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Whitehorse Manningham Regional Library Corporation

BUDGET 2025/2026

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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to an existing regional library corporation, continue to apply to that library as if all of those sections had not been repealed until 2031.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 is a shared service partnership between Whitehorse City Council and Manningham City Council, established under a Regional Library Agreement to deliver public library services across both municipalities. Governance is provided by a Board comprising two Councillor representatives from each Council, senior Council officers, and two community representatives. The Chief Executive Officer reports directly to the Board and is responsible for the overall management of WMRLC.

Library services are delivered through eight branches—four in each member municipality—as well as through outreach initiatives and digital platforms. In collaboration with member councils and a variety of partner organisations, WMRLC connects communities with resources, services, and programs that enhance community resilience, strengthen social cohesion, and contribute to improved outcomes in learning, health, and wellbeing.

The 2025/26 Budget is focused on supporting the delivery of accessible and inclusive library services, ensuring that collections, information resources, and programs continue to meet the diverse needs of our communities—enabling people to learn, imagine, connect, and thrive regardless of age or circumstance.

The combined impact of rate capping on Council contributions, stagnant State Government public library funding, and rising costs due to current economic conditions has significantly affected WMRLC's financial position. To ensure long-term sustainability, adjustments to library service delivery and funding strategies may be necessary.

The proposed 2025/26 Budget is presented in a format which demonstrates the proposed 2025/26 Budget and anticipated final results for the 2024/25 FY. A five-year Financial Plan, Budgeted Comprehensive Income Statement, Budgeted Statement of Capital Works, Budgeted Balance Sheet and Budgeted Cash Flow Statement are provided.

2 Executive Summary

WMRLC continues to operate within a challenging economic environment. The following factors over recent years have had a compounding impact on WMRLC's financial position:

- Funding by the member Councils represents over 80% of revenue. Annual increases in Council contributions continue to be contained to no more than the council rate cap percentage.
- State Government Public Library funding represents 15% of annual revenue, there has been no increase to this funding since 2022/23.
- Operating revenue generated from user fees and charges continues to contract as service trends change.
- The average annual increase in WMRLC's revenue between 2021/22 and 2024/25 (projected) was 2.6%.
- WMRLC continues to face cost escalations due to the current economic environment, with the average annual CPI over the past four years 2021/22 to December 2024/25 being 4.45%.
- Non-discretionary operating costs that have significantly increased over and above CPI since 2021/22 include Insurance 48% (\$37k), Workcover 167% (\$40k), Cleaning 20% (\$43k), and Software, systems and associated services 43% (\$110k).

While WMRLC has successfully identified savings and efficiencies to offset reduced income—while also implementing service enhancements and achieving annual operating surpluses—the cumulative impact of the outlined financial pressures is expected to lead to a depletion of operating cash in the coming years.

Although the 2025/26 Budget and Financial Plan have been developed on the basis of current service delivery and funding strategies, adjustments may need to be considered going forward to ensure long-term financial sustainability.

2.1 **Key Statistics**

| | 2024/25 Forecast Actual | 2025/26 Budget |
|--------------------|------------------------------------|-----------------------|
| Total Income | \$12,300,769 | \$12,573,378 |
| Total Expenditure | \$12,698,771 | \$12,929,948 |
| Accounting Result* | \$(398,002) | \$(356,569) |

*(Refer to Income Statement in Section 11.1)

| | | |
|---------------------|-------------|-------------|
| Total Capital Works | \$2,079,865 | \$2,120,371 |
|---------------------|-------------|-------------|

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 WMRLC 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.

4 Budget principles

The preparation of the 2025/26 Budget is informed by the following overarching principles:

- Development on the basis of existing service delivery levels.
- Forecast actual result for 2024/25 financial year.
- Review of all areas of expenditure against anticipated service needs and market trends and containing expenditure where possible.
- Manningham Special Projects (Warrandyte Library and additional hours at Doncaster and The Pines Libraries) are funded by Manningham City Council outside of the Regional Library Agreement and are 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:

- 3% increase in contributions from member Councils
- No increase to the State government grant
- Decline in interest rates
- Anticipated Enterprise Agreement, Employer Super Guarantee and WorkCover increases
- Forecast increases in other operating expenses such as insurance, software and utilities

6 Analysis of operating budget

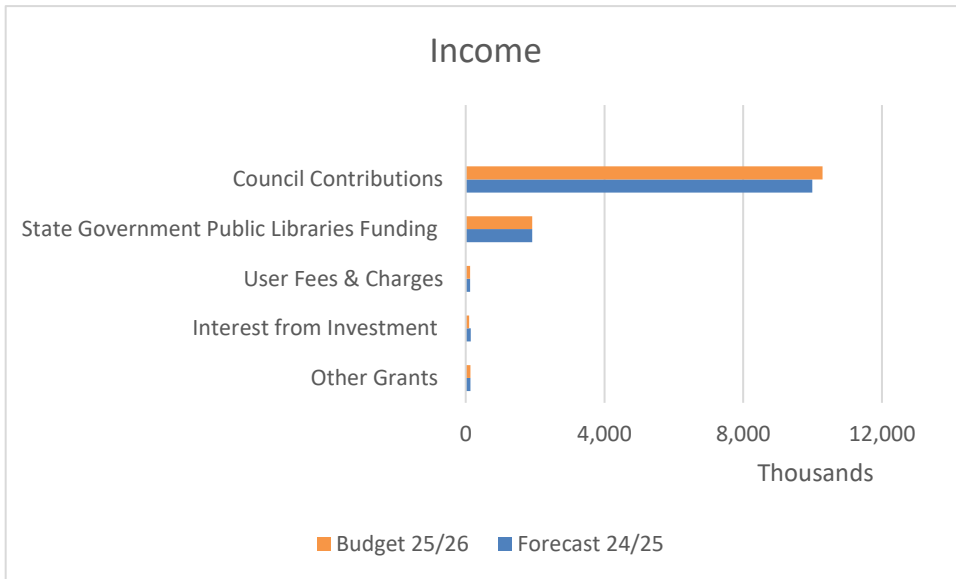
This section of the report analyses the operating budget including the expected income and expenses of WMRLC for the 2025/26 financial year.

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

6.1 Income

WMRLC receives funds through member Council contributions and State Government funding. WMRLC generates a small amount of revenue through user fees and charges and interest earned on investments.

| Income type | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance \$ |
|---|-------------------------------|----------------------|----------------|
| Council Contributions | 9,991,482 | 10,291,226 | 299,744 |
| State Government Public Libraries Funding | 1,914,028 | 1,914,028 | 0 |
| Other Grants | 136,925 | 136,925 | 0 |
| User Fees and Charges | 114,810 | 131,199 | 16,389 |
| Interest from Investments | 143,524 | 100,000 | (43,524) |
| Total Income | 12,300,769 | 12,573,378 | 272,609 |



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 2024/25 financial year is 3%.

| Member Council Contributions | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance % |
|------------------------------|-------------------------------|----------------------|---------------|
| City of Whitehorse | 6,003,341 | 6,183,441 | 3% |
| Manningham City Council | 3,988,141 | 4,107,785 | 3% |
| Total contributions | 9,991,482 | 10,291,226 | 3% |

State Government Funding

The State Government recurrent core, local priorities and Premiers Reading Challenge grants are forecast to remain at the same amount as received in the 2024/25 financial year.

Other Grants

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 2024/25 \$ | Budget 2025/26 \$ | Variance % |
|--|-------------------------------|----------------------|---------------|
| State Government Public Libraries – Core | 1,914,028 | 1,914,028 | 0% |
| State Government Local Priorities | 101,026 | 101,026 | 0% |
| Premiers Reading Challenge | 35,899 | 35,899 | 0% |
| Total recurrent grants | 2,050,953 | 2, 050,953 | 0% |

User Fees and Charges (\$16,389 increase)

User fees and charges includes income from lost and damaged item charges, printing and copying, meeting room hire and sale of products. Fees and charges have been reviewed and benchmarked against those of other public library services. The proposed schedule of Fees and Charges is detailed at Appendix A.

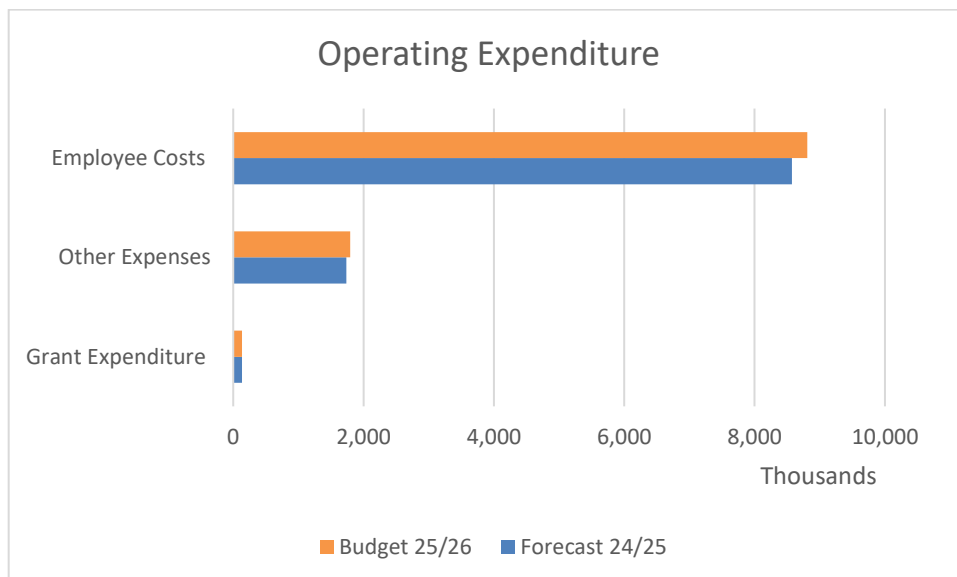
Interest from Investments (\$43,524 decrease)

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 WMRLC's operating obligations. Interest earned is forecast to decline due to a decrease in funds available to be invested and the expected decrease in interest rates.

6.2 Operating Expenditure (excluding depreciation and collection withdrawal)

| Expense type | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance \$ |
|---------------------------------|-------------------------------|----------------------|----------------|
| Employee costs | 8,573,139 | 8,810,650 | 237,511 |
| Grant expenditure | 136,925 | 136,925 | 0 |
| Other expenses | 1,735,025 | 1,795,381 | 60,356 |
| Total Operating Expenses | 10,445,089 | 10,742,956 | 297,867 |

The total operating expenditure is forecast to increase by 2.85% in 2025/26 above the forecast actual 2024/25 expenditure.



Employee costs (\$237,511 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 2.77% or \$237,511 compared to forecast actual cost for 2024/25. This increase relates to following key assumptions:

- Enterprise Agreement, WorkCover and Employer Super Guarantee increases
- Band increments
- Zero growth in FTE
- Small increase in staff development

Utilities (\$9,140 increase)

Water, Cleaning and Courier costs increased between 1% to 2% to meet anticipated rises. Increase in electricity costs, with a reduction in gas costs due to the removal of gas at Vermont South Library.

Insurance (\$24,332 increase)

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

Information Services (\$2,876 decrease)

Included in this budget is the Library Management System, Debt Recovery and Libraries Australia costs.

Information Technology including Telephones (\$11,238 increase)

Increases to IT operating costs have been partially offset by savings in communication costs.

Collection resources (non- capital) (\$44,106 decrease)

Includes magazines, newspapers and some electronic collection resources (e-magazines, online newspapers, databases). These types of resources are non-depreciable and therefore not regarded as assets. Three electronic information resources will be cancelled to contain costs.

All other expenses (\$62,630 increase)

Includes auditing, printing, office expenses, vehicle maintenance, programs and marketing. The increases above CPI relate to increased audit and postage costs.

7 Analysis of Budgeted Cash Position

This section of the report analyses the expected cash flows from the operating, investing and financing activities of WMRLC for the 2025/26 year. Budgeting cash flows for WMRLC 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.

| | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance \$ |
|--|----------------------------------|----------------------|------------------|
| <i>Cash flows from operating activities</i> | | | |
| Contributions Received | 9,991,482 | 10,291,226 | 299,744 |
| State Government Grant | 1,914,028 | 1,914,028 | 0 |
| Interest from Investments | 152,202 | 99,543 | (52,659) |
| Other Grants | 136,925 | 136,925 | 0 |
| User Fees and Charges | 165,201 | 130,399 | (34,802) |
| Payments to Employees / Suppliers | (10,172,561) | (10,583,983) | (411,422) |
| Net cash provided by operating activities | 2,187,277 | 1,988,138 | (199,139) |
| <i>Cash flows from Investing Activities</i> | | | |
| Payments for Collection Resources, Equipment and Furniture | (2,079,865) | (2,120,371) | (40,506) |
| Proceeds from Sale of Equipment | | | |
| Net cash from investing activities | (2,079,865) | (2,120,371) | (40,506) |
| Net increase (decrease) in cash held | 107,412 | (132,234) | (239,646) |
| Cash at the beginning of the year | 2,843,517 | 2,950,929 | 107,412 |
| Cash at the end of the year | 2,950,929 | 2,818,695 | (132,234) |

Cash flows from Operating Activities

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

Payments from Operating Activities

- Employee costs comprise approximately 82% of the total cash expenditure.
- Increases in payments to suppliers based on the anticipated budget result for 2024/25.
- Overall decrease in Net Cash Flow from Operating Activities is anticipated.

Net Cash from Investing Activities

- The impact on Investing Activities is the growth in Capital works.

Cash at End of Financial Year

- It is anticipated that at the end of the 2025/2026 FY the total cash will be \$132,234 less than previous year.

Restricted Funds and Working Capital

The cash flow statements show that WMRLC is forecasting at 30 June 2026 to have cash and cash investments of \$2,818,695 of which some investments are restricted:

| | |
|---------------------------------|-------------|
| Employee Benefits – current | \$1,854,583 |
| Employee Benefits – non-current | \$ 156,258 |

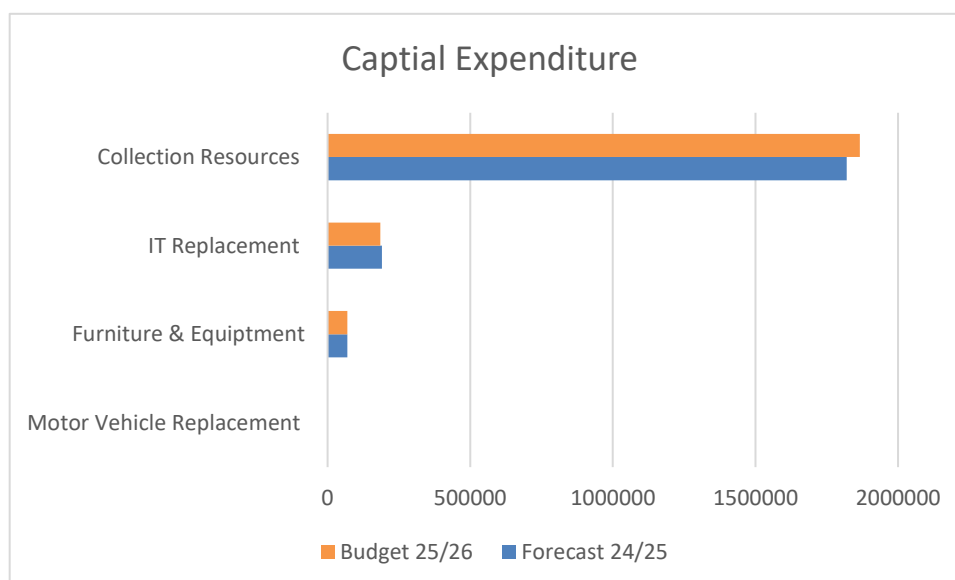
The above current benefits include the Annual Leave provision as well as Long Service Leave(LSL), only LSL provision is restricted. These funds are separately identified as restricted to ensure there are sufficient funds to meet WMRLC's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

8 Budgeted Capital Works

This section of the report analyses the planned capital expenditure budget for the 2025/26 FY and the sources of funding for the capital budget.

Budgeted Statement of Capital Works

| | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance \$ |
|--|----------------------------------|-------------------------|------------------------|
| Capital Works | | | |
| Collection Resources | 1,820,250 | 1,865,756 | 45,506 |
| Furniture and Equipment | 69,615 | 69,615 | 0 |
| IT Replacement | 190,000 | 185,000 | (5,000) |
| Motor Vehicle Replacement | 0 | 0 | 0 |
| Total Capital Works | 2,079,865 | 2,120,371 | 40,506 |
| Represented by: | | | |
| Asset renewal expenditure | 2,079,865 | 2,120,371 | 40,506 |
| Total capital works expenditure | 2,079,865 | 2,120,371 | 40,506 |
| | 2024/25 \$ | 2025/26 \$ | Variance \$ |
| Sources of Funding | | | |
| Council Contributions | 2,079,865 | 2,120,371 | 40,506 |
| Total | 2,079,865 | 2,120,371 | 40,506 |



Collection Resources (\$45,506 increase)

Collection Resources includes capital items such as physical books, audio-visual resources, e-books, e-audiobooks and end processing costs. Collection resources are WMRLC's major asset. WMRLC continues to focus on improving the relevance and quality of the collection by regularly evaluating collection borrowing trends, collection condition and content and replacement rates inline the Local Government Performance Reporting measures.

Furniture and Equipment (No increase)

This assists the replacement of limited amounts of damaged furniture in branch library public areas and 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 (\$5,000 decrease)

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 (No increase)

WMRLC has three vehicles that are used by library staff when moving between branches or attending meetings. The vehicles are also used on a daily basis for Outreach and Makerspace program delivery and for IT support services to libraries. The scheduled replacement will be delayed for a year due to funding constraints.

9 Analysis of Budgeted Financial position

This section of the budget report analyses the movements in assets, liabilities and equity between 2024/25 and 2025/26.

Budgeted Balance Sheet

| | Forecast Actual 2024/25 \$ | Budget 2025/26 \$ | Variance \$ |
|---------------------------------------|----------------------------------|-------------------------|------------------|
| Current assets | | | |
| Cash and Cash Equivalents | 2,950,927 | 2,818,695 | (132,232) |
| Receivables | 75,183 | 77,063 | 1,880 |
| Prepayments | 32,000 | 32,800 | 800 |
| Accrued Income | 18,303 | 18,761 | 458 |
| Total current assets | 3,076,413 | 2,947,318 | (129,094) |
| Non-current assets | | | |
| Collection Resources | 7,290,843 | 7,302,310 | 11,467 |
| IT Equipment, Furniture and Equipment | 898,426 | 820,338 | (78,088) |
| Total non-current assets | 8,189,269 | 8,122,648 | (66,621) |
| Total assets | 11,265,682 | 11,069,966 | (195,535) |
| Current liabilities | | | |
| Payables | 719,817 | 822,102 | 102,285 |
| Employee benefits | 1,800,566 | 1,854,583 | 54,017 |
| Total current liabilities | 2,520,383 | 2,676,685 | 156,302 |
| Non-current liabilities | | | |
| Employee benefits | 151,707 | 156,258 | 4,511 |
| Total non-current liabilities | 151,707 | 156,258 | 4,511 |
| Total liabilities | 2,672,090 | 2,832,943 | 160,853 |
| Net assets | 8,593,592 | 8,237,023 | (356,569) |
| Equity | | | |
| Accumulated surplus | 4,671,549 | 4,314,980 | (356,569) |
| Members Contribution | 3,922,043 | 3,922,043 | 0 |
| Total equity | 8,593,592 | 8,237,023 | (356,569) |

- 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.

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 premised on existing levels of operation while increases in Council contributions continue to be restricted to the anticipated rate cap percentage.

Underpinning this premise are the following objectives:

- Containing salary increases to align with industry-standard Enterprise Agreement provisions and corresponding statutory on-costs.
- Continuously pursuing innovation, efficiencies, and other cost-saving measures to reduce expenditure.
- Actively advocating for increased government funding.
- Maintaining information and communication technology systems within affordable and sustainable parameters.
- Ensuring capital expenditure on Collection Resources supports the objectives of the Collection Management Strategy, aligns with industry standards, and responds to demonstrated community needs.
- Managing financial risks associated with 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 parameter assumptions:

- Indexation of Council contributions by 3%, 2.5%, 2.5%, 2.5% and 2.5% respectively.
- Indexation of State Government core and local priorities grants by 0% in the first year, then 2% growth in the following years.
- No increases to the Premier's Reading Challenge grant.
- Interest on investments to decline due to lowering of rates and reduction in cash.
- Operating income continues to decline in each year.
- Total operating expenditure to increase by 2.88% in the first year and average of 2.5% each year following.
- Employee costs to increase over and above any wage increase to allow for the 0.5% increase in Superannuation Guarantee until it reaches 12% in July 2025.
- Increases in capital Collection Resources, Information Technology, Furniture and Equipment and Motor Vehicles as follows:

| 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---------|---------|---------|---------|---------|
| 2.19% | 3.38% | 1.07% | 1.45% | 1.13% |

Motor Vehicle Replacement is budgeted for every second year, 26/27 and 28/29.

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

WMRLC is facing a challenging financial position, with limited capacity to identify additional discretionary cost savings within the operating expenditure budget to offset ongoing revenue shortfalls. While efforts to identify efficiencies and cost reductions are ongoing, the constrained funding environment continues to pose significant challenges in maintaining service levels within existing budget parameters.

10.3 Financial Resources

Strategic Plan Projections

| | Forecast 2024/2025 | Budget 2025/26 | Budget 2026/27 | Budget 2027/28 | Budget 2028/29 | Budget 2029/30 | |
|----------------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Operating Result | (398,002) | (356,569) | (449,183) | (298,067) | (370,544) | (461,782) | - |
| Cash & Cash Equivalents | 2,950,927 | 2,818,695 | 2,459,085 | 2,117,115 | 1,650,736 | 1,123,401 | - |
| Cash flow from Operations | 2,187,277 | 1,988,138 | 1,835,144 | 1,876,379 | 1,828,804 | 1,793,950 | - |
| Capital Works | 2,079,865 | 2,120,371 | 2,194,755 | 2,218,350 | 2,295,182 | 2,321,287 | + |

Key to Forecast Trend:

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

The key projections of the Plan are as follows:

- Cash and Cash Equivalents are forecast to reduce over the five year period.
- Capital expenditure allows for continued renewal of capital collection resources and IT equipment
- Cash flow from Operations will decline, raising concern about long-term financial sustainability if current funding and service models are maintained.

10.4 Conversion to Cash

| | 2024/25 Forecast \$ | 2025/26 Budget \$ | 2026/27 Financial Plan \$ | 2027/28 Financial Plan \$ | 2028/29 Financial Plan \$ | 2029/30 Financial Plan \$ |
|---|---------------------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net operating result (deficit) | (398,002) | (356,569) | (449,183) | (298,067) | (370,544) | (461,782) |
| Add (less) cash costs not included in operating result | | | | | | |
| Capital expenditure | (2,079,865) | (2,120,371) | (2,194,755) | (2,218,350) | (2,295,182) | (2,321,287) |
| Add (less) non-cash costs included in operating result | | | | | | |
| Depreciation | 1,742,881 | 1,669,912 | 1,799,958 | 1,648,171 | 1,710,265 | 1,801,324 |
| Loss on disposal of property, plant & equipment | 510,803 | 517,080 | 469,059 | 457,375 | 453,550 | 437,577 |
| Sub total | 2,253,684 | 2,186,992 | 2,269,017 | 2,105,546 | 2,163,815 | 2,238,901 |
| Net Surplus (Deficit) Position | (224,183) | (289,948) | (374,921) | (410,871) | (501,911) | (544,168) |
| Accumulated surplus brought forward | 628,508 | 404,325 | 114,377 | (260,544) | (671,415) | (1,173,327) |
| Accumulated surplus brought forward | 404,325 | 114,377 | (260,544) | (671,415) | (1,173,327) | (1,717,495) |

10.5 Statement of Human Resources

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

For the years ending 30 June 2025 - 30 June 2030

| | 2024/25 Forecast \$ | 2025/26 Budget \$ | 2026/27 Financial Plan \$ | 2027/28 Financial Plan \$ | 2028/29 Financial Plan \$ | 2029/30 Financial Plan \$ |
|--------------------------------|---------------------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Staff expenditure | | | | | | |
| Employee costs – operating | 8,573,139 | 8,810,650 | 9,074,576 | 9,346,409 | 9,626,388 | 9,914,755 |
| Employee costs –capital | | | | | | |
| Total staff expenditure | 8,573,139 | 8,810,650 | 9,074,576 | 9,346,409 | 9,626,388 | 9,914,755 |
| Staff numbers | | | | | | |
| Employees | 75.5 | 75.5 | 75.5 | 75.5 | 75.5 | 75.5 |
| Total staff numbers | 75.5 | 75.5 | 75.5 | 75.5 | 75.5 | 75.5 |

10.6 Financial Indicators

The following table is a summary of budgeted financial ratios for the years 2025/26 to 2029/30. The financial indicators are used as a guide to assess trends in WMRLC's financial position.

| Financial indicators | Budget 2025/26 | Plan 2026/27 | Plan 2027/28 | Plan 2028/29 | Plan 2029/30 |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|
| Working Capital or Liquidity Current Assets / Current Liabilities Assesses WMRLC's ability to meet current commitments | 1.1 | 1.0 | 0.9 | 0.7 | 0.5 |
| Underlying Result % Recurrent Surplus-Deficit / Total Recurrent Income Measures surplus/deficit as a % of revenue | -2% | -3% | -3% | -4% | -4% |
| Investment Gap Ratio Capital Expenditure / Depreciation Measures WMRLC's rate of replacement of assets | 1.27 | 1.22 | 1.35 | 1.34 | 1.29 |

While the working capital is at a 1:1 ratio in 2025/26, from 2026/27 onwards the cash position begins to fall into deficit and a continuing negative underlying result is forecast, raising concern for financial sustainability. Forecast revenue will be insufficient to meet the cost of service delivery if maintained at current levels. Consideration may need to be given to the financial and/or service delivery strategy to support future financial health.

The Investment Gap Ratio indicates the need to review Capital Expenditure and Depreciation rates to ensure the rate of asset renewal is appropriate.

11 Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2025/26 to 2029/30 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 2025 – 30 June 2030

| | 24/25 Forecast Actual \$ | 2025/26 Budget \$ | 2026/27 Financial Plan \$ | 2027/28 Financial Plan \$ | 2028/29 Financial Plan \$ | 2029/30 Financial Plan \$ |
|---|-----------------------------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Income | | | | | | |
| Council Contributions | 9,991,482 | 10,291,226 | 10,548,507 | 10,812,220 | 11,082,525 | 11,359,588 |
| State Government Grant | 1,914,028 | 1,914,028 | 1,952,309 | 1,991,355 | 2,031,182 | 2,071,805 |
| User fees and Charges | 114,810 | 131,199 | 134,404 | 137,689 | 141,056 | 144,508 |
| Other Grants | 136,925 | 136,925 | 138,946 | 141,006 | 143,109 | 145,253 |
| Interest from Investments | 143,524 | 100,000 | 102,500 | 105,063 | 107,689 | 110,381 |
| Total Revenue | 12,300,769 | 12,573,378 | 12,876,666 | 13,187,332 | 13,505,561 | 13,831,535 |
| Expenses | | | | | | |
| Employee costs | 8,573,139 | 8,810,650 | 9,074,576 | 9,346,409 | 9,626,388 | 9,914,755 |
| Financial Expenses | 42,562 | 47,200 | 48,380 | 49,590 | 50,829 | 52,100 |
| Utilities | 186,484 | 195,624 | 200,514 | 205,527 | 210,665 | 215,932 |
| Office Expenses | 604,682 | 642,730 | 658,798 | 675,269 | 692,151 | 709,454 |
| Collection Resources | 302,106 | 258,000 | 264,450 | 271,061 | 277,838 | 284,784 |
| Information Services | 146,876 | 144,000 | 147,600 | 151,290 | 155,072 | 158,949 |
| Information Technology | 287,263 | 298,501 | 310,714 | 323,231 | 336,062 | 349,214 |
| Marketing and Programs | 95,337 | 136,124 | 139,527 | 143,015 | 146,591 | 150,255 |
| Headquarters Costs | 69,713 | 73,202 | 73,327 | 73,455 | 73,586 | 73,721 |
| Grant Expenditure | 136,925 | 136,925 | 138,946 | 141,006 | 143,109 | 145,253 |
| Depreciation | 1,742,881 | 1,669,912 | 1,799,958 | 1,648,171 | 1,710,265 | 1,801,324 |
| Loss on disposal of property, plant & equipment | 510,803 | 517,080 | 469,059 | 457,375 | 453,550 | 437,577 |
| Total Expenses | 12,698,771 | 12,929,948 | 13,325,849 | 13,485,399 | 13,876,105 | 14,293,318 |
| DEFICIT FOR THE PERIOD | (398,002) | (356,569) | (449,183) | (298,067) | (370,544) | (461,782) |

11.2 Budgeted Balance Sheet

For the years ending 30 June 2025 – 30 June 2030

| | 24/25 Forecast Actual | 2025/26 Budget | 2026/27 Financial Plan | 2027/28 Financial Plan | 2028/29 Financial Plan | 2029/30 Financial Plan |
|---------------------------------------|-----------------------------|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 2,950,927 | 2,818,695 | 2,459,085 | 2,117,115 | 1,650,736 | 1,123,401 |
| Receivables | 75,183 | 77,063 | 78,989 | 80,964 | 82,988 | 85,063 |
| Prepayments | 32,000 | 32,800 | 33,620 | 34,460 | 35,322 | 36,205 |
| Accrued Income | 18,303 | 18,760 | 19,230 | 19,710 | 20,203 | 20,708 |
| Total Current Assets | 3,076,413 | 2,947,318 | 2,590,924 | 2,252,249 | 1,789,249 | 1,265,377 |
| Non-Current Assets | | | | | | |
| Collection Resources | 7,290,843 | 7,302,310 | 7,285,050 | 7,485,858 | 7,684,325 | 7,864,997 |
| IT Equipment, Furniture and Equipment | 898,426 | 820,338 | 763,336 | 675,332 | 608,232 | 509,946 |
| Total Non-Current assets | 8,189,269 | 8,122,648 | 8,048,386 | 8,161,190 | 8,292,557 | 8,374,943 |
| Total Assets | 11,265,682 | 11,069,966 | 10,639,310 | 10,413,439 | 10,081,806 | 9,640,320 |
| Current Liabilities | | | | | | |
| Payables | 719,817 | 822,102 | 780,303 | 800,720 | 786,557 | 752,453 |
| Provisions | 1,800,566 | 1,854,583 | 1,910,220 | 1,957,976 | 2,006,925 | 2,057,099 |
| Total Current Liabilities | 2,520,383 | 2,676,685 | 2,690,524 | 2,758,696 | 2,793,483 | 2,809,552 |
| Non-Current Liabilities | | | | | | |
| Provisions | 151,707 | 156,258 | 160,946 | 164,970 | 169,094 | 173,321 |
| Total Non-Current Liabilities | 151,707 | 156,258 | 160,946 | 164,970 | 169,094 | 173,321 |
| Total Liabilities | 2,672,090 | 2,832,943 | 2,851,470 | 2,923,666 | 2,962,577 | 2,982,873 |
| Net assets | 8,593,592 | 8,237,023 | 7,787,840 | 7,489,773 | 7,119,229 | 6,657,447 |
| Equity | | | | | | |
| Members Contribution on Formation | 3,922,043 | 3,922,043 | 3,922,043 | 3,922,043 | 3,922,043 | 3,922,043 |
| Accumulated Surplus | 4,671,549 | 4,314,980 | 3,865,797 | 3,567,730 | 3,197,186 | 2,735,404 |
| Total Equity | 8,593,592 | 8,237,023 | 7,787,840 | 7,489,773 | 7,119,229 | 6,657,447 |

11.3 Statement of Changes in Equity

For the years ending 30 June 2025 – 30 June 2030

| | Total | Accumulated Surplus | Members Contribution |
|---|------------------|------------------------|-------------------------|
| | \$ | \$ | \$ |
| Forecast Actual 2025 | | | |
| Balance at beginning of the financial year | 8,991,594 | 5,069,551 | 3,922,043 |
| Surplus (deficit) for the year | (398,002) | (398,202) | 0 |
| Balance at end of the financial year | 8,593,592 | 4,671,349 | 3,922,043 |
| Budget 2026 | | | |
| Balance at beginning of the financial year | 8,593,592 | 4,671,549 | 3,922,043 |
| Surplus (deficit) for the year | (356,569) | (356,569) | 0 |
| Balance at end of the financial year | 8,237,023 | 4,314,980 | 3,922,043 |
| 2027 - SRP | | | |
| Balance at beginning of the financial year | 8,237,023 | 4,314,980 | 3,922,043 |
| Surplus (deficit) for the year | (449,183) | (449,183) | 0 |
| Balance at end of the financial year | 7,787,840 | 3,865,797 | 3,922,043 |
| 2028 - SRP | | | |
| Balance at beginning of the financial year | 7,787,840 | 3,865,797 | 3,922,043 |
| Surplus (deficit) for the year | (298,067) | (298,067) | 0 |
| Balance at end of the financial year | 7,489,773 | 3,567,730 | 3,922,043 |
| 2029 - SRP | | | |
| Balance at beginning of the financial year | 7,489,773 | 3,567,730 | 3,922,043 |
| Surplus (deficit) for the year | (370,544) | (370,544) | 0 |
| Balance at end of the financial year | 7,119,229 | 3,197,186 | 3,922,043 |
| 2030 - SRP | | | |
| Balance at beginning of the financial year | 7,119,229 | 3,197,186 | 3,922,043 |
| Surplus (deficit) for the year | (461,782) | (461,782) | 0 |
| Balance at end of the financial year | 6,657,446 | 2,735,403 | 3,922,043 |

11.4 Budgeted Statement of Cash Flows

For the years ending 30 June 2025 – 30 June 2030

| | 24/25 Forecast Actual \$ | 2025/26 Budget \$ | 2026/27 Financial Plan \$ | 2027/28 Financial Plan \$ | 2028/29 Financial Plan \$ | 2029/30 Financial Plan \$ |
|--|-----------------------------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Cash flows from Operating Activities | | | | | | |
| Council Contributions | 9,991,482 | 10,291,226 | 10,548,507 | 10,812,220 | 11,082,525 | 11,359,588 |
| State Government Grant | 1,914,028 | 1,914,028 | 1,952,309 | 1,991,355 | 2,031,182 | 2,071,805 |
| Interest from Investments | 152,202 | 99,543 | 102,030 | 104,583 | 107,196 | 108,306 |
| User fees and Charges | 165,201 | 130,399 | 132,478 | 135,713 | 139,032 | 144,003 |
| Other Grants | 136,925 | 136,925 | 138,946 | 141,006 | 143,109 | 145,253 |
| Payments to Employees/Suppliers | (10,172,561) | (10,583,983) | (11,039,126) | (11,308,498) | (11,674,240) | (12,035,005) |
| Net cash provided by operating activities | 2,187,277 | 1,988,138 | 1,835,144 | 1,876,379 | 1,828,804 | 1,793,950 |
| Cash flows from Investing Activities | | | | | | |
| Payment for Library Collection, Furniture and IT | (2,079,865) | (2,120,371) | (2,194,755) | (2,218,350) | (2,295,182) | (2,321,287) |
| Net cash from Investing Activities | (2,079,865) | (2,120,371) | (2,194,755) | (2,218,350) | (2,295,182) | (2,321,287) |
| Net increase (decrease) in cash held | 107,410 | (132,232) | (359,610) | (341,970) | (466,379) | (527,335) |
| Cash at beginning of the year | 2,843,517 | 2,950,927 | 2,818,695 | 2,459,085 | 2,117,115 | 1,650,736 |
| Cash at the end of the year | 2,950,927 | 2,818,695 | 2,459,085 | 2,117,115 | 1,650,736 | 1,123,401 |
| Reconciliation of Operating Result and Net Cash Flows from Operating Activities | | | | | | |
| For the year ending 30 June | | | | | | |
| Net surplus (deficit) from operations | (398,002) | (356,569) | (449,183) | (298,067) | (370,544) | (461,782) |
| Depreciation | 1,742,881 | 1,669,912 | 1,799,958 | 1,648,171 | 1,710,265 | 1,801,324 |
| Loss on disposal of property, plant & equipment | 510,803 | 517,080 | 469,059 | 457,375 | 453,550 | 437,577 |
| Net movement in current assets and liabilities | 331,596 | 157,715 | 15,310 | 68,901 | 35,533 | 16,832 |
| Net cash inflow (outflow) from operating activities | 2,187,278 | 1,988,138 | 1,835,144 | 1,876,380 | 1,828,804 | 1,793,951 |
| Cash Resourcing | | | | | | |
| Cash Assets | 2,950,927 | 2,818,695 | 2,459,085 | 2,117,115 | 1,650,736 | 1,123,401 |
| Less Bank Overdraft | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2,950,927 | 2,818,696 | 2,459,085 | 2,117,115 | 1,650,736 | 1,123,401 |

11.5 Budgeted Statement of Capital Works

For the years ending 30 June 2025 – 30 June 2030

| | 2024/25 Forecast Actual | 2025/26 Budget | 2026/27 Financial Plan | 2027/28 Financial Plan | 2028/29 Financial Plan | 2029/30 Financial Plan |
|-------------------------------|-------------------------------|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Collection Resources | 1,820,250 | 1,865,756 | 1,912,400 | 1,960,210 | 2,009,215 | 2,059,446 |
| IT Replacement | 190,000 | 185,000 | 185,000 | 185,000 | 185,000 | 185,000 |
| Furniture and Equipment | 69,615 | 69,615 | 71,355 | 73,140 | 74,967 | 76,842 |
| Motor Vehicles Replacement | - | 0 | 26,000 | - | 26,000 | 0 |
| Total capital works | 2,079,865 | 2,120,371 | 2,194,755 | 2,218,350 | 2,295,182 | 2,321,287 |
| Represented by: | | | | | | |
| Renewal | 2,079,865 | 2,120,371 | 2,194,755 | 2,218,350 | 2,295,182 | 2,321,287 |
| Upgrade | | | | | | |
| Expansion | | | | | | |
| New assets | | | | | | |
| Total capital works | 2,079,865 | 2,120,371 | 2,194,755 | 2,218,350 | 2,295,182 | 2,321,287 |

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 | 2,079,865 | 2,120,371 | 2,194,755 | 2,218,350 | 2,295,182 | 2,321,287 |
| Asset revaluation movement | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | (1,742,881) | (1,669,912) | (1,799,958) | (1,648,171) | (1,710,265) | (1,801,324) |
| Loss on disposal of property, plant & equipment | (510,803) | (517,080) | (469,059) | (457,375) | (453,550) | (437,577) |
| Net movement in Library Collection, Furniture and IT Equipment | (173,819) | (66,621) | (74,262) | 112,804 | 131,367 | 82,386 |

Appendix A: User Fees and Charges

| User Fees and Charges | 2024/2025 | 2025/2026 |
|---|--|--|
| Lost/totally damaged items | Item cost plus \$16.35 processing charge | Item cost plus \$16.80 processing charge |
| Damaged Items (minor repairs / RFID tag replacement) | \$6.00 | \$6.20 |
| Debt Collection Charge (plus debt) | \$19.30 | \$19.90 |
| Replacement Membership Card | \$3.90 | \$4.00 |
| Inter Library Loans – standard fee | \$12.10 | \$12.45 |
| Inter Library Loans from State, University or Special Libraries | Standard charge + lending institutions charge | Standard charge + lending institutions charge |
| Photocopying/Printing - Black & White | A4 30c A3 50c | A4 30c A3 50c |
| Photocopying/Printing - Colour | A4 \$1.30 A3 \$2.15 | A4 \$1.30 A3 \$2.15 |
| Scanning (to email) | 20c | 20c |
| Library Bags | \$2.15 | \$2.20 |
| Earbuds | \$3.60 | \$3.70 |
| USB 8G | \$8.60 | \$8.90 |
| Meeting room rates | 2.75% on previous rates | 3% on previous rates |
| Meeting Rooms Set Up fees | \$57.00 per session | \$58.70 per session |
| Training Room PC Setup | \$180.30 per hour | \$185.70 per hour |
| Administration fee for room bookings | \$28.50 | \$29.35 |
| Booking Fees: Children's Holiday Programs Makerspace programs Adult Programs | Up to \$5.45 per child Up to \$11.00 per person Up to \$16.30 per person | Up to \$5.60 per child Up to \$11.30 per person Up to \$16.80 per person |

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 corporation, continue to apply to that library as if all of those sections had not been repealed.

Under the Act, WMRLC 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 WMRLC intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2025/26 Budget, which is included in this report, is for the year 1 July 2025 to 30 June 2026 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 2026 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 WMRLC's long term financial projections. Financial projections for at least four years are ultimately included in WMRLC's Strategic Resource Plan, which is the key medium-term financial plan produced by WMRLC 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 March.

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 corporation.

A 'proposed' Budget is prepared in accordance with the Act and submitted to the Board for approval in principle. The Draft Budget is then advertised for public inspection.

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 WMRLC budget process are summarised below:

| | |
|--|-----------------------|
| Minister of Local Government announces maximum rate percentage increase. | Dec 2024 |
| Budget preparation by WMRLC officers | Nov 2024 – April 2025 |
| Proposed budget presented to the Board for approval to advertise | 14 May 2025 |
| Public notice advertising Draft Budget | 16 May 2025 |
| Budget available for public inspection and comment (28 days) | 16 May – 15 June 2025 |
| Budget and submissions presented to the Board for adoption | 18 June 2025 |
| Copy of adopted budget submitted to the Minister Local Government | 27 June 2025 |