



Whitehorse
Manningham
Libraries
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Whitehorse Manningham Regional Library Corporation

DRAFT BUDGET 2021/2022

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1 Introduction

Whitehorse Manningham Regional Library Corporation (WMRLC) is a Library Corporation under Section 196 of the Local Government Act 1989. For clarity it should be noted that the impact of s330 of the *Local Government Act 2020* is that those sections of the *Local Government Act 1989* that were applicable to an existing regional library corporation, continue to apply to that library as if all of those sections had not been repealed until 2031.

WMRLC provides a public library service to the municipalities of Whitehorse and Manningham (the member Councils), which have a combined estimated residential population of 318,435.

WMRLC is governed by a Board comprising two Councillor representatives from each of the member Councils, senior officers from the member Councils and two community representatives. The Corporation's Chief Executive Officer reports to the Board and is responsible for the management of WMRLC.

A four year Library Plan sets out the WMRLC's strategic direction. The proposed Budget 2021/2022 details the resources required over the next year to support the achievement of the Library Plan actions. The Budget supports the delivery of core library services, while continuing to strengthen the reading and life-long learning programs where possible.

The proposed 2021/2022 Budget is presented in a format which demonstrates the proposed 2021/2022 Cash Budget, the 2021/2022 Budget and anticipated final results for the 2020/2021 FY. A Budgeted Income Statement, Budgeted Statement of Capital Works, Budgeted Balance Sheet and Budgeted Cash Flow Statement are provided.

2 Executive Summary

WMRLC has prepared a Budget for 2021/2022. It seeks to maintain library services that are valued by our community. It has been developed to ensure the Corporation is financially sustainable, while also ensuring it can deliver the strategic objectives and actions set out in the Library Plan.

WMRLC continues to strive to contain costs through system improvements, respects the financially constrained environment and takes opportunities to explore additional revenue sources where possible. Expenditure in all areas has been reviewed and is considered realistic. Savings achieved through the implementation of back end efficiencies in recent years has enabled the Corporation to off-set some of the continued decline in operating revenue.

Due to the continued COVID-19 health emergency disruption in the 2020/21 FY and the resulting delay in project expenditure, the Corporation anticipates a greater than budgeted cash surplus to be carried forward to the 2021/22 FY to support completion of these projects. This Budget projects a surplus for the 2021/2022 financial year.

2.1 Key things we are funding

- Maintaining physical library collections and continued investment in e-resources.
- Maintaining delivery of reading and life-learning programs and events for all ages throughout the year.
- Provision of COVID safe services.
- Continued support for volunteer engagement.
- Maintenance of IT network and scheduled replacement of IT equipment and public computers.
- Improvements to internal signage and way finding at some library branches.
- Maintaining support for fundraising, sponsorship and grant seeking activities.
- Removal of overdue charges for children/teenage collection items

2.2 Key Statistics

Total Income	\$11,4410,472	(2020/21 = \$11,257,791)
Total Expenditure	\$11,208,994	(2020/21 = \$ 10,665,725)
Accounting Result*	\$201,478	(2020/21 = \$592,066) (Anticipated Surplus)
(Refer to Income Statement in Section 11.1)		

Total Capital Works	\$2,052,372	(2020/21 = \$2,032,051)
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3 Links to the Library Plan

This section describes how the Annual Budget links to the achievement of the Library Plan.

3.1 Planning and accountability framework

The Strategic Resource Plan is a rolling five year plan that outlines the financial and non-financial resources that the Corporation requires to achieve the strategic objectives described in the Library Plan. The Annual Budget is framed within the Strategic Resource Plan, considering the services and initiatives which contribute to achieving the strategic objectives specified in the Library Plan. The Annual Report includes a report on operations, financial statements and performance results.

The Library Plan, including the Strategic Resource Plan is required to be completed by 30 June following the general election of Councillors. The Strategic Resource Plan is reviewed each year in advance of the commencement of the Annual Budget process.

It should be noted that at the time of preparation of the Draft 2021/22 Budget, the Library Plan 2021 – 2025 was under development. However, the strategic objectives and goals are not anticipated to vary significantly from those articulated in the 2017 -2021 Library Plan as outlined in section 3.3 below.

3.2 Our purpose

Whitehorse Manningham Libraries – *Open for Discovery*

Our vision

A library open for all to discover a world of possibilities.

Our mission

To provide opportunities that inspire our community to read, learn, connect and create.

Our values

Respect

We acknowledge our diverse community and support equal access to services by all.

Integrity

We are open, honest and accountable in the way we conduct our business.

Community Driven

Our services and the way we deliver them are shaped by the needs and aspirations of our community.

Collaboration

Together we develop positive relationships and partnerships that strengthen our services and their impact.

Excellence

We aim for excellence and strive to find new ways to improve how we work and deliver services.

3.3 Strategic objectives

The following table lists the four strategic goals as described in the Library Plan

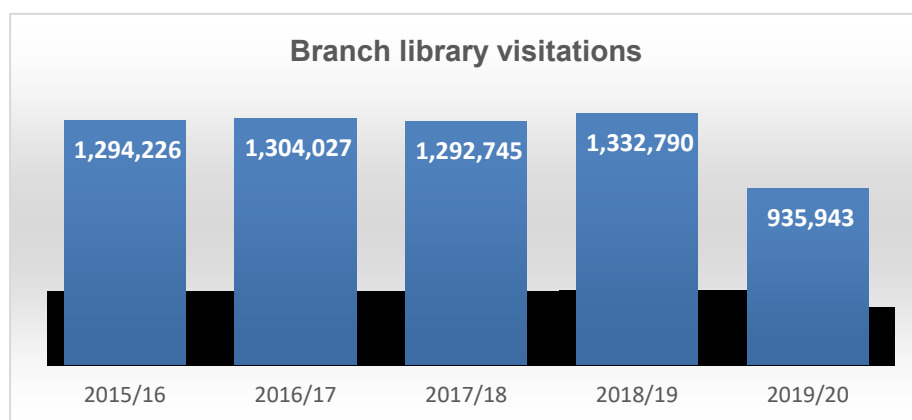
Strategic Objective	Description
1. Read, Learn and Discover	Our library has a critical role in contributing to community and individual wellbeing by providing accessible and engaging collections, resources and programs that encourage life-long learning and reading for pleasure.
2. Connect, Collaborate and Participate	Our library provides opportunities for social connection and community engagement. We actively invite and develop collaborative community partnerships to achieve mutual benefits.
3. Experience	Our libraries are important civic spaces where all in the community should feel welcome. We strive for excellence in all aspects of our services to ensure a positive and responsive experience for all customers.
4. Value	We apply best practice principles to the way we work to ensure our services continue to be relevant and sustainable.

3.4 Service Performance indicators – five year trends

The library service experienced the impact of the COVID-19 health emergency from January 2020, this can be witnessed across the activity results for the full 2019/20 FY. It should be noted that prior to January 2020, the activity levels in many areas were trending up compared to the same period in the previous year.

Visitations

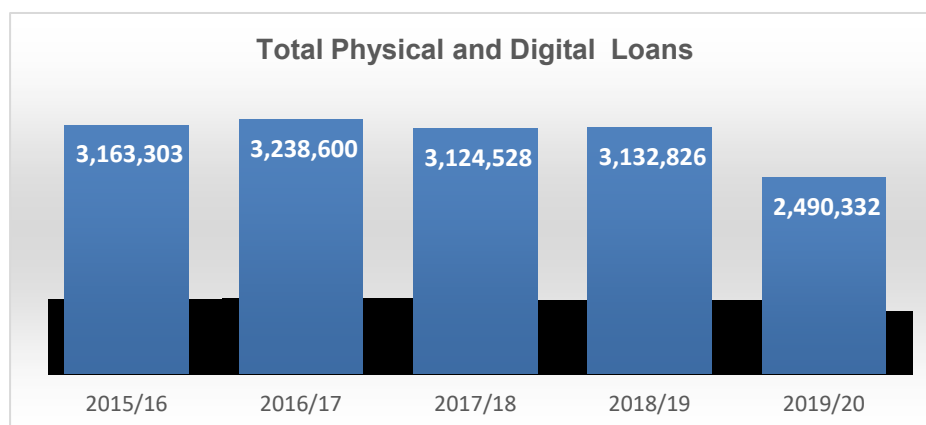
Branch visitations in 2019/20 were trending up until the health emergency impacted operations and libraries were directed to close.



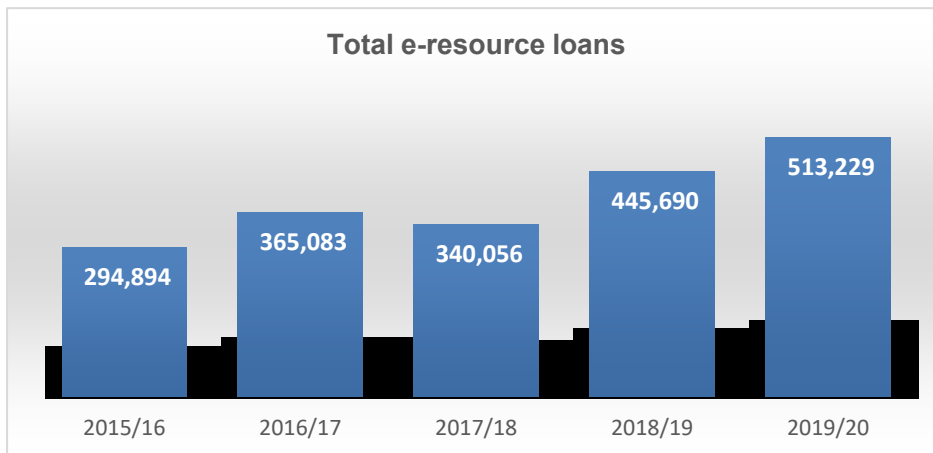
Note: Services at Box Hill were impacted in 2017/18 due to renovation works

Loans

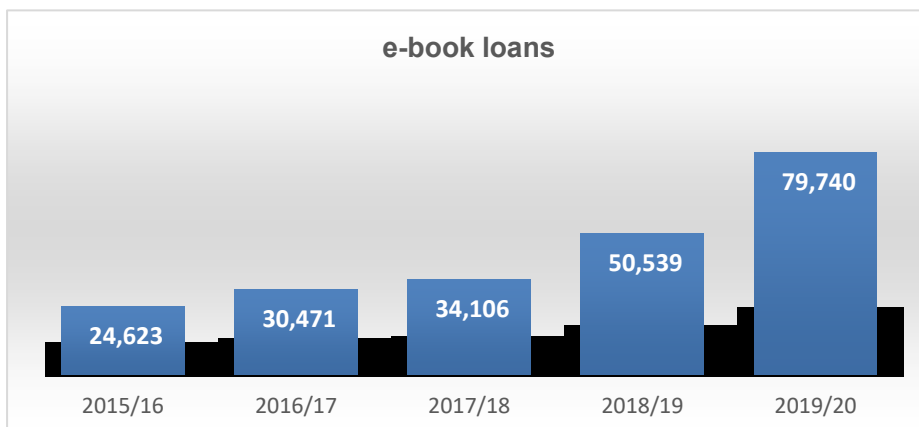
Total loans of physical and digital collection items in 2019/20 decreased compared to the previous year as a result of the impact of health emergency restrictions on access to physical collections from March – June 2020.



Overall loans of e- resources (includes e-books, e-magazines, e-audio and other digital resources) increased by 15% in 2019/20 compared to the previous year, with loans of e-books alone increasing by 58%.

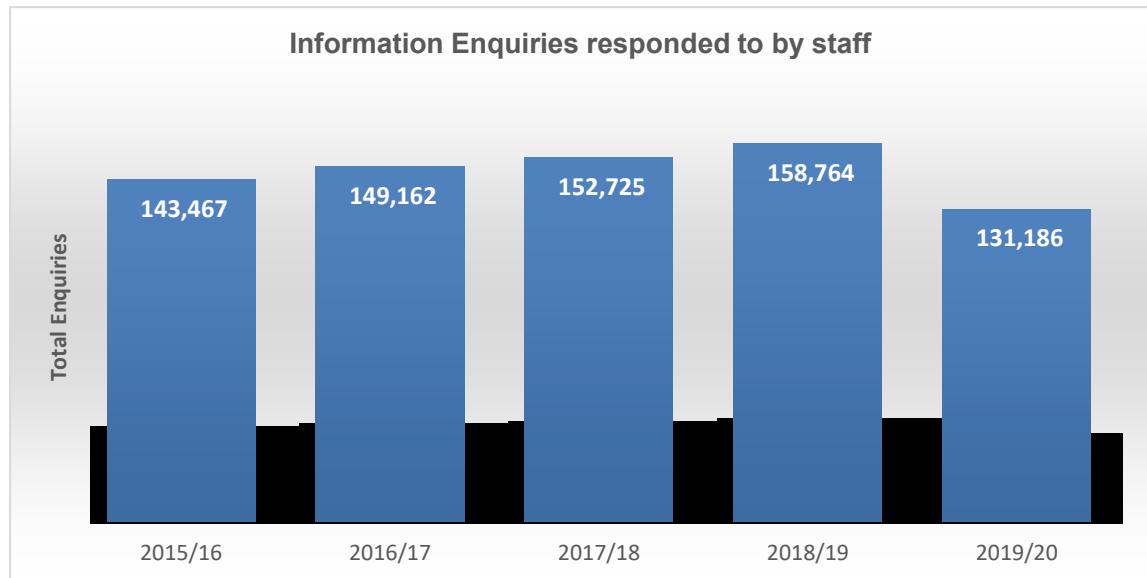


Note: technical issue impacted access in 17/18



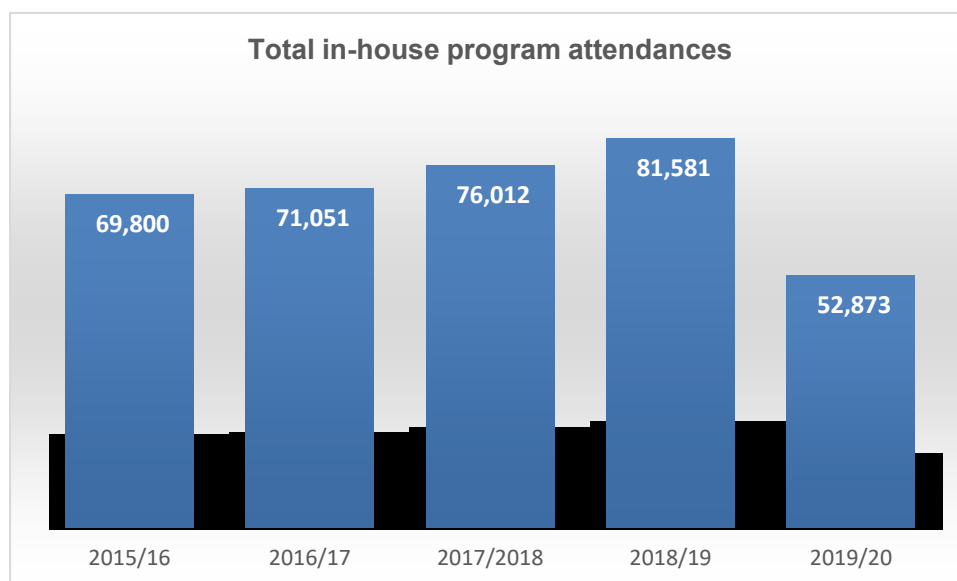
Information Enquiries

Information enquiries responded to by library staff have consistently trended up in recent years. As the majority of enquires are typically made by patrons in library branches seeking assistance, the closure of branches from March to June 2020 impacted the results for the 2019/20 FY.



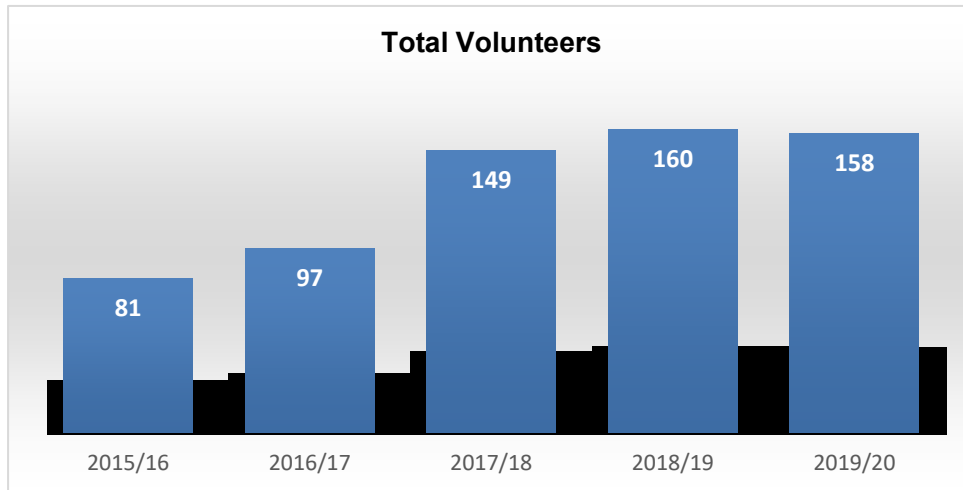
Program Attendances

Prior to January 2020, the number of attendances at adult, youth and children's programs had been increasing each year as the range of program offerings has been expanded. 2019/20 attendance shown below exclude participation and engagement in virtual programs implemented as a result of COVID-19.



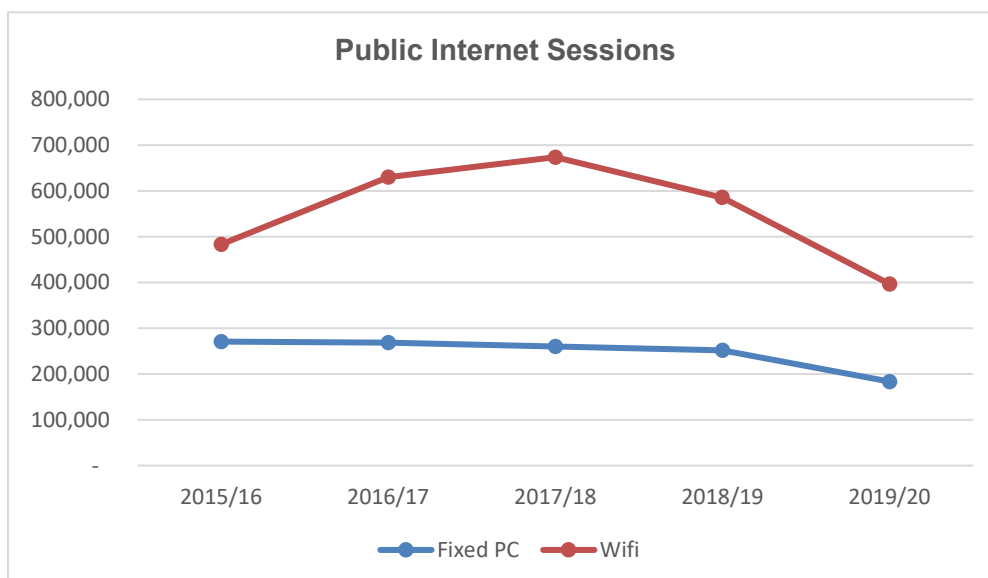
Volunteers

Volunteer numbers have increased in recent years as the number of new volunteer engagement initiatives have been introduced.



Public computers and Wi-Fi

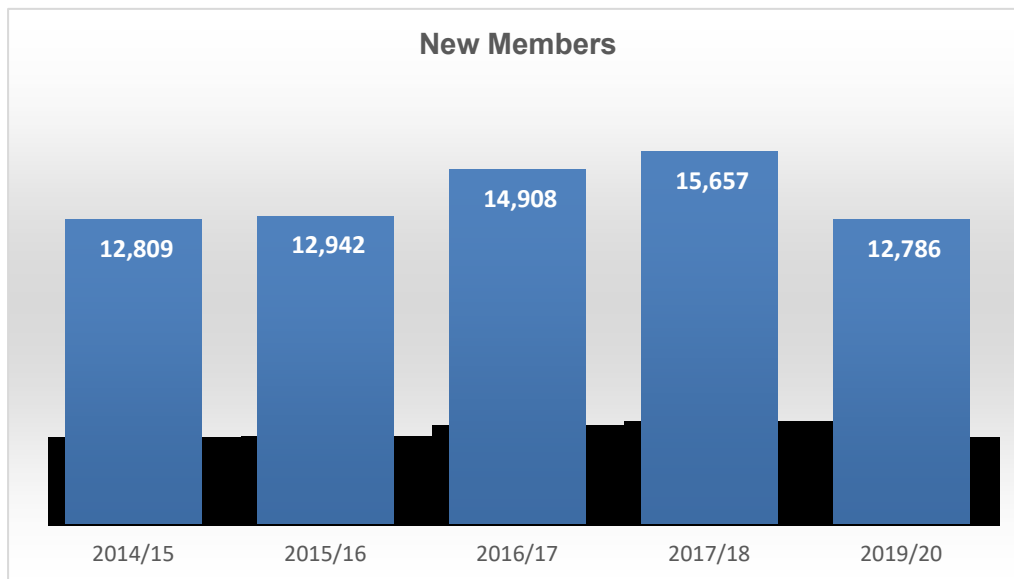
While public computer and wi-fi access appears to have peaked in 2017/18, usage of these facilities prior to COVID-19 is still considered to be at a high level when compared to other similar libraries.



New Members

Over 30% of residents have a library membership, however it should be noted that in real terms this percentage is higher as many families access services using a single membership card.

Prior to the health emergency, new memberships were trending up. 1,145 new members joined during the closure period from March to June 2020.



Budget Analysis

4 Budget principles

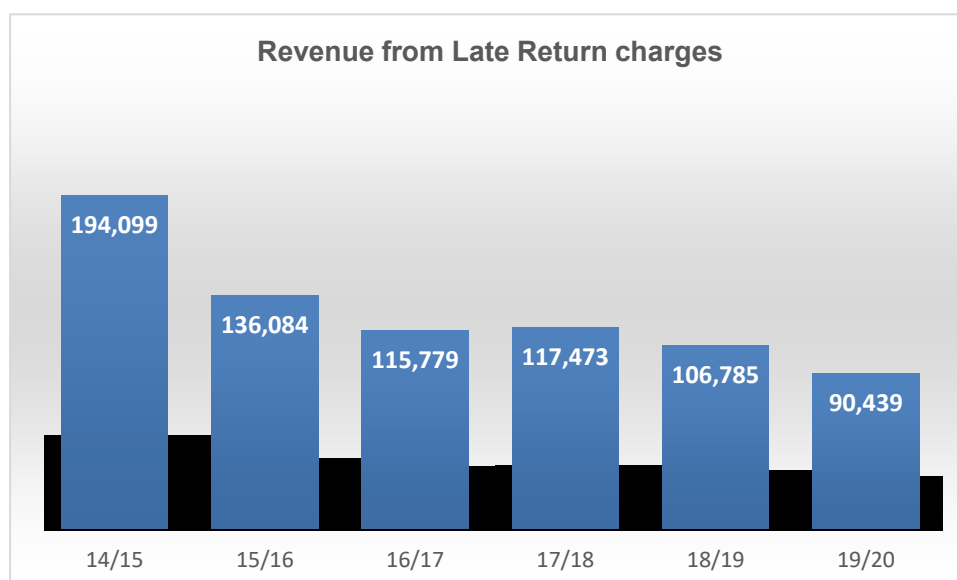
The preparation of the 2021/2022 Budget is informed by the following overarching principles:

- No reduction in service levels.
- Alignment of budget to the delivery of the Library Plan objectives.
- COVIDsafe operations and service response adjustments.
- Review of all areas of expenditure against anticipated service needs and market trends and containing expenditure as much as possible.
- Warrandyte Library is funded by Manningham City Council outside of the Regional Library Agreement and is not reflected in this budget.

5 Budget Influences

The preparation of this budget is influenced by a number of internal and external factors including the following:

- Contributions from member Councils are forecast to increase by 1%.
- State government grant is forecast to increase by 1.5%
- Continued decline in revenue from user fees and charges.
- Forecast interest rates below 0.25%.
- Anticipated Enterprise Agreement and Employer Super Guarantee increases.
- Increased cost of insurance, collection materials, cleaning, couriers and utilities.
- Demographic trends including cultural diversity and ageing population. Along with a forecast 1.39% increase in the Whitehorse Manningham population in 2022 compared to 2021 (forecast.id).



Notes:

Email prenotification of due dates introduced 15/16 FY

Overdue fines were not accrued in the last quarter 19/20 FY due to COVID-19 restrictions

6 Analysis of operating budget

This section of the report analyses the operating budget including the expected income and expenses of the Corporation for the 2021/2022 financial year.

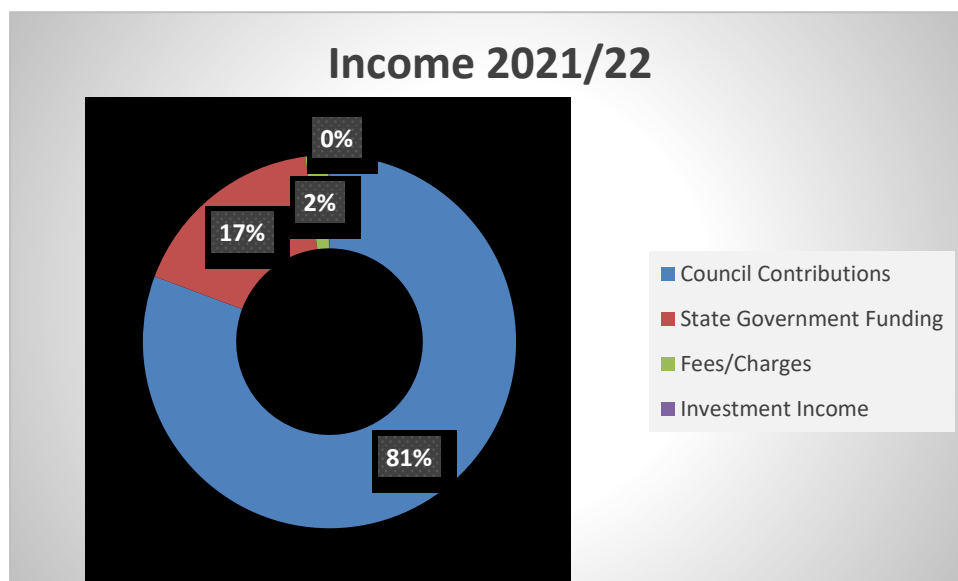
The following notes are presented to demonstrate the key parameters and assumptions underpinning the budget and to provide additional explanatory information.

6.1 Income

The Corporation receives funds through member Council contributions and State Government funding. The Corporation generates small amounts through user fees, charges and interest earned on investments.

Forecast actual income in the 2020/21 FY from Fees and Charges is significantly below budgeted amounts due to the COVID-19 disruption. The Budgeted 2021/22 amount assumes the resumption of normal services.

Income type	Forecast Actual	Budget	Variance
	2020/2021	2021/2022	
	\$	\$	
Council Contributions	9,142,268	9,233,648	1%
State government Public Libraries Funding	1,822,685	1,850,025	1.5%
Other Grants	131,830	133,269	1.08%
Fees/Charges	35,839	183,530	400%
Income from Investments	6,000	10,000	60%
Cash Surplus c/fwd	119,169	301,702	
Total Income	11,257,791	11,712,174	



Council Contributions

Member Council contributions are in accordance with the agreed funding formula set out in the Regional Library Agreement. The increase in contributions for the 2021/2022 financial year is 1.0%.

Member Council Contributions	Forecast Actual	Budget	Variance
	2020/2021	2021/2022	
City of Whitehorse	5,493,112	5,548,000	1%
Manningham City Council	3,649,156	3,685,648	1%
Total contributions	9,142,268	9,233,648	

State Government Funding

The State Government recurrent core and local priorities funding is forecast to increase by 1.5%; the actual increase is usually confirmed by the State Government in June. No increase is forecast for the Premiers Reading Challenge grant; the funding amount is usually confirmed in December.

Income from other grants and donations is not included in the budget unless it is known at the time of the budget preparation.

Recurrent grants	Forecast Actual	Budget	Variance
	2020/2021	2021/2022	
State Public Libraries - Core	1,822,685	1,850,025	1.5%
State Local Priorities	95,931	97,370	1.5%
Premiers Reading Challenge	35,899	35,899	0%
Total recurrent grants	1,954,515	1,983,294	1.5%

User Fees and Charges (\$68,470 decrease)

User fees and charges includes income from lost, damaged and overdue charges, printing and copying, meeting room hire and sale of products. User fees and charges have been reviewed and benchmarked against those of other public library services. Total revenue from user fees and charges is forecast to decrease compared to the previous year's budgeted income due to the continued decline in revenue from overdue fines and impact of COVID-19 on meeting room hire.

It is proposed that charges for overdue children's/teenage collection items will cease from 1 July 2021. All other user fees and charges are proposed to increase by 1.0%, rounded to the nearest 5 cents.

The proposed schedule of Fees and Charges is detailed at Appendix A.

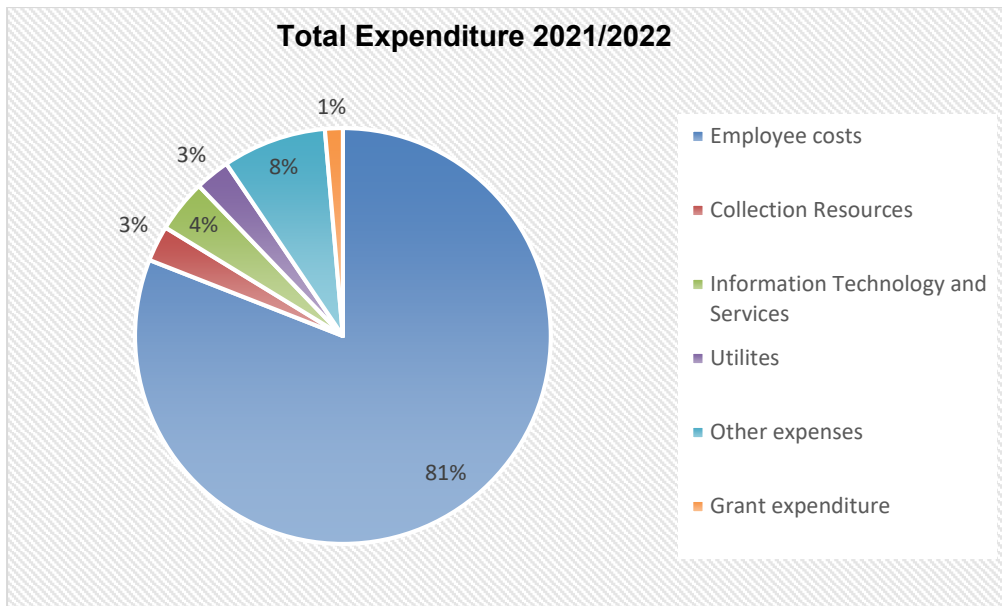
Interest from Investments (\$34,000 decrease)

Interest from investments includes interest earned on available cash throughout the year. Cash funds and cash requirements are reviewed on a daily basis to identify funds available and required to meet the Corporation's obligations and surplus cash funds are identified for investment availability. The Corporation expects to receive significantly less than budgeted in 2020/2021 due to the lowering of interest rates. Rates are forecast to remain low in 2021/2022.

6.2 Operating Expenditure

Expense types	Forecast Actual 2020/2021 \$	Budget 2020/2021 \$	Budget 2021/2022 \$	Variance 20/22 vs 21/22 Budget
Employee costs	6,982,952	7,642,035	7,771,100	1.7%
Grant expenditure	131,380	131,175	133,269	1.5%
Other expenses	1,809,257	1,576,201	1,694,981	7.5%
Total Expenses	8,792,208	9,218,236	9,599,350	

The total operating expenditure is forecast to increase by 2.69% in 2021/22 above the budgeted 2020/21 expenditure. Due to the COVID restrictions, actual total operating expenditure in 2020/21 is forecast to be below the budgeted amount.



Employee costs (\$129,065 increase)

Employee costs comprise 82% of total operating expenditure.

Employees costs include all labour related expenditure such as salaries and on costs including allowances, banding increments, leave entitlements, employer superannuation guarantee, Workcover, penalty payments for weekend work, staff development, Employee Assistance Program, relief staff to cover leave absences and engagement of external specialist resources where required.

Employee costs are forecast to increase by 1.7% or \$129,065 compared to budgeted cost for 2020/2021. This increase relates to following key assumptions:

- Enterprise Agreement increases
- Band increments
- Increase in Super Guarantee
- Zero growth in FTE
- Zero increase to staff development expenditure

Utilities (\$8,028 increase)

Gas, Electricity, Water, Cleaning and Courier costs increased between 1% to 5% to meet anticipated rises.

Insurance (\$18,000 increase)

The cost of insurance has increased significantly in the past year and further increases are anticipated.

Information services (\$1,072 increase)

Included in this budget is the Library Management System, Debt Recovery and Libraries Australia costs. Increased by 1% to meet anticipated contract increases.

Information Technology including Telephones (\$11,500 decrease)

It is anticipated there will be some savings realised as a result of the recent Wide Area Network upgrade.

Collection resources (non- capital) (\$39,000 Increase)

Included in this budget are periodicals, newspapers and some electronic collection resources (e-magazines, online newspapers, databases). These types of items are non-depreciable and therefore not regarded as assets. Increased to meet increased demand for access to digital collection and information resources.

Pandemic Costs (\$55,000)

\$55,000 has been allocated to meet costs associated with the health emergency response and recovery.

All other expenses (\$6,900 increase)

Includes printing, office expenses, vehicle maintenance, programs and marketing.

7 Analysis of Budgeted Cash Position

This section of the report analyses the expected cash flows from the operating, investing and financing activities of the Corporation for the 2021/22 year. Budgeting cash flows for the Corporation is a key factor in ensuring it can meet its strategic and financial commitments, and provides a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

	Forecast Actual 2020/2021 \$	Budget 2021/2022 \$	Variance
<i>Cash flows from operating activities</i>			
Contributions Received	9,142,324	9,233,648	1%
Grants Received	1,822,685	1,850,025	1.5%
Interest Received	6,000	10,000	66%
Other Grants Received	131,830	133,269	1%
User Fees and Charges	155,008	208,530	35%
 Payments to Employees / Suppliers	 (9,258,021)	 (9,405,469)	 2%
Net cash provided by operating activities	1,999,826	2,030,003	1.5%
<i>Cash flows from Investing Activities</i>			
Payments for Collection Resources, Equipment and Furniture	(1,996,517)	(2,001,392)	
Proceeds from Sale of Equipment			
Net cash provided by investing activities	(1,996,517)	(2,001,392)	0.24%
Net increase (decrease) in cash held	3,309	28,611	
Cash at the beginning of the year	2,546,951	2,550,260	
Cash at the end of the year	2,550,260	2,578,871	1.1%

Cash flows from Operating Activities

- Operating activities refer to the cash generated by or used in the normal service delivery functions of the Corporation.

Payments from Operating Activities

- Employee costs comprise approximately 82% of the total cash expenditure
- Small increases in payments to suppliers based on the anticipated budget result for 2021/2022.
- Overall a small increase in Net Cash Flow from Operating Activities is anticipated

Net Cash used in Investing Activities

- The main impact on Investing Activities is increases in Collection Resources.

Cash at End of Financial Year

- It is anticipated that at the end of the 2021/2022 FY the total cash will slightly increase.

Restricted Funds and working Capital

The cash flow statements show that the Corporation is estimating at 30 June 2022 to have cash and cash investments of \$2,578,871, of which some investments are restricted:

Employee Benefits – current	\$1,500,496
Employee Benefits – non-current	\$ 187,709

These funds are separately identified as restricted to ensure there are sufficient funds to meet the Corporation's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

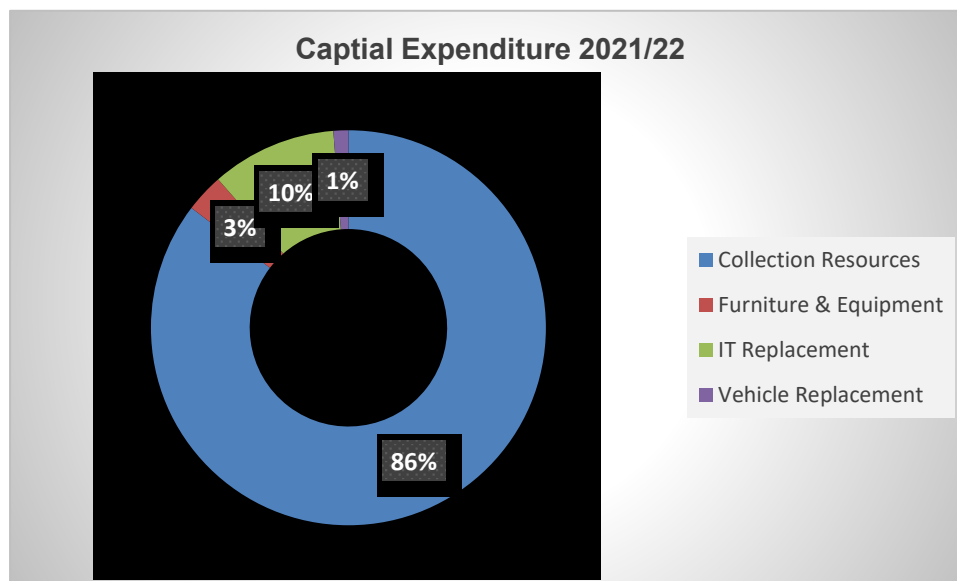
The Corporation also has funds set aside in a reserve account to assist with the replacement of the Radio Frequency Identification (RFID) equipment.

8 Budgeted Capital Works

This section of the report analyses the planned capital expenditure budget for the 2021/22 FY and the sources of funding for the capital budget.

Budgeted Statement of Capital Works

	2020-2021	2021-2022	Variance
Capital Works			
Collection Resources	1,732,412	1,747,736	1%
Furniture and Equipment	64,639	65,285	1%
Motor Vehicle Replacement	25,000	25,250	1%
IT Replacement	210,000	212,100	1%
Total Capital Works	2,032,051	2,052,372	1%
Represented by:			
Asset renewal expenditure		2,052,372	
Total capital works expenditure		2,052,372	
	2020-2021	2021-2022	Variance
Sources of Funding			
Council Contributions	2,032,051	2,052,372	
Public Libraries Funding		-	
Total		2,052,372	



Collection Resources (1% increase)

Collection Resources includes capital items such as physical books, audio-visual resources, e-books and end processing costs. Collection resources are the Corporation's major asset. The Corporation continues to focus on improving the relevance and quality of the collection by regularly evaluating collection borrowing trends, collection condition and content and replacing the stock.

Furniture and Equipment (1% increase)

This assists the replacement of limited amounts of damaged furniture in branch library public areas and upgrades required to meet current ergonomic and OH&S standards. Smaller items of equipment are covered in the operating budget under equipment maintenance and replacement.

Information Technology Replacement (1% increase)

Information Technology capital expenditure covers the upgrade and replacement of computer hardware, servers, network hardware, printers and other minor hardware items and the purchase of new software.

Motor Vehicles (1% increase)

The Corporation has a small fleet of cars that are used by library staff when moving between branches or attending meetings. IT staff regularly use these vehicles when providing support to branch libraries. The vehicles are also used on a daily basis for Outreach and Makerspace program delivery. 1 vehicle scheduled for replacement.

9 Analysis of Budgeted Financial position

This section of the budget report analyses the movements in assets, liabilities and equity between 2020/21 and 2021/22.

Budgeted Balance Sheet

	2020-2021	2021-2022	Variance
Current assets			
Cash assets	2,550,260	2,578,871	1%
Receivables	65,000	72,000	11%
Accrued Income	35,000	10,000	-71%
Prepayments	80,000	80,000	0
Total current assets	2,730,260	2,740,871	
Non-current assets			
Collection Resources	6,377,236	6,878,926	8%
IT Equipment, Furniture and Equipment	1,170,920	1,060,978	-9%
Total non-current assets	7,548,156	7,939,904	
Total assets	10,278,416	10,680,775	
Current liabilities			
Payables	235,982	408,644	73%
Employee benefits	1,475,414	1,500,496	2%
Other			
Total current liabilities	1,711,396	1,909,140	
Non-current liabilities			
Employee benefits	184,571	187,709	2%
Total non-current liabilities	184,571	187,709	
Total liabilities	1,895,967	2,096,848	
Net assets	8,382,449	8,583,927	
Equity			
Accumulated surplus	4,460,406	4,661,884	5%
Members Contribution	3,922,043	3,992,043	
Total equity	8,382,449	8,583,927	

- Cash assets in line with contributions.
- Collection Resources variance from previous year as a result of depreciation and write off of items that have been less than anticipated.
- Employee Benefits increase in line with expected wage increase
- Equity – the net increase in equity represents the anticipated surplus for 2020/2021.

10 Strategic Resource Plan and Key Financial Indicators

10.1 Plan Development

A five year strategic resource plan is developed and adopted in conjunction with the annual budget. This strategic resource plan is fundamentally premised on the Corporation's commitment to continue the regional library's operations on a financially sustainable basis and restricting Council contribution increases (operational and capital).

Underpinning this commitment are the following objectives:

- Restricting salary increases to industry standard Enterprise Bargaining increases and corresponding increases in statutory on-costs.
- Continuous pursuit of innovation and efficiency measures to reduce other expenditure.
- Advocating for increased government funding.
- Maintaining existing service levels with the introduction of affordable service initiatives.
- Maintaining information communication technology systems within the parameters of affordability.
- Maintaining a capital expenditure on Collection Resources that meets the objectives of the Collection Management Strategy and industry standards.
- Prudently managing financial risks relating to assets and liabilities.
- Providing full, accurate and timely disclosure of financial information.

10.2 Funding Strategies

The current Strategic Resource Plan is presented on an accrual basis. It reflects projected income and expenditure in both capital and operational areas.

The plan is currently premised on the following key parameters:

- Indexation of Council contributions by 1%, 1.5%, 1.5%, 2% and 2.5% respectively.
- Indexation of State Government core and local priorities grants by 1.5% in the first three years, then 2% and 2.5% growth.
- No increases to the Premier's Reading Challenge grant
- Interest on investments to remain stable across the five years
- Operating income continues to decline in each year.
- Total operating expenditure to increase by an average of 2.2% each year

- Employee costs to increase over and above any wage increase to allow for the increase in Superannuation Guarantee costs each year from July 2021 from 9.5% to 12% in July 2025.
- Increases in Collection Resources, Information Technology, Furniture and Equipment and Motor Vehicles as follows:

21/22	22/23	23/24	24/25	25/26
1.0%	1.75%	2.0%	2.5%	2.5%

The Corporation reviews these financial parameters each year as part of the annual budget process and adjusts the financial plan accordingly wherever parameters have changed.

The Corporation has an extremely tight financial position and limited opportunity to identify further compensatory discretionary cost items within the operating expenditure budget to continue to offset lost revenue. While the Corporation is continually reviewing ways to identify savings, the ongoing reduction of revenue from user charges and interest presents ongoing challenges when looking to maintain service levels within current budgets.

The Corporation endeavours to identify additional income sources to delivery extension services and programs.

10.3 Five Year Financial Plan

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	Budget	Financial	Financial	Financial	Financial
		Plan	Plan	Plan	Plan
INCOME					
Council Contributions					
Whitehorse	5,548,000	5,631,220	5,715,688	5,830,002	5,975,752
Manningham	3,685,648	3,740,932	3,797,046	3,872,987	3,969,812
Total	9,233,648	9,372,152	9,512,735	9,702,989	9,945,664
Public Libraries Grant	1,850,025	1,877,775	1,905,942	1,944,061	1,992,662
Operating Income	193,530	191,095	188,974	187,144	185,585
Grants					
Local Priorities					
Funding	97,370	98,831	100,313	102,319	104,877
Premiers Reading					
Challenge	35,899	35,899	35,899	35,899	35,899
TOTAL INCOME	11,410,472	11,575,752	11,743,863	11,972,412	12,264,587
EXPENDITURE					
Operational	9,466,081	9,661,720	9,867,229	10,098,959	10,353,979
Depreciation/Disposal	1,609,644	1,736,927	1,891,861	1,952,077	2,004,241
Grants Local					
Priorities Funding	97,370	98,831	100,313	102,319	104,877
Premiers Reading					
Challenge	35,899	35,899	35,899	35,899	35,899
Total Expenditure	11,208,994	11,533,377	11,895,302	12,189,254	12,498,996
Adjustments to AAS27 Budget					
Depreciation/Disposal	(1,609,644)	(1,736,927)	(1,891,861)	(1,952,077)	(2,004,241)
Total less depreciation	9,599,350	9,796,450	10,003,441	10,237,177	10,494,755
Collection Resources	1,749,736	1,780,357	1,815,964	1,861,363	1,907,897
Furniture & Fittings	65,285	66,428	67,756	69,450	71,187
Motor Vehicle Replacement	25,250	25,692	26,206	26,861	27,532
IT Replacement	212,100	215,812	220,128	225,631	231,272
NET SURPLUS (DEFICIT)	(241,249)	(308,987)	(389,632)	(448,070)	(468,056)

10.4 Financial Resources

Strategic Plan Projections

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	
Operating result	(241,249)	(308,987)	(389,632)	(448,070)	(468,056)	-
Cash & Cash Investments	2,578,871	2,539,646	2,376,362	2,154,919	1,956,919	-
Cash Flow from Operations	2,030,003	2,049,064	1,966,770	1,961,862	2,039,888	0
Capital Works	2,052,372	2,088,288	2,130,054	2,183,305	2,237,888	+

Key to Forecast Trend:

- + Forecasts improvement in the Corporation's financial performance/financial position indicator
- o Forecasts that the Corporation's financial performance/financial position indicator will be steady
- Forecasts deterioration in the Corporation's financial performance/financial position indicator

The key outcomes of the Plan are as follows:

Financial Sustainability

Cash and investments are forecast to reduce over the five year period to fund library materials and technology.

Council Contributions Strategy

Indexation of member Council contributions is based on the rate cap percentage amount set by the State Government.

Capital Works Strategy

Capital expenditure over the five year period will total \$10.69 million with \$9.1 million being spent on library collection materials and \$1.1 million on Information Technology. This allows for continued renewal of the collection resources and IT equipment.

Service Delivery Strategy

All existing service levels will be maintained throughout the five year period.

10.5 Non-Financial Resources

Salary expenses and on-costs represent approximately 82% of the Corporation's total operating expenditure (excluding depreciation).

Statement of Human Services

For the years ending 30 June 2021 - 30 June 2025

	2020/2021 Forecast	2021/2022 Budget	2022/2023 Financial Plan	2023/2024 Financial Plan	2024/2025 Financial Plan	2025/2026 Financial Plan
Staff expenditure						
Employee costs – operating	6,982,952	7,771,100	7,926,022	8,091,913	8,277,364	8,483,525
Employee costs – capital	0	0	0	0	0	0
Total staff expenditure	6,982,952	7,771,100	7,926,022	8,091,913	8,277,364	8,483,525
Staff numbers						
Employees	72.93	72.93	72.93	72.93	72.93	72.93
Total staff numbers	72.93	72.93	72.93	72.93	72.93	72.93

11 Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2021/22 to 2025/26 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements and the following budgeted information:

- Budgeted Comprehensive Income Statement
- Budgeted Balance Sheet
- Statement of Changes in Equity
- Budgeted Statement of Cash Flows
- Budgeted Statement of Capital Works

11.1 Budgeted Comprehensive Income Statement

For the years ending 30 June 2022 – 30 June 2026

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	Budget	Financial	Financial	Financial	Financial
		Plan	Plan	Plan	Plan
Income					
Council Contributions	9,233,648	9,372,152	9,512,735	9,702,989	9,945,564
State Government Grant	1,850,025	1,877,775	1,905,942	1,944,061	1,992,662
Fees and charges	183,530	180,995	178,773	176,841	175,179
Other Grants	133,269	134,730	136,212	138,218	140,776
Interest from Investments	10,000	10,100	10,201	10,303	10,406
Proceeds from sale of assets	0	0	0	0	0
Total Revenue	11,410,472	11,575,752	11,743,863	11,972,412	12,264,587
Expenses					
Employee costs	7,771,100	7,926,022	8,091,913	8,277,364	8,483,525
Financial Expenses	34,780	35,128	35,479	35,834	36,192
Utilities	259,706	272,691	286,326	300,642	315,674
Office Expenses	517,962	525,928	534,966	546,099	557,487
Collection Resources	266,361	277,263	282,808	289,020	295,370
Emergency Costs	55,000	55,000	55,000	55,000	55,000
Information Services	108,272	110,167	112,370	115,179	118,059
Information Technology	270,000	275,188	282,578	292,558	303,915
Marketing and Programs	107,900	109,284	110,688	112,111	113,553
Headquarters Costs	75,000	75,050	75,101	75,152	75,203
Grant Expenditure	133,269	134,730	136,212	138,218	140,776
Depreciation	1,144,647	1,248,680	1,379,202	1,413,785	1,439,034
Collection Withdrawal	464,997	488,247	512,659	538,292	565,207
Total Expenses	11,208,994	11,533,377	11,895,302	12,189,254	12,498,996
Net Gain (Loss) on disposal of property, plant and equipment	-	-	-	-	-
PROFIT/(DEFICIT) FOR THE PERIOD	201,478	42,374	(151,440)	(216,842)	(234,409)

11.2 Budgeted Balance Sheet

For the years ending 30 June 2022 – 30 June 2026

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	Budget	Financial Plan	Financial Plan	Financial Plan	Financial Plan
Current Assets					
Cash assets	2,578,871	2,539,646	2,376,362	2,154,919	1,956,919
Receivables	72,000	72,000	72,000	75,000	75,000
Prepayments	80,000	80,000	80,000	82,000	85,000
Accrued Income	10,000	10,000	10,000	11,000	12,000
Total Current assets	2,740,871	2,701,646	2,538,362	2,322,919	2,128,919
Non-Current assets					
Collection Resources	6,878,926	7,261,713	7,531,960	7,794,313	8,051,036
IT Equipment, Furniture and Equipment	1,060,978	1,029,553	997,499	966,374	943,298
Total Non-Current assets	7,939,904	8,291,266	8,529,459	8,760,687	8,994,334
Total Assets	10,680,775	10,992,912	11,067,821	11,083,606	11,123,253
Current Liabilities					
Payables	408,644	644,641	834,829	1,027,018	1,256,110
Provisions	1,500,496	1,530,506	1,562,646	1,598,587	1,638,552
Total Current Liabilities	1,909,140	2,175,147	2,397,475	2,625,605	2,894,662
Non-Current Liabilities					
Provisions	187,709	191,463	195,484	199,980	204,979
Total Non-Current Liabilities	187,709	191,463	195,484	199,980	204,979
Total liabilities	2,096,848	2,366,610	2,592,959	2,825,585	3,099,641
Net assets	8,583,927	8,626,302	8,474,862	8,258,021	8,023,612
Equity					
Accumulated surplus	4,661,884	4,704,259	4,552,819	4,335,978	4,101,569
Members Contribution on Formation	3,922,043	3,922,043	3,922,043	3,922,043	3,922,043
Total equity	8,583,927	8,626,302	8,474,862	8,258,021	8,023,612

11.3 Statement of Changes in Equity

For the years ending 30 June 2022 – 30 June 2026

	Total	Accumulated Surplus	Members Contribution
Budget 2022			
Balance at beginning of the financial year	8,382,449	4,460,406	3,922,043
Surplus (deficit) for the year	201,478	201,478	0
Balance at end of the financial year	8,583,927	4,661,884	3,922,043
2023 - SRP			
Balance at beginning of the financial year	8,628,927	4,706,884	3,922,043
Surplus (deficit) for the year	42,375	42,375	0
Balance at end of the financial year	8,626,302	4,704,259	3,922,043
2024 - SRP			
Balance at beginning of the financial year	8,712,747	4,790,704	3,922,043
Surplus (deficit) for the year	(151,440)	(151,440)	0
Balance at end of the financial year	8,474,863	4,552,820	3,922,043
2025 - SRP			
Balance at beginning of the financial year	8,599,479	4,677,436	3,922,043
Surplus (deficit) for the year	(216,842)	(216,842)	0
Balance at end of the financial year	8,258,021	4,335,978	3,922,043
2026 - SRP			
Balance at beginning of the financial year	8,417,794	4,495,751	3,922,043
Surplus (deficit) for the year	(234,409)	(234,409)	0
Balance at end of the financial year	8,023,612	4,101,569	3,922,043

11.4 Budgeted Statement of Cash Flows

For the years ending 30 June 2022 – 30 June 2026

	2021/2022 Budget \$	2022/2023 Financial Plan \$	2023/2024 Financial Plan \$	2024/2025 Financial Plan \$	2025/2026 Financial Plan \$
<i>Cash flows from Operating Activities</i>					
Contributions Received	9,233,648	9,372,152	9,512,734	9,702,989	9,945,564
Grants Received	1,850,025	1,877,775	1,905,942	1,944,061	1,992,662
Interest received	10,000	10,100	10,201	9,303	9,406
Library Fees	208,530	180,995	178,773	176,841	175,179
Other Grants	133,269	134,730	136,212	138,218	140,776
Payments to Employees/Supplies	(9,405,469)	(9,526,688)	(9,777,092)	(10,009,552)	(10,223,699)
Net cash provided by operating activities	2,030,003	2,049,064	1,966,770	1,961,862	2,039,888
<i>Cash flows from Investing Activities</i>					
Payments for library collection, furniture and IT equipment	(2,001,395)	(2,088,289)	(2,130,054)	(2,183,305)	(2,237,888)
Net cash from Investing Activities	(2,001,395)	(2,088,289)	(2,130,054)	(2,183,305)	(2,237,888)
Net increase (decrease) in cash held	28,611	(39,225)	(163,284)	(221,443)	(198,000)
Cash at the beginning of the year	2,550,260	2,578,871	2,539,646	2,376,362	2,154,919
Cash at the end of the year	2,578,871	2,539,646	2,376,362	2,154,919	1,956,919

Reconciliation of Operating Result and Net Cash Flows from Operating Activities

For the year ending 30 June

Net surplus (deficit) from operations	201,477	42,376	(151,439)	(216,842)	(234,409)
Depreciation	1,144,647	1,248,680	1,379,202	1,413,785	1,439,034
(Profit) Loss on sale of Library Collection, Furniture and IT Equipment	464,997	488,247	512,659	538,292	565,207
Net movement in current assets and liabilities	218,882	269,761	226,348	226,627	270,056
Net cash inflow (outflow) from operating activities	2,030,003	2,049,064	1,966,770	1,961,862	2,039,888

Cash Resourcing

Cash Assets	2,578,871	2,539,646	2,376,362	2,154,919	1,956,919
Less Bank Overdraft at the end of the year	-	-	-	-	-
	2,578,871	2,539,646	2,376,362	2,154,919	1,956,919

11.5 Budgeted Statement of Capital Works

For the years ending 30 June 2022 – 30 June 2026

	2021/2022 Budget	2022/2023 Financial Plan	2023/2024 Financial Plan	2024/2025 Financial Plan	2025/2026 Financial Plan
Collection Resources	1,749,736	1,780,357	1,815,964	1,861,363	1,907,897
IT Replacement	212,100	215,812	220,128	225,631	231,272
Furniture and Equipment	65,285	66,428	67,756	69,450	71,187
Motor Vehicles Replacement	25,250	25,692	26,206	26,861	27,532
Total capital works	2,052,372	2,088,288	2,130,054	2,183,305	2,237,888
Represented by:					
Renewal	2,052,372	2,088,288	2,130,054	2,183,305	2,237,888
	-	-		-	-
Total capital works	2,052,372	2,088,288	2,130,054	2,183,305	2,237,888

The movement between the previous year and the current year in Library Collections;
Furniture and IT Equipment as shown in the Balance Sheet links to the following items;

Total capital works	2,052,372	2,088,288	2,130,054	2,183,305	2,237,888
Asset revaluation movement	-	-	-	-	-
Depreciation and amortisation	(1,144,647)	(1,248,680)	(1,379,202)	(1,413,785)	(1,439,034)
Collection withdrawn	(464,997)	(488,247)	(512,659)	(538,292)	(565,207)
Net movement in Library Collection, Furniture and IT Equipment	442,728	351,361	238,193	231,228	233,647

Appendix A: Fees and Charges

	2020/2021	Draft 2021/2022
Overdue Charges - Adult items	35c per day	35c per day
Overdue Charges - Children items	20c per day	No charge
Maximum Overdue charge per item	cost of item	cost of item
Maximum Overdue charge per Member	no limit	no limit
Lost/totally damaged items	Item cost plus \$15.30 admin charge	Item cost plus \$15.40 admin charge
Damaged Items (minor repairs inc. RFID tag replacement)	\$5.40	\$5.50
Debt Collection Charge (plus debt)	\$17.70	\$17.90
Replacement Membership Card	\$3.60	\$3.60
Inter Library Loans – standard fee	\$11.10	\$11.20
Inter Library Loans – from State, University or Special Library	\$28.50	\$28.50
Fax Services - Victoria	\$3.00 first page, \$1.10 ea following page	\$3.00 first page, \$1.10 ea following page
Fax Services - Interstate	\$3.30 first page, \$1.10 ea following page	\$3.30 first page, \$1.10 ea following page
Fax Services - International	\$5.00 first page, \$3.30 ea following page	\$5.05 first page, \$3.30 ea following page
Received fax	50c per page	50c per page
Photocopying/Printing - Black & White	A4 30c / A3 50c	A4 30c / A3 50c
Photocopying/Printing - Colour	A4 \$1.30 / A3 \$2.00	A4 \$1.30 / A3 \$2.00
Scanning	20c per page	20c per page
Library Bags	\$2.00	\$2.00
Earbuds	\$2.50	\$2.50
USB 8G	\$8.30	\$8.40
Page markers	\$1.10	\$1.10
Microfiche Reader Printing	A4 30c / A3 50c	A4 30c / A3 50c
Meeting room rates		1.0% increase
Meeting Rooms Set Up fees	\$52 per session	\$52.50 per session
Training Room PC Setup	\$165 per hour	\$166.65 per hour
Administration fee for room bookings	\$26.00	\$26.30
Booking fee: Children's School Holiday Programs	Up to \$5.00 per child	Up to \$5.05 per child
Makerspace programs	Up to \$10.00 per person	Up to \$10.10 per person
Booking fee: Adult Programs – selected special events and high profile authors	Up to \$15.00 per booking	Up to \$15.15 per booking

Appendix B: Budget Process

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations). To avoid confusion, it should be noted that the impact of s330 of the *Local Government Act 2020* is that those sections of the Local Government Act 1989 that were applicable to an existing regional library, continue to apply to that library as if all of those sections had not been repealed until 2031.

Under the Act, the Corporation is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the fees and charges that the Corporation intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2021/22 Budget, which is included in this report, is for the year 1 July 2021 to 30 June 2022 and is prepared in accordance with the Act and Regulations. The Budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ending 30 June 2022 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The Budget also includes information about the fees and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information the Board requires in order to make an informed decision about the adoption of the Budget.

In advance of preparing the budget, officers first review and update the Corporation's long term financial projections. Financial projections for at least four years are ultimately included in the Corporation's Strategic Resource Plan, which is the key medium-term financial plan produced by the Corporation on a rolling basis. The preparation of the Budget, within this broader context, begins with officers preparing the operating and capital components of the annual budget during December to February.

With the introduction of the State Government Rate Capping legislation in 2015, the annual gazetted rate cap percentage amount typically forms the basis of the indexation of the member Councils annual contributions to the regional library.

A 'proposed' Budget is prepared in accordance with the Act and submitted to the Board meeting in February whereby the Board approves the draft Budget, in principle, which is then advertised publicly.

The draft Budget is placed on public exhibition seeking submissions from the community. Any person has a right to make a submission on any proposal contained in the budget under Section 221 of the Act.

The final step is for the Board to adopt the Budget after receiving and considering any submissions from interested parties. The Budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption.

The key dates for the budget process are summarised below:

Minister of Local Government announces maximum rate percentage increase.	Dec 2020
Budget preparation by Corporation officers	Dec 2020 / Feb 2021
Proposed budget presented to the Board for approval to advertise	March 2021
Public notice advising intention to adopt budget	March/April 2021
Budget available for public inspection and comment	April/May 2021
Submission period closes (28 days)	May 2021
Budget and submissions presented to the Board for adoption	May 2021
Copy of adopted budget submitted to the Minister Local Government	June 2021