENDATION

It is resolved that:

- (A) Council approve a one-off cash grant to the Dictionary of Sydney Inc of \$164,000 (excluding GST) to be applied towards the Dictionary's transition and operational costs from 1 July to 31 December 2016 to allow the transition of the Dictionary of Sydney to the State Library of NSW;
- (B) Council extend the Dictionary of Sydney's current grant and lease agreement for space at Benledi House, Glebe, at a 100 per cent rental subsidy under the Accommodation Grants Program for an additional six months to end on 31 December 2016, which represents a value of \$8,063; and
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer an agreement with the Association.

ATTACHMENTS

Nil.

BACKGROUND

1. In 2005, the City entered into a Linkage Project agreement for an Australian Research Council (ARC) grant for a project to develop the Dictionary of Sydney (the Dictionary). Other parties to this agreement were the University of Sydney, the University of Technology, State Records NSW and the State Library of NSW. Since this time, the project has achieved the following significant milestones:
 - (a) 2006 - the Dictionary of Sydney Trust, with the status of a public charitable trust fund, was established for the project;
 - (b) 2009 - the Dictionary of Sydney website was launched;
 - (c) 2014 - Establishment of an incorporated association, Dictionary of Sydney Inc, (the Association) which was registered with the Register of Cultural Organisations. The Association established a Board, recruited based on a matrix of skills required for effective governance;
 - (d) 2014 - Association moved to its offices to Benledi House, Glebe under a City Accommodation Grant;
 - (e) 2015 - the Dictionary of Sydney Trust wound up and transferred assets over to the Association; and
 - (f) 2015 - the Association contracted a consultant to review the Dictionary's long term sustainability and options to be incorporated into a like-minded organisation.
2. The Dictionary is an electronic repository of text and multimedia materials that records and celebrates the history of Sydney in an accessible way. The Dictionary's coverage is of the greater Sydney Metropolitan area and includes references to its natural forms such as its botany and geology, its built forms both present and lost over time, its catastrophic natural and human disasters, as well as the triumphs and achievements that have contributed over time to an understanding of the place. It is a forum for education, entertainment and public discussion.
3. The previous and current sponsorship support provided to the Association and approved by Council is summarised below:

Year	Amount (Cash)	Value-in-Kind (VIK)
2005	\$95,000	Office accommodation & standard office systems
2006	\$95,000	Office accommodation & standard office systems
2007	\$95,000	Office accommodation & standard office systems
2008	\$95,000	Office accommodation & standard office systems
2009	\$95,000	Office accommodation & standard office systems
2010/11	\$275,000	\$39,000 pa (for office, furnishings & web hosting)
2011/12	\$250,000	\$39,000 pa (for office, furnishings & web hosting)
2012/13	\$200,000	\$39,000 pa (for office, furnishings & web hosting)
2014/15	\$200,000	Accommodation Grant Program (value \$15,200), donation of used office furnishings and computers.
2015/16	\$220,000	Accommodation Grant Program (value \$15,656)
Total	\$1,620,000	

4. In 2012, a progress report alerted the City to the significant challenge faced by the Association in raising revenue and diversifying income streams, which highlighted the underlying issue of the Association's medium and long-term viability. The Association was at the time able to downsize staff and accommodate revenue shortfalls, and the City implemented strict conditions and Key Performance Indicators (KPIs) for the release of further funds on the basis that the Board would be provided with an opportunity to rethink the Association's financial and operating model.
5. One of the KPIs that was not achieved in 2012 was the Association's aim to decrease the City's proportional contribution to its overall revenue base (set out in the 2011-2015 Business Plan). The importance of the Association increasing the number and value of its financial contributors formed an important part of the City's long term strategy to support the Association to become financially independent of the City.
6. The City has made significant investment in the Dictionary since its inception. In acknowledgement of the Dictionary's achievements, progress and value to the documentation, promotion and interpretation of Sydney's history, Council approved a \$20,000 grant to the Association in December 2014. This grant was for the independent and objective review of the Association's business operations and was supported by a further \$200,000 grant for the Association's operational costs until 30 June 2016.
7. The scope of the independent review was to consider the Association's long term sustainability. The review assessed the Association's ability to be a stand-alone organisation against the options to be housed in a like-minded organisation and the business case to incorporate the Association's operations into the City.
8. The following factors were considered in the review:
 - (a) Future scope of the Association – whether it will continue in its present or an amended form.
 - (b) Staffing – how existing staff will be integrated into host organisational, structure.
 - (c) Volunteers – ability to work with volunteers, build and maintain a volunteer base.
 - (d) Short and medium-term budget for the Association – consideration of costs for transition and day-to-day operational costs.
 - (e) IT support and systems – particularly website support, feasibility of transferring Dictionary data to the new host organisation's system.
 - (f) Marketing support – branding, visibility, audience engagement, partnerships and fundraising arrangements.
 - (g) Location and office arrangements - what space can be provided, and where?
 - (h) Content development – how it will be resourced and prioritised. Who will determine the priorities?
 - (i) Alignment or conflict with current websites and information services provided by the host organisation.

9. The initial review recommended three scenarios in order of preference:
 - (a) to be hosted by the State Library of NSW;
 - (b) to be hosted by the City of Sydney; or
 - (c) to remain as an independent non-profit organisation.
10. Since the delivery of the report, the Association Board approached the State Library to host the site. The State Library has now confirmed they will embed the Dictionary site within the State Library. This will also require the Dictionary to move from its current platform (Heurist) to Drupal (the preferred platform utilised by the State Library).
11. This move would allow the Association access to a variety of sources of funding including corporate sponsorships and crowd sourcing, and reflect the breadth of the Dictionary's remit across metropolitan Sydney. By contrast, the City of Sydney's corporate sponsorship opportunities are more constrained, and its interests are focussed on its local government area. This proposal would also be more cost efficient in relation to integration of IT platforms.
12. Ownership of the website would be transferred to the State Library. The Dictionary of Sydney Inc will still continue to operate and a Memorandum of Understanding will be developed between the two organisations. This will allow the Dictionary of Sydney Inc to continue to work on projects and activities, while respecting that the ownership of the Dictionary site resides with the State Library.
13. As a result of the above, it is not recommended that the Dictionary of Sydney be integrated into the City.

NEXT STEPS

14. The Association is currently preparing for the transition of the Dictionary to the State Library. To date, they have undertaken an initial technical assessment for a migration from Heurist to Drupal in consultation with the State Library's IT unit. They are not taking on any new content work and are winding up any outstanding projects. They will acquit all outstanding funding by June 2016.
15. With respect to staffing, the Dictionary's Chief Executive Officer resigned from the Association in late January, and all other staff contracts will expire on 30 June 2016. A skeleton team of three part-time staff (0.9 FTE) will be employed from July to December 2016 to project manage the transition, test the content on the new platform and maintain ongoing stakeholder communication. The staff costs for this six-month period will be approximately \$41,000.
16. Migration of the online platform will commence in April with the signoff of the high-level migration specification with the State Library and engagement of the Heurist specialist to export the data from the old operating system. This process will include intermittent assessment of test exports from the Heurist system.
17. In May 2016, the State Library will engage a Drupal developer who will be employed full-time for six months to undertake the substantive migration process. This stage represents \$91,000 of the transition budget.

18. The substantive migration testing phase will be carried out from June to November 2016. This will also include testing and training from Dictionary staff and cutover planning. It is anticipated the new product will be re-launched at the State Library in November 2016.
19. The State Library's contribution is to provide in-kind support for:
 - (a) desk and workstation for an ongoing two day per week role;
 - (b) project management of contracted Drupal developer; and
 - (c) access to Library programs including: Fellowship program, ARC grant infrastructure and research; Mitchell Library's education and scholarship services, multicultural services, and DXLab innovation in digital media space.
20. The Association's remaining reserve funds, currently at \$148,081, will be used to fund an ongoing two day per week position for up to three years at the State Library (approximately \$90,700 over three years) for the expenditure of liabilities relating to current staff benefits and other ongoing operational costs. These funds will be supplemented by the Association through applications to ongoing grant programs where the Association has established relationships.
21. To help ensure that the best possible future of the Dictionary is realised, it is proposed that the City grant the Association \$164,000. This funding will cover the transition of the online operating system from Heurist to Drupal and core staff administration costs required to transition the Association to the State Library. If approved, this grant will be the final operational grant provided to the Dictionary of Sydney.
22. The Association is currently accommodated in Benledi House under an Accommodation Grant. Their current lease is due to expire on 30 June 2016. To ensure a smooth transition from this location to the State Library, the Association has requested an extension to the current grant and lease agreement (on a month-to-month basis) until 31 December 2016. It is estimated this Accommodation Grant is worth \$8,063. This extension is subject to a positive performance in its annual review in June.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

23. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This grant is aligned with the following strategic directions and objectives:
 - (a) Direction 10 - Implementation through Effective Governance and Partnerships – under this model, the Dictionary will continue to be an effective partner for the City in providing resources for activities such as the City's Culture Walks App, which provides links back to the Dictionary to provide greater information on points of interest on the tours.

BUDGET IMPLICATIONS

24. The recommended cash grant of \$164,000 (excluding GST) will be forecast in the 2016/17 Cultural and Creative Grants and Sponsorships Program budget, and the organisation will remain in the Accommodation Grant Program property on a rolling lease.

RELEVANT LEGISLATION

25. Section 356 of the Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

26. The City's funding of the Association concludes on 30 June 2016. As the City is the Association's major funder, a decision on any future support is required as soon as possible for the Association to effectively plan the transition to the State Library.

PUBLIC CONSULTATION

27. The business review conducted by consultants, Creative Thinking Positive Solutions, included interviews with staff and board members from the Association, City of Sydney, and ten museum institutions and universities, as well as desk research of over a dozen local and international online history resources. This material has informed and guided the outcomes of the review in researching the best management and governance models for the Association.

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