

## **Whitehorse Manningham Regional Library Corporation**

# **BUDGET 2023/2024**

Adopted 24 May 2023

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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to an existing regional library corporation, continue to apply to that library as if all of those sections had not been repealed until 2031.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 forecasted residential population of 311,810 in 2023.

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 2023/24 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 2023/24 Budget is presented in a format which demonstrates the proposed 2023/24 Cash Budget, the 2023/24 Budget and anticipated final results for the 2022/23 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 2023/24. It seeks to maintain library services that are valued by our community and 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. 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.

The Corporation does not forecast any surplus to be carried forward to 2023/24 from the current financial year. This Budget does not forecast a surplus or deficit for the 2023/24 financial year as any deficit will be funded from the cash reserve.

### 2.1 Key things we are funding:

- Discontinuation of overdue charges.
- Maintaining service delivery at current levels.
- Continued support for volunteer engagement.
- Implementation of ICT Strategy initiatives .

### 2.2 Key Statistics

Total Income	\$12,199,330	2022/23 = \$11,800,081
Total Expenditure	\$12,050,605	2022/23 = \$11,455,768
Accounting Result*	\$148,726	2022/23 = \$344,313

(Refer to Income Statement in Section 11.1)

Total Capital Works	\$2,050,320	2022/2023 = \$2,027,393
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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 2021 - 2025. 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.

#### 3.2

##### **Our purpose**

*To strengthen and inspire our community by providing opportunities to learn, create, connect and imagine.*

##### **Our vision**

*A vibrant and inclusive library service that enriches our community.*

##### **We value**

**Respect** - treating everyone with respect, dignity and courtesy

**Collaboration** - working together to achieve better outcomes

**Integrity** – being open, honest and accountable

**Curiosity** – being open to learning and exploring ways to improve

**Agility** – being flexible and adaptable to change

##### **Principles that guide our service**

**Customer centric** – striving to achieve the best customer experience

**Well-being** - supporting positive mental and physical health

**Inclusive** – providing equitable and accessible services to a diverse community

**Responsive** - to evolving community needs and expectations

**Best practice** – striving to be the best in all that we do and deliver

### 3.3 Strategic objectives

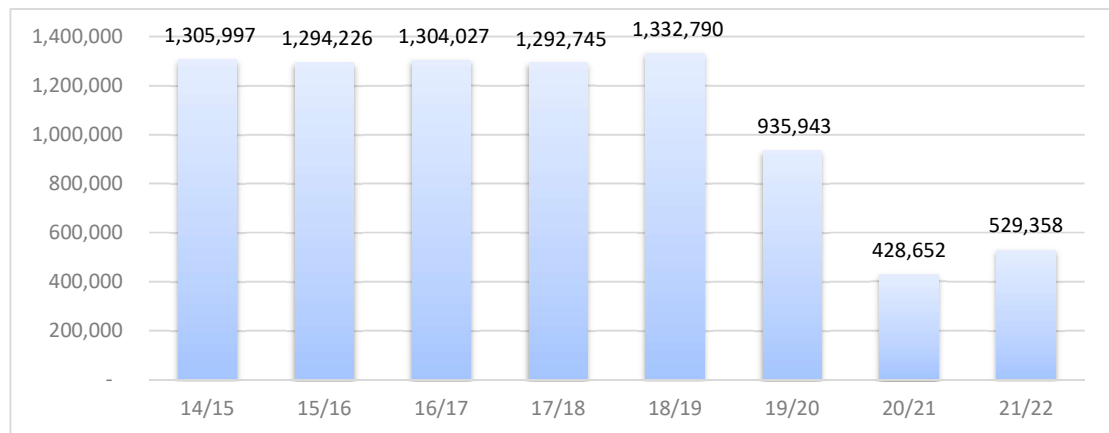
The following table lists the four strategic goals as described in the Library Plan

Strategic Objective	Description
<b>1. Experience</b>	To be an inclusive and welcoming people centered service
<b>2. Learning and Engagement</b>	To enable an informed and engaged community
<b>3. Collaboration</b>	To extend the reach and benefit of library services
<b>4. Performance</b>	To be a flexible, resilient and high performing organisation

### 3.4 Service Performance indicator trends

The library service experienced the impact of the COVID-19 health emergency from January 2020 onwards, this can be witnessed across the activity results for 2019/20 and subsequent years. 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. In 2022/23 activity continues on an upward trajectory and the return to pre-pandemic levels is anticipated.

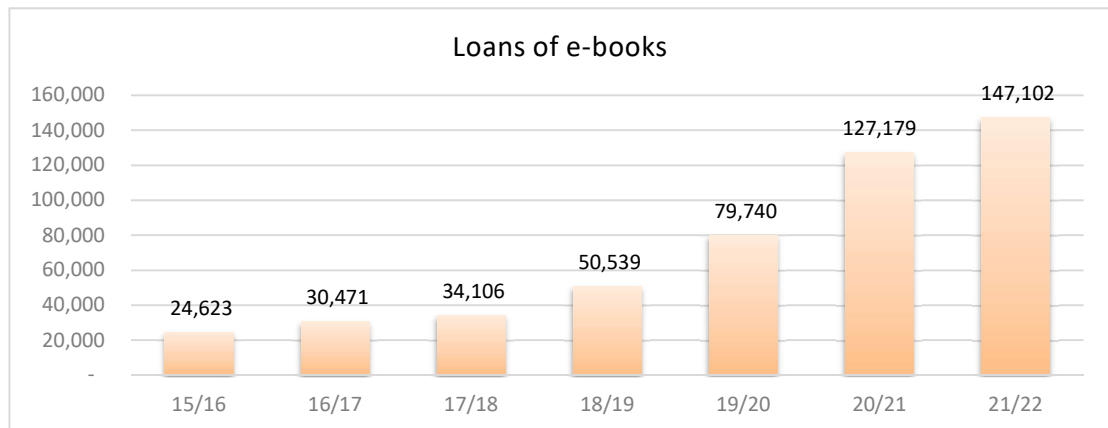
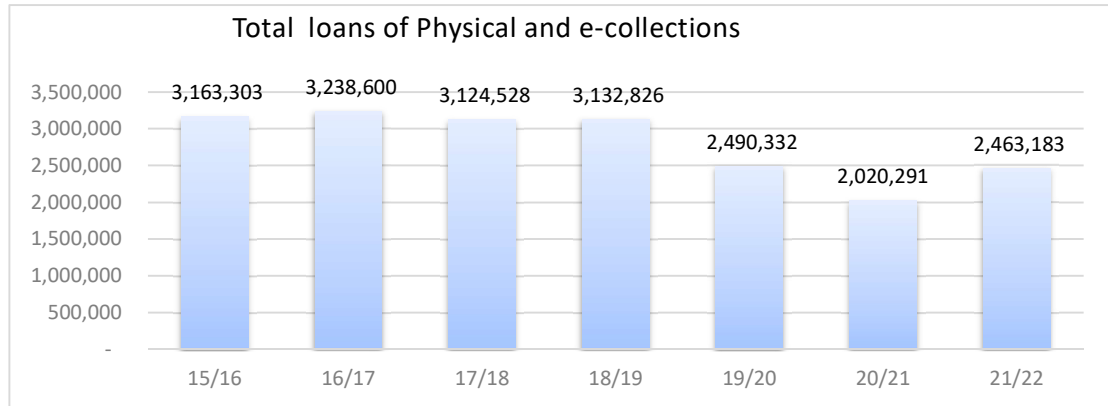
#### Library Visitation



*Note: 17/18 Box Hill Library closed for 3 months during renovations*

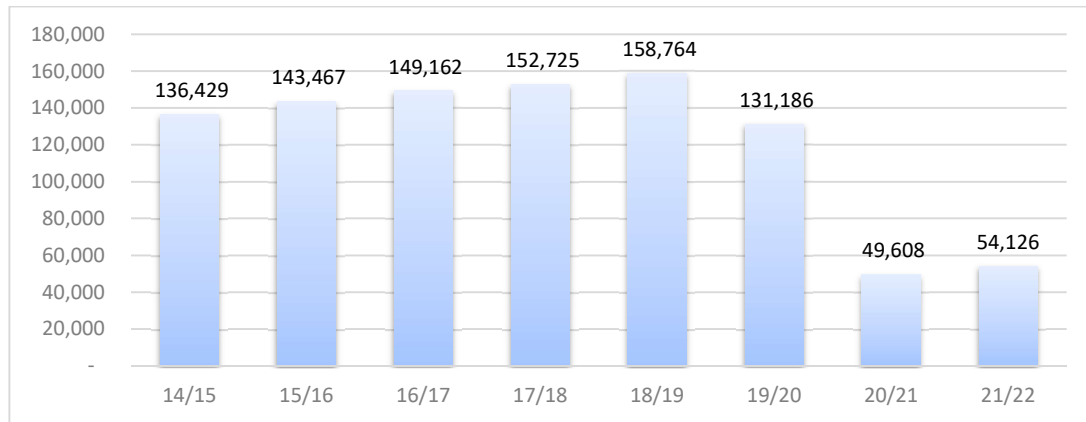
### Collection Loans

Our communities have one of the highest borrowing rates of both physical and electronic collection items compared to other public libraries in the state. Loans of e-books have increased by close to 500% in the last 7 years.



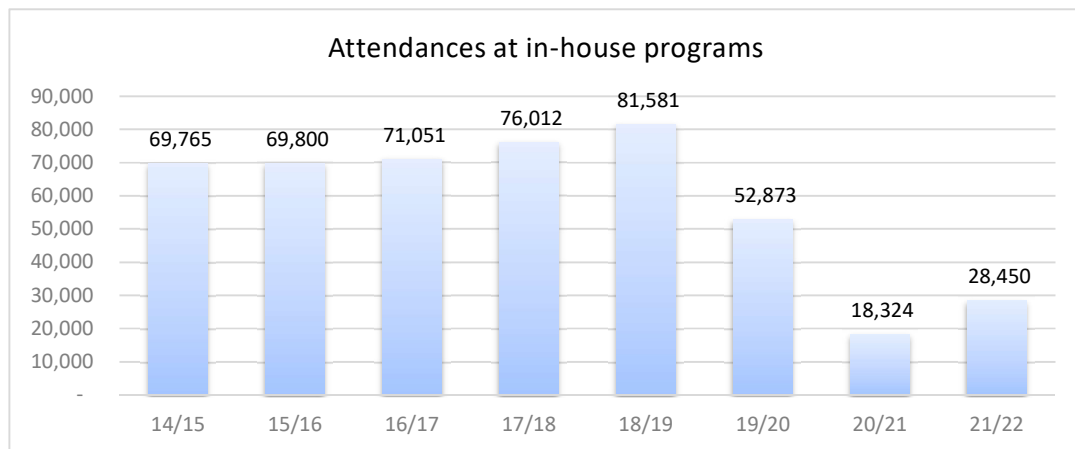
### Customer Enquiries

Library staff respond to an increasing number of customer requests for assistance and help finding information. As the majority of enquires are typically made by patrons in library branches seeking assistance, the pandemic and health emergency restrictions impacted results from January 2020 onwards.



### Program and Activities

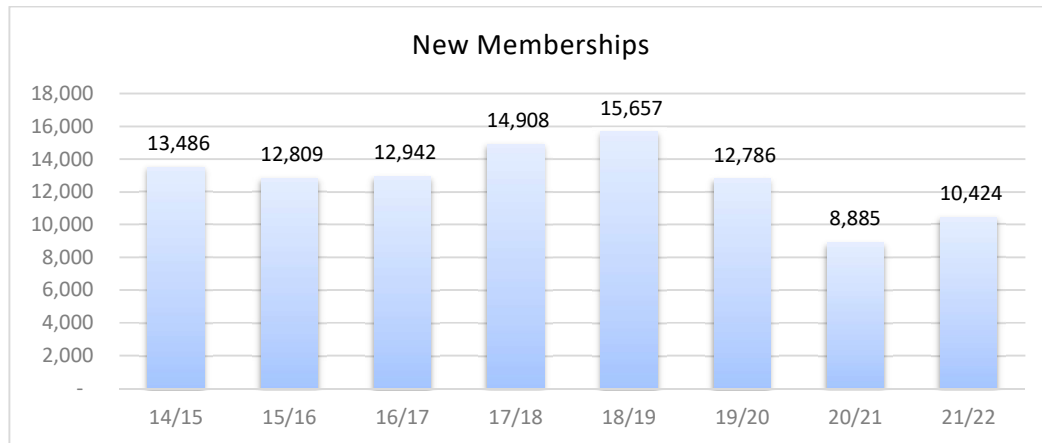
A wide range of in-house, outreach and on-line programs are delivered by the library.



### New Memberships

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





## Budget Analysis

### 4 Budget principles

The preparation of the 2023/24 Budget is informed by the following overarching principles:

- Maintaining service delivery levels.
- Alignment of budget to the delivery of the Library Plan objectives.
- Review of all areas of expenditure against anticipated service needs and market trends and containing expenditure as much as possible.
- 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:

- Contributions from member Councils are forecast to increase by 3.5%.
- State government grant is forecast to increase by 3.00%
- Forecast interest rates remaining at the current level
- Anticipated Enterprise Agreement and Employer Super Guarantee increases.
- Increased cost of insurance, collection materials, cleaning, couriers and utilities.

## 6 Analysis of operating budget

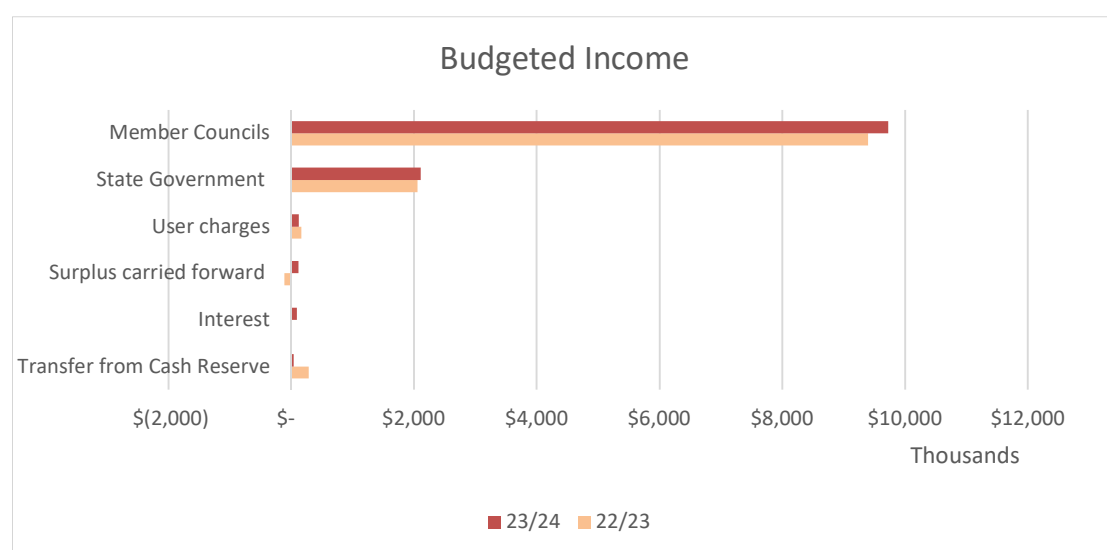
This section of the report analyses the operating budget including the expected income and expenses of the Corporation for the 2023/24 financial year.

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.

Income type	Forecast Actual 2022/23 \$	Budget 2023/24 \$	Variance \$
Council Contributions	9,395,236	9,724,070	328,833
State government Public Libraries Funding	1,914,028	1,971,449	57,421
Other Grants	136,925	139,956	3,031
Fees/Charges	131,364	122,155	(9,209)
Income from Investments	93,742	90,000	(3,742)
Transfer from Reserve	0	36,655	36,655
Cash Surplus(Deficit) c/fwd	92,066	115,046	22,980
<b>Total Income</b>	<b>11,763,361</b>	<b>12,199,331</b>	<b>435,970</b>



## 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 2023/24 financial year is 3.5%.

Member Council Contributions	Forecast Actual 2022/23 \$	Budget 2023/24 \$	Variance %
City of Whitehorse	5,645,090	5,842,668	3.5%
Manningham City Council	3,750,146	3,881,402	3.5%
<b>Total contributions</b>	<b>9,395,236</b>	<b>9,724,070</b>	<b>3.5%</b>

## State Government Funding

The State Government recurrent core and local priorities funding is forecast to increase by 3%; the actual increase is usually confirmed by the State Government in July/August. 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 2022/23 \$	Budget 2023/24 \$	Variance %
State Public Libraries - Core	1,914,028	1,971,449	3%
State Local Priorities	101,026	104,057	3%
Premiers Reading Challenge	35,899	35,899	0%
<b>Total recurrent grants</b>	<b>2,050,953</b>	<b>2,111,405</b>	<b>3%</b>

## User Fees and Charges (\$44,375 decrease)

User fees and charges includes income from lost and damaged item 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. Overdue charges will cease from 1 July 2023. The proposed schedule of Fees and Charges is detailed at Appendix A.

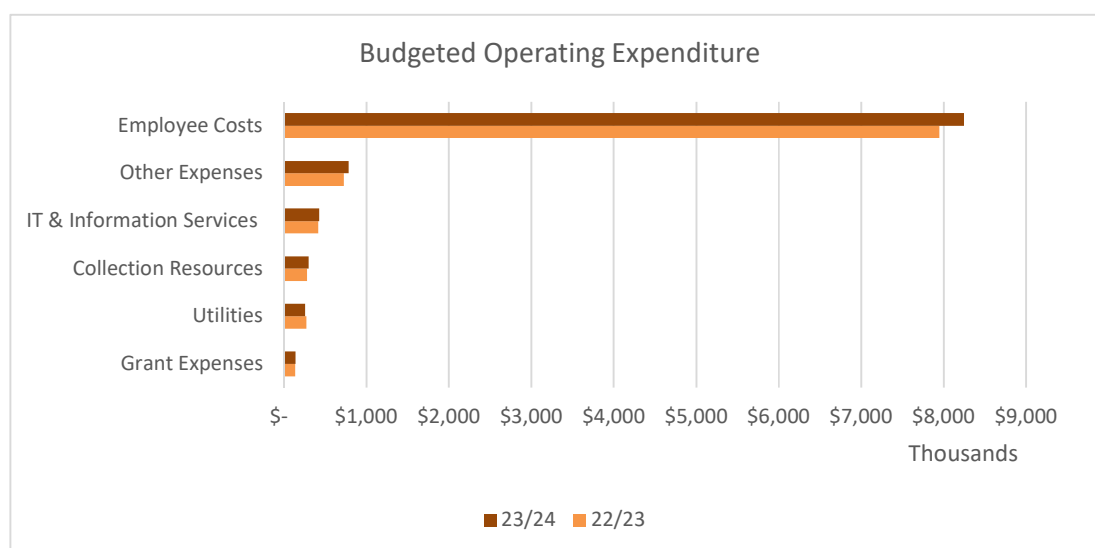
### Interest from Investments (\$79,975 increase)

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. Rates are forecast to remain stable in 2023/24.

## 6.2 Operating Expenditure

Expense type	Forecast Actual 2022/23 \$	Budget 2022/23 \$	Budget 2023/24 \$	Variance 22/23 vs 23/24 Budget \$
Employee costs	7,771,176	7,894,824	8,190,880	296,056
Grant expenditure	136,925	136,925	139,956	3,031
Other expenses	1,712,823	1,740,940	1,818,176	77,236
<b>Total Expenses</b>	<b>9,620,923</b>	<b>9,772,689</b>	<b>10,149,011</b>	<b>376,322</b>

The total operating expenditure is forecast to increase by 3.87% in 2022/23 above the budgeted 2022/23 expenditure.



### Employee costs (\$296,056 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 3.75% or \$296,056 compared to budgeted cost for 2022/23. This increase relates to following key assumptions:

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

**Utilities (\$10,387 increase)**

Gas, Water, Cleaning and Courier costs increased between 1% to 2% to meet anticipated rises.

**Insurance (\$5,750 increase)**

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

**Information Services (\$4,645 increase)**

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

**Information Technology including Telephones (\$7,711 Increase)**

Increases to ICT costs have been offset by savings in telephone fixed line costs.

**Collection resources (non- capital) (\$21,350 Increase)**

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

**All other expenses (\$25,871 increase)**

Includes printing, office expenses, vehicle maintenance, programs and marketing. The increases 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 the Corporation for the 2023/24 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 2022/23 \$	Budget 2023/24 \$	Variance \$
<b><i>Cash flows from operating activities</i></b>			
Contributions Received	9,395,236	9,724,070	328,834
Grants Received	1,914,028	1,971,449	57,421
Interest Received	77,474	89,475	12,004
Other Grants Received	136,925	139,956	3,031
User Fees and Charges	223,430	272,184	48,754
Payments to Employees / Suppliers	(9,546,244)	(10,054,236)	(507,992)
<b>Net cash provided by operating activities</b>	<b>2,200,849</b>	<b>2,142,898</b>	<b>(57,948)</b>
<b><i>Cash flows from Investing Activities</i></b>			
Payments for Collection Resources, Equipment and Furniture	(2,199,350)	(2,039,020)	(160,330)
Proceeds from Sale of Equipment			
<b>Net cash provided by investing activities</b>	<b>(2,199,350)</b>	<b>(2,039,020)</b>	<b>160,330</b>
<b>Net increase (decrease) in cash held</b>	<b>1,499</b>	<b>103,878</b>	<b>102,379</b>
Cash at the beginning of the year	2,780,273	2,781,772	1,499
<b>Cash at the end of the year</b>	<b>2,781,772</b>	<b>2,885,650</b>	<b>103,878</b>

### 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 2023/24.
- Overall a small decrease in Net Cash Flow from Operating Activities is anticipated.
- The income includes a carried over surplus/transfer from cash reserves.

**Net Cash used in Investing Activities**

- The main impact on Investing Activities is a decrease due to funding constraints. The Information Technology budget has been reduced and there are no increases to the Collection Resources budget.

**Cash at End of Financial Year**

- It is anticipated that at the end of the 2023/2024 FY the total cash will be 3% more than previous year.

**Restricted Funds and working Capital**

The cash flow statements show that the Corporation is estimating at 30 June 2024 to have cash and cash investments of \$2,884,150 of which some investments are restricted:

Employee Benefits – current	\$1,762,784
Employee Benefits – non-current	\$ 156,261

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 the Corporation's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

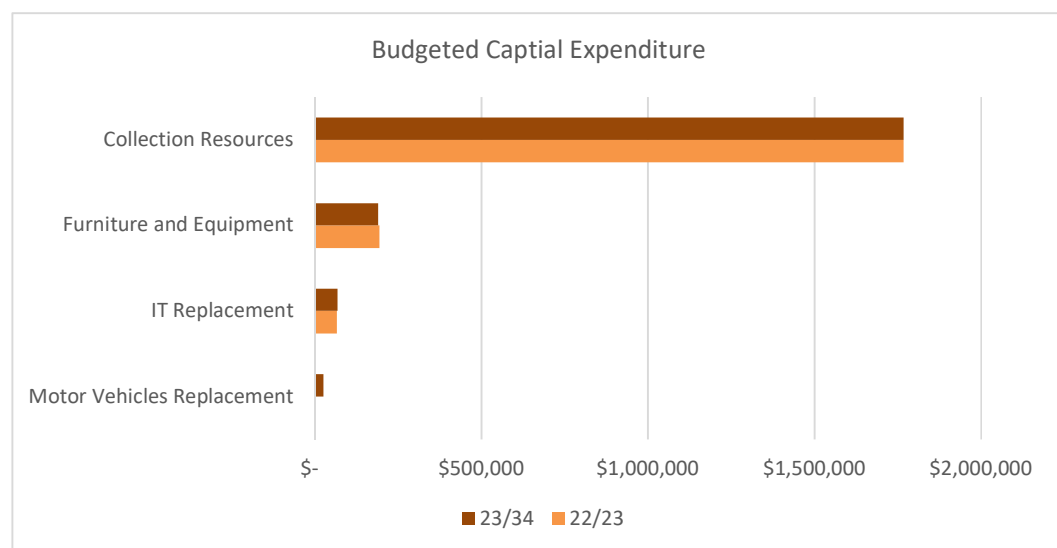
The Corporation also has a small fund set aside in a reserve account to assist with the replacement of the Radio Frequency Identification (RFID) and IT equipment.

## 8 Budgeted Capital Works

This section of the report analyses the planned capital expenditure budget for the 2023/24 FY and the sources of funding for the capital budget.

### Budgeted Statement of Capital Works

	2022/23 \$	2023/24 \$	Variance \$
<b>Capital Works</b>			
Collection Resources	1,767,233	1,767,233	0
Furniture and Equipment	65,938	67,587	1,649
Motor Vehicle Replacement	0	25,500	25,500
IT Replacement	194,221	190,000	(4,221)
<b>Total Capital Works</b>	<b>2,027,393</b>	<b>2,050,320</b>	<b>22,928</b>
<b>Represented by:</b>			
Asset renewal expenditure	2,027,393	2,050,320	22,928
<b>Total capital works expenditure</b>	<b>2,027,393</b>	<b>2,050,320</b>	<b>22,928</b>
	2022/23 \$	2023/24 \$	Variance \$
<b>Sources of Funding</b>			
Council Contributions	2,027,393	2,050,320	22,928
Public Libraries Funding			
<b>Total</b>	<b>2,027,393</b>	<b>2,050,320</b>	<b>22,928</b>





**Collection Resources (0% 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 (2.5% 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 (2.17% 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 (\$25,500 increase)**

The Corporation has a small fleet of cars 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 Corporation reduced the fleet by one vehicle to contain costs in the 2022/23 FY.

## 9 Analysis of Budgeted Financial position

This section of the budget report analyses the movements in assets, liabilities and equity between 2022/23 and 2023/24.

### Budgeted Balance Sheet

	2022/23 \$	2023/24 \$	Variance \$
<b>Current assets</b>			
Cash Assets	2,781,772	2,885,650	103,878
Receivables	66,890	68,562	1,672
Prepayments	147,952	151,651	3,699
Accrued Income	21,000	21,525	525
<b>Total current assets</b>	<b>3,017,614</b>	<b>3,127,388</b>	<b>109,774</b>
<b>Non-current assets</b>			
Collection Resources	7,117,152	7,297,183	180,031
IT Equipment, Furniture and Equipment	1,208,063	1,165,460	42,603
<b>Total non-current assets</b>	<b>8,325,215</b>	<b>8,462,643</b>	<b>137,428</b>
<b>Total assets</b>	<b>11,342,829</b>	<b>11,590,031</b>	<b>247,202</b>
<b>Current liabilities</b>			
Payables	655,252	706,920	51,668
Employee benefits	1,719,789	1,762,784	42,995
<b>Total current liabilities</b>	<b>2,375,041</b>	<b>2,469,704</b>	<b>94,663</b>
<b>Non-current liabilities</b>			
Employee benefits	152,449	156,261	3,811
<b>Total non-current liabilities</b>	<b>152,449</b>	<b>156,261</b>	<b>3,811</b>
<b>Total liabilities</b>	<b>2,527,491</b>	<b>2,625,966</b>	<b>98,475</b>
<b>Net assets</b>	<b>8,815,338</b>	<b>8,964,065</b>	<b>148,727</b>
<b>Equity</b>			
Accumulated surplus	3,922,043	3,922,043	-
Members Contribution	4,893,295	5,042,022	148,727
<b>Total equity</b>	<b>8,815,338</b>	<b>8,964,065</b>	<b>148,727</b>

- 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 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:

- Containing salary increases to industry standard Enterprise Agreement increases and corresponding increases in statutory on-costs.
- Continuous pursuit of innovation, efficiency and other measures to reduce expenditure.
- Advocating for increased government funding.
- Maintaining existing service levels.
- 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 3.5%, 2.75%, 2.5%, 2.5% and 2.5% respectively.
- Indexation of State Government core and local priorities grants by 3% in the first three years, then 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 3.87% in the first year an 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 each year until it reaches 12% in July 2027.
- Increases in Collection Resources, Information Technology, Furniture and Equipment and Motor Vehicles as follows:

<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
1%	2.75%	2.5%	2.5%	2.5%

Motor Vehicle Replacement is budgeted for every second year, 23/24, 25/26 and 27/28.

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 constrained funding environment presents ongoing challenges when looking to maintain service levels within current budgets.

### 10.3 Five Year Financial Plan

	2023/24 Budget	2024/25 Financial Plan	2025/26 Financial Plan	2026/27 Financial Plan	2027/28 Financial Plan
<b>INCOME</b>	\$	\$	\$	\$	\$
<b>Council Contributions</b>					
Whitehorse	5,842,668	6,003,342	6,153,425	6,307,261	6,464,942
Manningham	3,881,402	3,988,140	4,087,844	4,190,040	4,294,791
<b>Total</b>	<b>9,724,070</b>	<b>9,991,482</b>	<b>10,241,269</b>	<b>10,497,300</b>	<b>10,759,733</b>
<b>Public Libraries Grant</b>	1,971,449	2,020,735	2,071,254	2,123,035	2,176,111
<b>Operating Income</b>	363,856	216,290	218,902	221,555	224,249
<b>Grants</b>					
Local Priorities Funding	104,057	106,658	109,325	112,058	114,859
Premiers Reading Challenge	35,899	35,899	35,899	35,899	35,899
<b>TOTAL INCOME</b>	<b>12,199,331</b>	<b>12,371,064</b>	<b>12,676,648</b>	<b>12,989,847</b>	<b>13,310,851</b>
<b>EXPENDITURE</b>					
<b>Operational</b>	10,009,056	10,298,762	10,575,562	10,816,540	11,063,055
<b>Depreciation/Disposal</b>	1,901,593	1,823,056	2,027,095	2,189,019	2,363,328
<b>Grants Local</b>					
Priorities Funding	104,057	106,658	109,325	112,058	114,859
Premiers Reading Challenge	35,899	35,899	35,899	35,899	35,899
<b>Total Expenditure</b>	<b>12,050,605</b>	<b>12,264,375</b>	<b>12,747,881</b>	<b>13,153,516</b>	<b>13,577,141</b>
<b>Adjustments to AAS27 Budget</b>					
<b>Depreciation/Disposal</b>	1,901,593	1,823,056	2,027,095	2,189,019	2,363,328
<b>Total less depreciation</b>	<b>10,149,012</b>	<b>10,441,319</b>	<b>10,720,786</b>	<b>10,964,497</b>	<b>11,213,813</b>
<b>Collection Resources</b>	1,767,233	1,815,832	1,861,228	1,907,758	1,955,452
<b>Furniture &amp; Fittings</b>	67,587	69,446	71,182	72,961	74,785
<b>IT Replacement</b>	190,000	195,225	200,106	205,108	210,236
<b>Motor Vehicle Replacement</b>	25,500	-	25,500		25,500
<b>NET SURPLUS (DEFICIT)</b>	<b>148,726</b>	<b>106,689</b>	<b>(71,233)</b>	<b>(163,669)</b>	<b>(266,291)</b>

## 10.4 Financial Resources

### Strategic Plan Projections

	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$	\$	\$	\$	\$	
Operating result	148,726	106,689	(71,233)	(163,669)	(266,291)	-
Cash & Cash Investments	2,885,650	2,788,972	2,650,113	2,660,810	2,644,896	-
Cash Flow from Operations	2,142,898	1,958,138	1,962,915	2,069,406	2,322,196	-
Capital Works	2,050,320	2,080,503	2,158,015	2,185,828	2,265,974	+

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 assumptions 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 annual rate cap percentage amount set by the State Government.

### Capital Works Strategy

Capital expenditure over the five-year period will total \$10.7 million with \$9.3 million being spent on library collection materials and \$1 million on Information Technology. This allows for continued renewal of the collection resources and IT equipment.

### Service Delivery Strategy

All existing service levels are 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 2023 - 30 June 2028

	2022/23 Forecast \$	2023/24 Budget \$	2024/25 Financial Plan \$	2025/26 Financial Plan \$	2026/27 Financial Plan \$	2027/28 Financial Plan \$
<b>Staff expenditure</b>						
Employee costs – operating	7,822,275	8,243,153	8,486,221	8,719,458	8,915,784	9,116,530
Employee costs – capital	0	0	0	0	0	0
<b>Total staff expenditure</b>	<b>7,822,275</b>	<b>8,243,153</b>	<b>8,486,221</b>	<b>8,719,458</b>	<b>8,915,784</b>	<b>9,116,530</b>
<b>Staff numbers</b>						
Employees	72.88	72.88	72.88	72.88	72.88	72.88
<b>Total staff numbers</b>	<b>72.88</b>	<b>72.88</b>	<b>72.88</b>	<b>72.88</b>	<b>72.88</b>	<b>72.88</b>

## 11 Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2023/24 to 2027/28 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 2024 – 30 June 2028

	2023/24 Budget \$	2024/25 Financial Plan \$	2025/26 Financial Plan \$	2026/27 Financial Plan \$	2027/28 Financial Plan \$
<b>Income</b>					
Council Contributions	9,724,070	9,991,482	10,241,269	10,497,300	10,759,733
State Government Grant	1,971,449	2,020,735	2,071,254	2,123,035	2,176,111
Fees and charges	122,155	125,390	127,093	128,828	130,595
Other Grants	139,956	142,557	145,224	147,957	150,758
Interest from Investments	90,000	90,900	91,809	92,727	93,654
Transfer from Cash/(Deficit) Proceeds from sale of assets	151,701				
<b>Total Revenue</b>	<b>12,199,331</b>	<b>12,371,064</b>	<b>12,676,648</b>	<b>12,989,847</b>	<b>13,310,851</b>
<b>Expenses</b>					
Employee costs	8,243,153	8,486,221	8,719,458	8,915,784	9,116,530
Financial Expenses	43,500	44,696	45,814	46,959	48,133
Utilities	253,899	260,882	267,404	274,089	280,941
Office Expenses	555,614	570,894	585,166	599,795	614,790
Collection Resources	299,361	307,593	315,283	323,165	331,244
Information Services	140,000	143,850	147,446	151,132	154,911
Information Technology	286,761	294,647	302,013	309,563	317,303
Marketing and Programs	111,767	114,841	117,712	120,655	123,671
Headquarters Costs	75,000	75,138	75,266	75,398	75,533
Grant Expenditure	139,956	142,557	145,224	147,957	150,758
Depreciation	1,403,393	1,312,253	1,494,185	1,644,547	1,814,796
Collection Withdrawal	498,200	510,803	532,910	544,472	548,532
<b>Total Expenses</b>	<b>12,050,605</b>	<b>12,264,375</b>	<b>12,747,881</b>	<b>13,153,516</b>	<b>13,577,142</b>
Net Gain (Loss) on disposal of property, plant and equipment	-	-	-	-	-
<b>PROFIT/(DEFICIT) FOR THE PERIOD</b>	<b>148,726</b>	<b>106,689</b>	<b>(71,233)</b>	<b>(163,669)</b>	<b>(266,291)</b>



## 11.2 Budgeted Balance Sheet

For the years ending 30 June 2024 – 30 June 2028

	2023/24 Budget \$	2024/25 Financial Plan \$	2025/26 Financial Plan \$	2026/27 Financial Plan \$	2027/28 Financial Plan \$
<b>Current Assets</b>					
Cash assets	2,885,650	2,788,972	2,650,113	2,660,810	2,644,896
Receivables	68,562	70,276	72,033	73,834	75,680
Prepayments	151,651	155,442	159,328	163,311	167,394
Accrued Income	21,525	22,063	22,615	23,180	23,760
<b>Total Current assets</b>	<b>3,127,388</b>	<b>3,036,754</b>	<b>2,904,089</b>	<b>2,921,135</b>	<b>2,911,730</b>
<b>Non-Current assets</b>					
Collection Resources	7,297,183	7,612,995	7,778,176	7,836,174	7,775,970
IT Equipment, Furniture and Equipment	1,165,460	1,081,407	1,020,753	832,445	867,429
<b>Total Non-Current assets</b>	<b>8,462,643</b>	<b>8,694,402</b>	<b>8,798,929</b>	<b>8,668,619</b>	<b>8,643,399</b>
<b>Total Assets</b>	<b>11,590,031</b>	<b>11,731,156</b>	<b>11,703,018</b>	<b>11,589,754</b>	<b>11,555,129</b>
<b>Current Liabilities</b>					
Payables	706,920	693,380	687,300	687,300	867,300
Provisions	1,762,784	1,806,854	1,852,025	1,898,326	1,945,784
<b>Total Current Liabilities</b>	<b>2,469,704</b>	<b>2,500,234</b>	<b>2,539,325</b>	<b>2,585,626</b>	<b>2,813,084</b>
<b>Non-Current Liabilities</b>					
Provisions	156,261	160,167	164,171	168,275	172,482
<b>Total Non-Current Liabilities</b>	<b>156,261</b>	<b>160,167</b>	<b>164,171</b>	<b>168,275</b>	<b>172,482</b>
<b>Total liabilities</b>	<b>2,625,965</b>	<b>2,660,402</b>	<b>2,703,496</b>	<b>2,753,901</b>	<b>2,985,566</b>
<b>Net assets</b>	<b>8,964,065</b>	<b>9,070,754</b>	<b>8,999,522</b>	<b>8,835,853</b>	<b>8,569,562</b>
<b>Equity</b>					
Accumulated surplus	5,042,022	5,148,711	5,077,479	4,913,810	4,647,519
Members Contribution on Formation	3,922,043	3,922,043	3,922,043	3,922,043	3,922,043
<b>Total equity</b>	<b>8,964,065</b>	<b>9,070,754</b>	<b>8,999,522</b>	<b>8,835,853</b>	<b>8,569,562</b>

### 11.3 Statement of Changes in Equity

For the years ending 30 June 2024 – 30 June 2028

	Total	Accumulated Surplus	Members Contribution
	\$	\$	\$
<b>Budget 2024</b>			
Balance at beginning of the financial year	8,815,339	4,893,296	3,922,043
Surplus (deficit) for the year	344,313	148,726	0
<b>Balance at end of the financial year</b>	<b>9,159,652</b>	<b>5,042,022</b>	<b>3,922,043</b>
<b>2025 - SRP</b>			
Balance at beginning of the financial year	9,159,652	5,042,022	3,922,043
Surplus (deficit) for the year	106,689	106,689	0
<b>Balance at end of the financial year</b>	<b>9,266,341</b>	<b>5,148,711</b>	<b>3,922,043</b>
<b>2026 - SRP</b>			
Balance at beginning of the financial year	9,266,341	5,148,711	3,922,043
Surplus (deficit) for the year	(71,233)	(71,233)	0
<b>Balance at end of the financial year</b>	<b>9,195,109</b>	<b>5,077,479</b>	<b>3,922,043</b>
<b>2027 - SRP</b>			
Balance at beginning of the financial year	9,195,109	5,077,479	3,922,043
Surplus (deficit) for the year	(163,669)	(163,669)	0
<b>Balance at end of the financial year</b>	<b>9,031,440</b>	<b>4,913,810</b>	<b>3,922,043</b>
<b>2028 - SRP</b>			
Balance at beginning of the financial year	9,031,440	4,913,810	3,922,043
Surplus (deficit) for the year	(266,291)	(266,291)	0
<b>Balance at end of the financial year</b>	<b>8,765,149</b>	<b>4,647,519</b>	<b>3,922,043</b>

## 11.4 Budgeted Statement of Cash Flows

For the years ending 30 June 2024 – 30 June 2028

	2023/24 Budget \$	2024/25 Financial Plan \$	2025/26 Financial Plan \$	2026/27 Financial Plan \$	2027/28 Financial Plan \$
<b><i>Cash flows from Operating Activities</i></b>					
Contributions Received	9,724,070	9,991,482	10,241,269	10,497,300	10,759,733
Grants Received	1,971,449	2,020,735	2,071,254	2,123,035	2,176,111
Interest received	89,475	90,362	91,257	92,162	93,074
Fees/user charges/other	139,956	142,557	145,224	147,957	150,758
Other Grants	273,856	123,676	125,335	127,027	128,749
Payments to Employees/Supplies	(10,055,908)	(10,410,675)	(10,711,423)	(10,918,075)	(10,986,230)
<b>Net cash provided by operating activities</b>	<b>2,142,898</b>	<b>1,958,138</b>	<b>1,962,915</b>	<b>2,069,406</b>	<b>2,322,196</b>
<b><i>Cash flows from Investing Activities</i></b>					
Payments for library collection, furniture and IT equipment	(2,039,020)	(2,054,815)	(2,101,775)	(2,058,709)	(2,338,108)
<b>Net cash from Investing Activities</b>	<b>(2,039,020)</b>	<b>(2,054,815)</b>	<b>(2,101,775)</b>	<b>(2,058,709)</b>	<b>(2,338,108)</b>
<b>Net increase (decrease) in cash held</b>	<b>103,878</b>	<b>(96,678)</b>	<b>(138,859)</b>	<b>10,697</b>	<b>(15,914)</b>
Cash at the beginning of the year	2,781,772	2,885,650	2,788,972	2,650,113	2,660,810
<b>Cash at the end of the year</b>	<b>2,885,650</b>	<b>2,788,972</b>	<b>2,650,113</b>	<b>2,660,810</b>	<b>2,644,896</b>
<b><i>For the year ending 30 June</i></b>					
<b>Net surplus (deficit) from operations</b>	<b>148,726</b>	<b>106,689</b>	<b>(71,233)</b>	<b>(163,669)</b>	<b>(266,290)</b>
Depreciation	1,403,393	1,312,253	1,494,185	1,644,547	1,814,796
(Profit) Loss on sale of Library Collection, Furniture and IT Equipment	498,200	510,803	503,063	544,472	548,532
Net movement in current assets and liabilities	92,579	28,393	36,900	44,056	225,158
<b>Net cash inflow (outflow) from operating activities</b>	<b>2,142,898</b>	<b>1,958,138</b>	<b>1,962,915</b>	<b>2,069,406</b>	<b>2,322,196</b>
<b><i>Cash Resourcing</i></b>					
Cash Assets	2,885,650	2,788,972	2,650,113	2,660,810	2,644,896
Less Bank Overdraft at the end of the year	0	0	0	0	0
	<b>2,885,650</b>	<b>2,788,972</b>	<b>2,650,113</b>	<b>2,660,810</b>	<b>2,644,896</b>

## 11.5 Budgeted Statement of Capital Works

For the years ending 30 June 2024 – 30 June 2028

	2023/24 Budget \$	2024/25 Financial Plan \$	2025/26 Financial Plan \$	2026/27 Financial Plan \$	2027/28 Financial Plan \$
Collection Resources	1,767,233	1,815,832	1,861,228	1,907,758	1,955,452
IT Replacement	190,000	195,225	200,106	205,108	210,236
Furniture and Equipment	67,587	69,446	71,182	72,961	74,785
Motor Vehicles Replacement	25,500	-	25,500		25,500
<b>Total capital works</b>	<b>2,050,320</b>	<b>2,080,503</b>	<b>2,158,015</b>	<b>2,185,828</b>	<b>2,265,974</b>
<b>Represented by:</b>					
Renewal	2,050,320	2,080,503	2,158,015	2,185,828	2,265,974
<b>Total capital works</b>	<b>2,050,320</b>	<b>2,080,503</b>	<b>2,158,015</b>	<b>2,185,828</b>	<b>2,265,974</b>

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	2,050,320	2,080,503	2,158,015	2,185,828	2,265,974
Asset revaluation movement					
Depreciation and amortisation	(1,403,393)	(1,312,253)	(1,494,185)	(1,644,547)	(1,814,796)
Collection withdrawn	(498,200)	(510,803)	(532,910)	(544,472)	(548,532)
<b>Net movement in Library Collection, Furniture and IT Equipment</b>	<b>148,727</b>	<b>257,447</b>	<b>130,920</b>	<b>(3,191)</b>	<b>(97,354)</b>

## Appendix A: Fees and Charges

User Fees and Charges	2022/2023	2023/2024
Overdue Charges - Adult items	35c per day	No charge
Lost/totally damaged items	Item cost plus \$15.40 processing charge	Item cost plus \$15.90 processing charge
Damaged Items (minor repairs / RFID tag replacement)	\$5.60	\$5.80
Debt Collection Charge (plus debt)	\$18.20	\$18.80
Replacement Membership Card	\$3.65	\$3.80
Inter Library Loans – standard fee	\$11.40	\$11.80
Inter Library Loans from State, University or Special Libraries	Physical item \$29.00 Electronic \$19.00	As per the lending institutions charge
Fax Services - Victoria	\$3.05 first page, \$1.10 ea following page	\$3.15 first page, \$1.10 ea following page
Fax Services - Interstate	\$3.35 first page, \$1.10 ea following page	\$3.50 first page, \$1.10 ea following page
Fax Services - International	\$5.10 first page, \$3.35 ea following page	\$5.30 first page, \$3.35 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 \$2.10
Scanning (to email)	20c	20c
Microfiche Reader Printing	A4 30c A3 50c	A4 30c A3 50c
Library Bags	\$2.00	\$2.10
Earbuds	\$2.50	\$3.50
USB 8G	\$8.40	\$8.40
Page markers	\$1.10	\$1.15
Microfiche Reader Printing	A4 30c A3 50C	A4 30c A3 50C
Meeting room rates		3.5% on current rates
Meeting Rooms Set Up fees	\$53.40 per session	\$55.30 per session
Training Room PC Setup	\$169.60 per hour	\$175.50 per hour
Administration fee for room bookings	\$26.75	\$27.70
Booking Fees: Children's Holiday Programs Makerspace programs Adult Programs	Up to \$5.10 per child Up to \$10.30 per person Up to \$15.40 per person	Up to \$5.30 per child Up to \$10.70 per person Up to \$15.90 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, 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 2023/24 Budget, which is included in this report, is for the year 1 July 2023 to 30 June 2024 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 2024 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 corporation.

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 WMRLC budget process are summarised below:

Minister of Local Government announces maximum rate percentage increase.	Dec 2022
Budget preparation by Corporation officers	Dec 2022 / Feb 2023
Proposed budget presented to the Board for approval to advertise	15 March 2023
Public notice advising intention to adopt budget	April/May 2023
Budget available for public inspection and comment	April/May 2023
Submission period closes (28 days)	May 2023
Budget and submissions presented to the Board for adoption	24 May 2023
Copy of adopted budget submitted to the Minister Local Government	June 2022