



**GEELONG
REGIONAL
LIBRARIES**

**BUDGET 2023-2024
STRATEGIC RESOURCE PLAN 2023-2027**

DRAFT MAY 2023



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1 INTRODUCTION

Geelong Regional Library Corporation (GRLC) was created in March 1997 in accordance with sections 196 and 197 of the *Local Government Act 1989*. The Corporation provides library services to all residents of the Borough of Queenscliffe, City of Greater Geelong, Colac Otway Shire, Golden Plains Shire and Surf Coast Shire. The network covers an area of almost 9,000 square kilometres, with 19 libraries located at Apollo Bay, Bannockburn, Barwon Heads, Belmont, Chilwell, Colac, Corio, Drysdale, Geelong, Geelong West, Highton, Lara, Leopold, Newcomb, Ocean Grove, Queenscliff, Torquay, Waurin Ponds and Western Heights College. There are three mobile libraries, a Home Library Service and an inter library loans service.

GRLC's annual recurrent income is comprised as follows:

RECURRENT INCOME	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease	% of 2023-24 Income	Comments
Member Council Contributions	13,642,932	13,695,248	14,526,232	830,984	6.1%	83.1%	Agreed 2% increase across Member Councils. Does not include the additional \$1.118m required to run Drysdale for full year and Armstrong Creek for part year.
State Government Grants - Public Libraries Funding Program	2,339,713	2,380,658	2,445,447	64,789	2.7%	14.0%	Assumed 3% increase
State Government Grants	39,576	-	-	-	0.0%	0.0%	
Fees & Charges	233,420	419,844	254,999	(164,845)	-39.3%	1.4%	Reduced venue hire
Interest & Sundry Income	96,578	311,650	260,200	(51,450)	-16.5%	1.6%	Reduced grant income
TOTAL RECURRENT INCOME	16,352,219	16,807,400	17,486,878	679,478	4.0%	100.10%	



The Library Service is funded by Member Councils, the State Government and its own operations on the following basis:

- Member Council contributions: 83.1% (2021-22: 81.5%)
- State Government Grants – Public Libraries Funding Program: 14.0% (2021-22: 14.2%)
- Fees & Charges: 1.4% (2021-22: 2.3%)
- Interest & Sundry Income: 1.6% (2021-22: 2.0%)

The Library Service is mindful of the cost pressures on Member Councils, in light of the rate cap this coming financial year of 3.5% and the on-going impact of COVID-19 on normal business activities, GRLC has agreed an increase of 2.0% from Member Councils. We are continually reassessing processes to ensure that value is being achieved, in particular for procurement of library materials, equipment, and services.

Library services continue to be one of the most popular and valued of all Council services and continues to attract high levels of engagement. With the dual impact of COVID-19 and the winter ‘flu season we have developed a business continuity plan for each of our libraries to ensure we were providing a consistent, safe and high-quality service to our customers. GRLC’s 2021-22 Annual Report demonstrated the following:

- 35% or 124,203 people are library members from a total population of 358,817 across the five Member Councils at 30 June 2022
- There were 959k visits to 19 library libraries and 3 mobile libraries and 1,275,336 website visits
- 2.0 million loans of collection items
- 319,000 eBook and eMagazine loans
- Programs and events attracted 29,479 participants across children’s, youth and adult programs.

124K
library members

959K
visits to libraries

16,700
events & programs
attendees

2 LINK TO THE LIBRARY PLAN

2.1 Library Plan 2021-2025

The Library Plan 2021-25 *Connecting and Thriving* acknowledges and responds to the changes and challenges of 2020 and 2021.

PURPOSE

A thriving public library service that boosts our communities' health, prosperity, connectedness and belonging. The Plan is built around four interconnected pillars: Community, Places and Spaces, Our People and Regional Leadership. These pillars aim to strengthen and expand what we already do so well as a leading public library service – providing spaces, tools and know-how to help our communities to connect and thrive.

FOUR PILLARS

1. Community

Geelong Regional Libraries is an innovative partner. We are addressing local needs with local solutions. You see us out and about in the region, focusing on vulnerable and hard to reach communities.

2. Places and Spaces

Our spaces are adaptable and democratic; uplifting and sustainable.

3. Our People

Our team is curious, caring and skilled. We exhibit a spirit of experimentation that matches transformative times.

4. Regional Leadership

Geelong Regional Libraries is known for leading regional recovery. We use our core strength for community good.

2.2 Planning and Accountability Framework

BUDGET PROCESSES

The preparation of the Budget begins with library officers preparing the Annual Budget in accordance with the Local government Act 1989 and submitting the Draft Budget to the Board for approval in principle.

GRLC is then required to give public notice that it intends to adopt the Budget. It must give at least 28 days' notice of its intention to adopt the proposed Budget and make the Budget available for inspection at its Offices. A person has a right to make a submission on any proposal contained in the Budget and any submission must be considered before adoption of the Budget by the Board.

The final step is for the Board to adopt the Budget after receiving and considering any submission from interested parties.

The Budget is required to be adopted by 30 June and a copy submitted to the Minister for Local Government within 28 days of adoption each year. The key dates for the budget process are summarised below:

Action	Description	Date
1	Preliminary Budget presentation at Board Meeting	16 February 2023
2	Proposed Budget submitted to the Board for approval	27 April 2023
3	Revised Proposed Budget submitted to the Board for approval	11 May 2023
4	Public notice advising intention to adopt Budget	12 May 2023
5	Budget available for public inspection and comment for at least 28 days	12 May 2023 – 9 June 2023
6	Meeting to consider public submissions (if required)	15 June 2023
7	Budget and submissions presented to the Board for adoption (subject to final adopted Budgets of Member Councils)	22 June 2023
8	Copy of Adopted Budget submitted to the Minister for Local Government within 28 days of adoption	14 July 2023

LEGISLATIVE REQUIREMENTS

Under the *Local Government Act 1989*, GRLC is required to prepare and adopt an Annual Budget for each financial year. The Budget is required to disclose the fees and charges that GRLC intends to levy as well as a range of other information required by the *Local Government (Finance and Reporting) Regulations 2014* 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.

This Budget incorporates the Strategic Resource Plan (SRP) for the 3 years to 2026-27. The SRP takes the strategic objectives and strategies as specified in the Library Plan and expresses them in financial terms.

In preparing the SRP, the GRLC has complied with the following principles of sound financial management as contained in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities
- Consider the financial effects of the library service's decisions on future generations
- Provide full, accurate and timely disclosure of financial information.

2.3 Budget Influences

In preparing the Budget a number of overarching budget principles are followed and budget assumptions are made about the internal and external environment within which the library service operates. Known factors and influences which are likely to impact significantly on the services delivered in the budget period are also taken into consideration. These include:

- The Victorian State Government rate cap is 3.5% for the 2023-24 financial year (1.75% in 2022-23), GRLC and the Member Councils have aligned on a 2% increase
- Funding from the State Government public library recurrent grant has increased at an average of 2.1% per year over the last six financial years. This funding has not kept pace with GRLC's expanding network and the 22.4% increase in employee costs over that time.

2.4 Budget Principles

The 2023-24 Budget intends to achieve a recurrent surplus (prior to depreciation) that is sufficient to meet capital expenditure requirements. A decrease in overall cash is acceptable when a temporary expenditure increase is approved by the GRLC Board for special projects.

The 2023-24 Budget has also included the principles contained in the Draft 2023-2024 City of Greater Geelong Budget. In this instance the contribution required from CoGG to cover the additional running costs of the new Drysdale and Armstrong Creek Libraries valued at \$1.118m in 2023-24 and \$1.802m p.a. from 2025-2027 has not been included. This has necessitated a major change to the service levels across all CoGG libraries to offset this reduced income, which will include library closures and reduced opening hours.

In response to this reduced contribution from CoGG we have had to make the following changes to service levels across the CoGG library network to offset the reduced income, that will include:

- Close Saturday afternoon and Sunday across all libraries but not Geelong
- Reduce service levels at the Heritage Centre
- Don't fill current vacancies that are budgeted for in FY24
- Change Chilwell Library to unstaffed model by repurposing some of the Living Libraries Grant to make the required Technology and Building changes
- Close the following libraries by 30 September 2023 and redeploy staff:
 - Barwon Heads Library
 - Highton Library
 - Geelong West Library

The following principles have also been incorporated in the 2023-24 Budget:

SERVICE LEVELS

- Library services are following the Business Continuity Plan and responding to the needs of the community and any post pandemic government health advice.

BUDGET PARAMETERS

- Achieving a recurrent surplus (prior to depreciation) that is sufficient to meet capital expenditure requirements
- Maintaining an acceptable level of cash reserves at the end of each year to cover anticipated long service leave commitments and asset renewal
- Expenditure Budget has been thoroughly reviewed and is considered realistic and achievable
- Maintaining a capital expenditure program on the library collection and technology
- Set income budgets that are realistic and continue the achievement of the Library Plan
- Regional costs across the network are distributed to Member Councils in accordance with the cost allocation formula detailed in the Library Agreement between the five Member Councils.

2.5 Budget and Strategic Resource Plan Assumptions

INCOME

- Member Council contributions for 2023-24 reflect an overall increase of 6.1%, of which a base increase of 2% has been applied by all Member Councils. The City of Greater Geelong contribution does not include a further \$1.118m required to cover the wages and salaries for a full year for the new Drysdale Library and part year for the new Armstrong Creek Library.
- State Government Grants - Public Libraries Funding Program grants to Member Councils are estimated to grow by 3.0% overall. The Department of Jobs, Precincts and Regions will confirm these grants in mid-2023
- Interest income is estimated at \$131,250, which is an increase on the prior year budget
- User Fees & Charges – Venue Hire income has reduced by \$107,000
- Sundry Income – The realignment of our Grants process continues as we build on the successes of the 2022-23 year
- The 2022-23 confirmed level of capital grants for collections of \$66,417 is assumed to continue in each year of this SRP. If these grants do not continue, the capital expenditure on collections will be adjusted accordingly.

SALARIES

The Enterprise Agreement (EA) was ratified in early February 2022. The actual increase has been applied to the 2023-24 salary budget, resulting in a \$250k increase.

Also included in salaries are banding increments, superannuation at an increased rate of 11.0%, Fringe Benefits Tax and WorkCover Insurance premium at the current rate of 0.43%.

There is an additional salary expense to cover a full year for the new Drysdale library and part year for the new Armstrong Creek Library of \$1.118m.

As the City of Greater Geelong contribution has not been increased to include the above \$1.118m need to run the Drysdale and Armstrong Creek libraries, we have had to make significant changes to the service levels of a number of CoGG libraries to offset this reduced income.

The overall result is an increase in salary costs of 4.8% when compared to the 2022-23 Adopted Budget.

OTHER EXPENDITURE

- Specific expenditure line items relating to existing contracts such as courier services and digital communications agreements are based on known costs.
- There is an amount of \$50k that has been included to conduct a service review across the CoGG libraries to ascertain the most efficient service model required.
- An amount of \$50k has been included to cover legal or consultant costs associated with any preliminary work on the alternate enterprise business model.
- Depreciation costs are estimated to remain steady when compared to the 2021-22 actual result, as discussed in sections 4.1.7 'Depreciation' and 4.5 'Financial Resources'.

BALANCE SHEET

The 2023-24 budgeted balance sheet is based on the most recently completed financial year (2021-22). This will enable the budgeted balance sheet to more closely reflect the expected actual balance sheet as at 30 June 2024.

The calculation is as follows:

Actual 2021-22 Balance Sheet

+ Budgeted 2022-23 Income Statement & Capital Expenditure

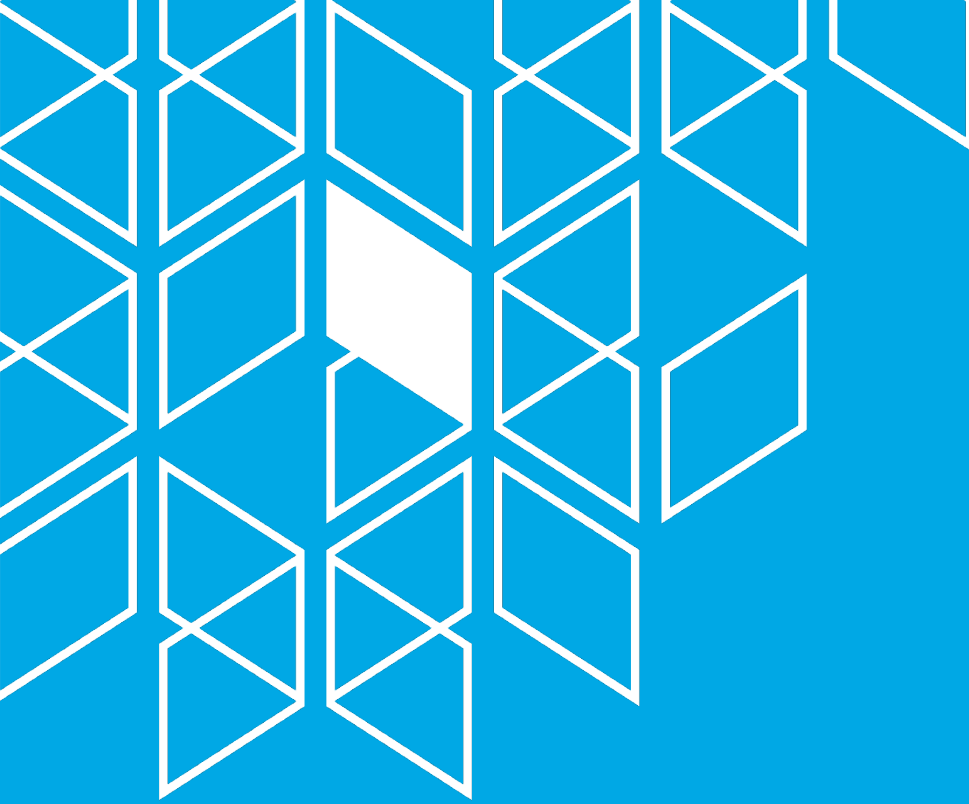
+ Budgeted 2023-24 Income Statement & Capital Expenditure

= **Budgeted 2023-24 Balance Sheet**

The result is a decreasing net asset value over the four years of the SRP, which is mainly due to a continuing net deficit after depreciation over the SRP.

CAPITAL EXPENDITURE

- Capital expenditure will see small year on year increments across the four years of the SRP;
- The Library Plan includes the adoption of:
 - A digital services strategy
 - Investment in the technology in Wurdi Youang to unlock further revenue opportunities.
 - A furniture, fittings and equipment review, that will provide recommendations for future levels of investment commitment.



3 FINANCIAL STATEMENTS

This section presents information in regards to the Financial Statements and Statement of Human Resources. The Budget information for the year 2023-24 incorporates the Strategic Resource Plan for the three years ending 30 June 2027.

This section includes the following financial statements prepared in accordance with the *Local Government Act 1989* and the Local Government Model Financial Report:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources

3.1 COMPREHENSIVE INCOME STATEMENT FOR THE FOUR YEARS ENDING 30 JUNE 2027

	NOTES	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Income					
Member Council Contributions	4.1.2	14,526,232	14,816,756	15,113,092	15,415,353
State Govt Grants	4.1.3	2,445,447	2,494,356	2,544,243	2,595,128
User Fees	4.1.1	277,699	327,699	377,699	427,699
Other Income	4.1.1	237,500	251,500	257,310	263,352
Grants - Capital	4.1.3	66,981	66,981	66,981	66,981
Total Income	4.1.1	17,553,859	17,957,293	18,359,325	18,768,514
Expenditure					
Employee costs	4.1.5	13,062,267	13,425,237	13,882,451	14,297,999
Materials & Services	4.1.6	2,671,891	2,671,891	2,671,891	2,671,891
Depreciation	4.1.7	1,903,855	1,903,855	1,903,855	1,903,855
Book value of items written off	4.1.7	299,462	299,462	299,462	299,462
Amortisation - ROU assets		100,288	75,288	55,288	40,288
Finance costs - leases	4.1.6	2,850	2,850	2,850	2,850
Other expenses	4.1.6	12,000	12,000	12,100	12,100
Total Expenditure		18,052,613	18,390,583	18,827,897	19,228,445
NET SURPLUS / (DEFICIT)		(498,753)	(433,290)	(468,572)	(459,931)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDING 30 JUNE 2027

	NOTES	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Current Assets					
Cash and Investments	4.3	4,594,944	4,607,914	4,515,602	4,366,930
Receivables		-	-	-	-
Prepayments		228,018	228,018	228,018	228,018
Total Current Assets		4,822,962	4,835,932	4,743,620	4,594,948
Non-Current Assets					
Property, Plant & Equipment	4.2.2	8,692,365	8,321,393	8,000,421	7,729,449
Right-of-use assets		100,564	25,276	(30,012)	(70,300)
Total Non-Current Assets		8,792,929	8,346,669	7,970,409	7,659,149
TOTAL ASSETS		13,615,891	13,182,601	12,714,029	12,254,097
Current Liabilities					
Payables		881,267	881,267	881,267	881,267
Provisions		1,926,647	1,926,647	1,926,647	1,926,647
Lease liabilities		73,382	73,382	73,382	73,382
Total Current Liabilities		2,881,296	2,881,296	2,881,296	2,881,296
Non-Current Liabilities					
Provisions		179,846	179,846	179,846	179,846
Lease Liabilities		231,470	231,470	231,470	231,470
Total Non-Current Liabilities		411,316	411,316	411,316	411,316
TOTAL LIABILITIES		3,292,612	3,292,612	3,292,612	3,292,612
NET ASSETS	4.2	10,323,279	9,889,988	9,421,416	8,961,484
Equity					
Members Contribution		3,886,011	3,886,011	3,886,011	3,886,011
Accumulated Surplus		6,437,268	6,003,977	5,535,405	5,075,473
TOTAL EQUITY	4.2	10,323,279	9,889,988	9,421,416	8,961,484

3.3 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDING 30 JUNE 2027

	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Cash Flows from Operating Activities				
Receipts				
Member Council Contributions	14,752,737	15,047,792	15,348,748	15,655,722
Grants - operating	2,445,447	2,494,356	2,544,243	2,595,128
User Fees	305,469	360,469	415,469	470,469
Interest received	131,250	145,250	151,060	157,102
Capital Income	10,000	10,000	10,000	10,000
Grants - Capital	56,981	56,981	56,981	56,981
Other Income	116,875	116,875	116,875	116,875
	17,818,759	18,231,723	18,643,376	19,062,278
Payments				
Employee costs	(13,062,267)	(13,425,237)	(13,882,451)	(14,297,999)
Materials & Services	(2,860,350)	(2,860,350)	(2,860,350)	(2,860,350)
Other payments	(13,200)	(13,200)	(13,310)	(13,310)
Net GST refund/(payment)	189,566	170,036	165,425	160,712
	(15,746,251)	(16,128,751)	(16,590,686)	(17,010,947)
Net Cash Inflow from Operating Activities	2,072,508	2,102,972	2,052,689	2,051,331
Cash Flows from Investing Activities				
Capital Expenditure	(2,125,580)	(2,015,580)	(2,070,580)	(2,125,580)
Net Cash Outflow from Investing Activities	(2,125,580)	(2,015,580)	(2,070,580)	(2,125,580)
Cash Flows from Financing Activities				
Interest paid - lease liability	(2,850)	(2,850)	(2,850)	(2,850)
Repayment of lease liabilities	(71,572)	(71,572)	(71,572)	(71,572)
Net Cash used in Financing Activities	(74,422)	(74,422)	(74,422)	(74,422)
Net Increase / (Decrease) in Cash Held	(127,494)	12,970	(92,313)	(148,671)
Cash at the Beginning of the Financial Year	4,722,438	4,594,944	4,607,914	4,515,602
CASH AT THE END OF THE FINANCIAL YEAR	4,594,944	4,607,914	4,515,602	4,366,930

3.4 STATEMENT OF CAPITAL WORKS FOR THE FOUR YEARS ENDING 30 JUNE 2027

	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Collections	1,507,345	1,507,345	1,507,345	1,507,345
IT Infrastructure	350,000	200,000	200,000	200,000
Furniture, Fittings & Equipment	75,000	125,000	175,000	225,000
Vehicle Replacement	-	-	-	-
TOTAL CAPITAL EXPENDITURE	1,932,345	1,832,345	1,882,345	1,932,345
Represented By:				
New Asset Expenditure	-	-	-	-
Asset Renewal Expenditure	1,932,345	1,832,345	1,882,345	1,932,345
Asset upgrade expenditure	-	-	-	-
TOTAL CAPITAL EXPENDITURE	1,932,345	1,832,345	1,882,345	1,932,345
Funding Sources:				
Grants	56,981	56,981	56,981	56,981
GRLC	1,875,364	1,775,364	1,825,364	1,875,364
TOTAL FUNDING SOURCES	1,932,345	1,832,345	1,882,345	1,932,345

3.5 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDING 30 JUNE 2027

	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Staff Expenditure				
Salaries - Operating	13,062,267	13,425,237	13,882,451	14,297,999
Salaries - Capital	-	-	-	-
TOTAL STAFF EXPENDITURE	13,062,267	13,425,237	13,882,451	14,297,999
Staff EFT (Equivalent Full Time)	EFT	EFT	EFT	EFT
Library And Heritage Services	131.9	131.9	131.9	131.9
TOTAL EFT AT 30 JUNE	131.9	131.9	131.9	131.9

4 NOTES TO THE FINANCIAL STATEMENTS

This section presents detailed information on material components of the financial statements.

4.1 Comprehensive Income Statement

4.1.1 TOTAL OPERATING AND CAPITAL REVENUE

RECURRENT INCOME	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease
OPERATING					
Member Council Contributions	13,642,932	13,695,248	14,526,232	830,984	6.1%
State Government Grants - PLFP	2,339,713	2,380,658	2,445,447	64,789	2.7%
State Government Grants	39,576	-	-	-	0.0%
Fees & Charges	233,420	419,844	254,999	(164,845)	-39.3%
Interest & Sundry Income	96,578	311,650	260,200	(51,450)	-16.5%
Total - Operating	16,352,219	16,807,400	17,486,878	679,478	4.0%
CAPITAL					
State Government Grants	56,417	56,417	56,981	564	1.0%
City of Greater Geelong	10,000	10,000	10,000	-	0.0%
Total - Capital	66,417	66,417	66,981	564	0.8%
TOTAL OPERATING & CAPITAL REVENUE	16,418,636	16,873,817	17,553,859	680,042	4.0%

4.1.2 MEMBER COUNCIL CONTRIBUTIONS

According to the Library Agreement between the five Member Councils, the direct costs of each service point and mobile service are borne by the Member Councils in whose municipal district the service is delivered. Indirect costs – i.e. regional costs – are apportioned on a usage basis by calculating the total of loans and visits to each point of service and mobile libraries.

MEMBER COUNCIL CONTRIBUTION	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease
Golden Plains Shire	415,522	426,372	434,899	8,527	2.0%
City of Greater Geelong	11,261,139	11,458,055	12,244,000	785,945	6.9%
Borough of Queenscliffe	220,709	225,844	230,361	4,517	2.0%
Surf Coast Shire	732,767	748,722	763,696	14,974	2.0%
Colac Otway Shire	996,647	819,701	836,095	16,394	2.0%
Member Council Contributions - Annual Operating Allocations	13,626,784	13,678,694	14,509,052	830,358	6.1%
City of Greater Geelong – Western Heights Library recurrent	16,148	16,554	17,180	626	3.8%
City of Greater Geelong – Western Heights Library capital	10,000	10,000	10,000	-	0.0%
TOTAL MEMBER COUNCIL CONTRIBUTIONS	13,652,932	13,705,248	14,536,232	830,984	6.1%

4.1.3 STATE GOVERNMENT GRANTS

State Government grants are received from two funding programs:

- Public Libraries Funding Program – Grants to Member Councils are assumed to grow by 3.0%, based on the declared rate cap of 3.5%. The Department of Jobs, Precincts and Regions will confirm these grants in mid-2023
- Premier’s Reading Challenge Book Fund –The funding per municipality is expected to remain unchanged throughout the SRP.

STATE GOVERNMENT GRANT PER MEMBER COUNCIL	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease
Golden Plains Shire	207,007	210,630	216,362	5,732	2.7%
City of Greater Geelong	1,589,606	1,617,424	1,661,442	44,018	2.7%
Borough of Queenscliffe	79,408	80,798	82,997	2,199	2.7%
Surf Coast Shire	257,529	262,036	269,167	7,131	2.7%
Colac Otway Shire	206,163	209,770	215,479	5,709	2.7%
Total - Public Libraries Funding Program	2,339,713	2,380,658	2,445,447	64,789	2.7%
State Govt Grant - Heritage	39,576	-	-	-	0.0%
STATE GOVERNMENT GRANTS RECURRENT	2,379,289	2,380,658	2,445,447	64,789	2.7%
Capital Grant - Premiers Reading Challenge Book Fund	56,417	56,417	56,981	564	1.0%
TOTAL STATE GOVERNMENT GRANTS	2,435,706	2,437,075	2,502,428	65,353	2.7%

DISTRIBUTION OF PLFP FUNDING

The allocation of funding is based on a two-component formula:

- 87.5% is based on the size of the municipal population
- 12.5% is based on five Council factors:
 - Percentage of population with low English proficiency
 - Rate of population dispersion
 - Level of remoteness from metropolitan or regional centres
 - Level of socio-economic disadvantage
 - Percentage of population over 60 years of age.

4.1.4 BUDGETED COMPREHENSIVE INCOME STATEMENT

The Operating Budget is prepared in accordance with the relevant accounting standards and includes all income; excludes capital expenditure and includes depreciation.

COMPREHENSIVE INCOME STATEMENT	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease
RECURRENT INCOME					
Member Council Contributions	13,626,784	13,678,694	14,509,052	830,358	6.1%
COGG - Western Heights	16,148	16,554	17,180	626	3.8%
State Government Grants - PLFP	2,339,713	2,380,658	2,445,447	64,789	2.7%
State Government Grants - Other	39,576	-	-	-	0.0%
User Fees					
Venue Hire	99,953	257,448	150,000	(107,448)	-41.7%
Business Service Fees	101,354	73,656	74,999	1,343	1.8%
Photocopying Revenue	13,826	23,743	20,000	(3,743)	-15.8%
Other User Fees	2,094	34,997	32,700	(2,297)	-6.6%
Total User Fees	217,226	389,844	277,699	(112,145)	-28.8%
Other Income					
Fines	10,906	-	-	-	0.0%
Interest On Investments	15,305	12,600	131,250	118,650	941.7%
Other Income	69,354	329,050	106,250	(222,800)	-67.7%
Total Other Income	95,565	341,650	237,500	(104,150)	-30.5%
Gain on Sale Of Plant & Equipment	17,206	-	-	-	0.0%
Total Recurrent Income	16,352,219	16,807,400	17,486,878	679,478	4.0%
RECURRENT EXPENDITURE					
Employee Related					
Salaries	10,434,814	11,301,123	11,781,818	480,695	4.3%
Superannuation & Workcover	1,033,785	1,166,052	1,280,449	114,397	9.8%
Total Employee Expenses	11,468,600	12,467,175	13,062,267	595,092	4.8%
Materials & Services					
Contract Payments	794,459	852,842	439,439	(413,403)	-48.5%
Building Maintenance	35,690	37,932	35,022	(2,910)	-7.7%
General Maintenance	54,824	89,027	63,299	(25,728)	-28.9%
Utilities	229,068	306,217	250,000	(56,217)	-18.4%
Office Administration	916,793	1,179,130	818,355	(360,775)	-30.6%
Information Technology	443,451	782,432	821,996	39,564	5.1%
Insurance	36,526	41,648	38,780	(2,868)	-6.9%
Consultants	156,280	148,848	205,000	56,152	37.7%
Materials & Services Total	2,667,090	3,438,076	2,671,891	(766,185)	-22.3%
Finance costs - leases	8,428	2,850	2,850	-	0.0%
Other expenses	15,000	11,800	12,000	200	1.7%
Total Recurrent Expenditure	14,159,117	15,919,901	15,749,008	(170,893)	-1.1%
Recurrent Surplus / (Deficit) Before Depreciation	2,193,102	887,499	1,737,871	850,372	95.8%
Depreciation	1,870,237	1,974,373	1,903,855	(70,518)	-3.6%
Amortisation - right of use assets	75,285	100,288	100,288	-	0.0%
Book Value of Assets Written Off	414,195	299,462	299,462	-	0.0%
Recurrent Surplus / (Deficit) After Depreciation	(166,616)	(1,486,624)	(565,734)	920,890	61.9%
Non Recurrent Income					
Capital Grants And Income	66,417	66,417	66,981	564	0.8%
NET SURPLUS / (DEFICIT)	(100,199)	(1,420,207)	(498,753)	921,454	64.9%

4.1.5 EMPLOYEE EXPENSES

Employee costs comprise 82.3% of total cash expenditure for 2023-24. This is a small increase from 78.3% in the prior year Budget, but also reflects the additional wages and salaries for the new Drysdale and Armstrong Creek libraries offset by the changes we have had to make to the CoGG libraries based on their reduced required contribution.

Employee costs include all labour related expenditure such as salary and wages, and on-costs such as allowances, leave entitlements, employer superannuation, WorkCover insurance and Fringe Benefits Tax. Long service and annual leave are statutory requirements and provisions for the payments of these items are included in the Budget. Salaries and wages are reflective of salary banding increments. Employer superannuation includes the increase in the statutory Superannuation Guarantee Charge from 10.5% to 11.0% from 1 July 2023.

The salaries of employees working in libraries and mobile libraries are allocated directly to the respective Member Council as per the Library Agreement. The cost of regional support staff is apportioned on the basis of usage by calculating the total of loans and visits to each point of service.

Employee expenses are expected to increase by 4.8% in 2023-24. Refer to 'Salaries' in Section 2.5 'Budget and Strategic Resource Plan Assumptions' for further discussion.

A summary of employee expenditure and the number of equivalent full time (EFT) staff relating to the provision of library services is included below:

	BUDGET	COMPRISES:		BUDGET	COMPRISES:	
	2023-24 \$	PERMANENT FULL TIME \$	PERMANENT PART TIME \$	2022-23 EFT	PERMANENT FULL TIME EFT	PERMANENT PART TIME EFT
Total Permanent Staff	12,139,618	6,310,737	5,828,881	121.4	56.5	64.9
Casuals and Other Staff	922,651			10.5		
TOTAL ¹	13,062,269			131.9		

¹ Includes Superannuation, WorkCover Insurance and Fringe Benefits Tax

4.1.6 OTHER EXPENDITURE

Contract Payments

This expenditure category relates to external businesses and contractors engaged for a range of services including shelf-ready processing of collection items, couriers, Regional Library Support Centre Level 4 GLHC office lease and security services. Increases only where contractually required.

Maintenance and General Maintenance

This expenditure includes minor plant, furniture and equipment, and the running costs of GRLC vehicles and mobile libraries.

Utilities

Utilities largely reflect library communications costs as indicated by Telstra for 2023-24 and contract with AARNET for internet communications at the Geelong Library and Heritage Centre.

Office Administration

This category of expenditure includes eCollection subscriptions, health and safety items, printing, office stationery, photocopier/printer costs, minor IT upgrades, staff training and development, bank fees, corporate advertising and marketing, recruitment advertising, events and programming costs.

Information Technology

IT comprises computer support, and minor hardware and software.

Insurance

GRLC incurs a direct expense for Directors and Officers Liability insurance, Commercial Crime insurance and Industrial Special Risks insurance. Other insurance coverages are included in policies held and paid by City of Greater Geelong: Public and Products Liability, Professional Indemnity, coverage of lending materials and heritage items.

Consultants

This category also includes legal expenses.

4.1.7 DEPRECIATION

Depreciation is the decrease in value of the current library collection and equipment due to usage. GRLC's capital expenditure seeks to replenish the collection as obsolete items are withdrawn, in order to maintain a high quality collection which meets the needs of the communities we serve.

The depreciation expense has increased significantly over the last ten years due to the expansion of the library network, and subsequent increase in the size of the library collection and equipment.

For 2023-24, the depreciation expense is budgeted to be slightly higher than the actual expense for the 2021-22 financial year.

4.2 Balance Sheet

The following table represents a summary of the Library's assets, liabilities and equity:

BUDGETED BALANCE SHEET	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$
Assets and Liabilities			
Total Assets	13,609,612	12,917,239	13,615,891
Total Liabilities	3,292,612	2,941,765	3,292,612
NET ASSETS	10,317,000	9,975,474	10,323,279
EQUITY	12,242,237	8,050,237	10,323,279

The Library's major assets comprise its bank balance, the collection, vehicles, furniture and office equipment. GRLC does not own any land or buildings. The major liability is employee provisions. Equity consists of Member Council contributions and the accumulated accounting surplus.

4.2.1 BORROWINGS

GRLC had no borrowings during the financial year 2022-23 and will not be taking out any borrowings for the 2023-24 financial year.

4.2.2 PROPERTY, PLANT AND EQUIPMENT

The value of GRLC assets is expected to decline until we begin a furniture, fittings and equipment replenishment strategy in 2024-2025.

The investment gap ratios in section 5 'Financial Indicators' provide further detail.

4.3 Cash

The following table represents a summary of the Standard Cash Flow Statement and indicates the cash results from the operating, investing and financing activities for the 2023-24 financial year.

CASH FLOWS	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$
Operating Activities	2,585,639	2,960,657	2,072,508
Investing Activities	(1,984,197)	(1,691,095)	(2,125,580)
Financing Activities	(80,000)	(81,504)	(74,422)
Net Increase/(Decrease) in Cash Held	521,442	1,188,058	(127,494)
Cash at Beginning of Financial Year	2,512,936	2,020,233	4,722,438
CASH AT END OF FINANCIAL YEAR	3,034,378	3,208,291	4,594,944

CASH AT END OF THE YEAR

Overall, total cash is forecast to be \$4.7m as at 30 June 2023 which is sufficient to cover the budgeted current employee entitlements expected to be settled within 12 months.

Cash reserves are not impacted by the depreciation expense and subsequent budgeted deficit. Please refer to the Statement of Cash Flows in section 3.

4.4 Capital Expenditure

Capital expenditure over the 4 year period (2023-24 to 2026-27) will total \$7.579m.

The following table outlines the capital expenditure budget for 2023-24 and associated sources of funding.

CAPITAL EXPENDITURE	ACTUAL 2021-22 \$	BUDGET 2022-23 \$	BUDGET 2023-24 \$	2022-23 to 2023-24 \$ Increase/ (Decrease)	2022-23 to 2023-24 % Increase/ -Decrease
Collections	1,057,087	1,207,345	1,507,345	300,000	24.8%
IT Infrastructure	433,360	408,750	350,000	(58,750)	-14.4%
Branch Furniture, Fittings & Equipment	20,547	40,000	75,000	35,000	87.5%
Vehicle Replacement	-	35,000	-	(35,000)	-100.0%
TOTAL CAPITAL EXPENDITURE	1,510,994	1,691,095	1,932,345	241,250	14.3%

CAPITAL EXPENDITURE	BUDGET	FUNDING SOURCES	
	2023-24 \$	GRANTS \$	GRLC \$
Collections	1,507,345	56,981	1,450,364
IT Infrastructure	350,000	-	350,000
Branch Furniture, Fittings & Equipment	75,000	-	75,000
Vehicle Replacement	-	-	-
TOTAL CAPITAL EXPENDITURE	1,932,345	56,981	1,875,364

4.5 Financial Resources

The following table summarises the key financial results for the Budget years 2022-23 and proposed 2023-24, plus the next 3 years as set out in the Strategic Resource Plan for 2024-25 to 2026-27.

KEY FINANCIAL RESULTS	BUDGET 2022-23 \$	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
Operating Result - Surplus/(Deficit)	(1,420,207)	(498,753)	(433,290)	(468,572)	(459,931)
Cash And Investments	3,208,291	4,594,944	4,607,914	4,515,602	4,366,930
Net Increase/(Decrease) In Cash	1,188,058	(127,494)	12,970	(92,313)	(148,671)
Capital Expenditure	1,691,095	1,932,345	1,832,345	1,882,345	1,932,345

The key outcomes of the Plan are as follows:

- Financial sustainability

While the operating result is a deficit from 2023-24 onwards, it is noted that this is mainly due to the cost of depreciation. Given the current rate capping environment, Member Council contributions are not sufficient to cover the depreciation expense and achieve a net surplus/deficit of zero. The increase in the size of the library network and collection requires a subsequent increase in capital expenditure to maintain the collection. The capital expenditure budget will be closely monitored in future years in order to ensure that cash reserves remain at an acceptable level;

- Cash and investments

The cash balance is expected to decline across most of the SRP. Over the last 4 years, GRLC has had an average cash balance of \$4.5m. Current surplus funds are invested in Term Deposits, which achieve an interest rate higher than the standard rate on the daily transaction account; and,

- Contributions strategy

Council contributions will be based on the Library Agreement formula which applies the direct costs of service points to the relevant Member Council and regional costs apportioned on a usage basis by calculating the total number of visits and loans per service point and mobile service.

5 FINANCIAL INDICATORS

The following table outlines a summary of budgeted financial ratios for the years 2023-24 to 2025-27. These ratios are used as a guide to assess trends in GRLC's financial health. They show that the Library must carefully manage its resources with particular emphasis on cash flow and relies heavily on the continued support of Member Councils to meet the commitments incorporated in this Strategic Resource Plan.

FINANCIAL RATIOS	BUDGET 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$	PLAN 2026-27 \$
UNDERLYING RESULT %	-3%	-2%	-3%	-2%
Recurrent Surplus-Deficit / Total Recurrent Income				
Measures surplus/-deficit as a % of revenue.				
WORKING CAPITAL OR LIQUIDITY	1.67	1.68	1.65	1.59
Current Assets / Current Liabilities				
Assesses GRLC's ability to meet current commitments.				
ADJUSTED WORKING CAPITAL OR ADJUSTED LIQUIDITY	3.04	3.19	3.13	3.03
Current Assets / Adjusted Current Liabilities				
Where current liabilities are adjusted to reflect only the expected payments of LSL in the following year rather than the full value of the current entitlement.				
INVESTMENT GAP RATIO	1.01	0.96	0.99	1.01
Capital Expenditure / Depreciation				
Measuring GRLC's rate of replacement of assets.				
INVESTMENT GAP RATIOS				
TOTAL - Capital Expenditure / Depreciation	1.01	0.96	0.99	1.01
Capital Expenditure / Depreciation				
COLLECTIONS	0.99	0.99	0.99	0.99
Collection Capital Expenditure / Collection Depreciation				
IT, FURNITURE, FITTINGS & EQUIPMENT	0.66	0.51	0.58	0.66
IT, FF&E Expenditure / IT, FF&E Depreciation				
Measuring GRLC's rate of replacement of assets.				

At 30 June 2024, GRLC will have \$1.67 cents of current assets for every \$1.00 of current liabilities. This increases to \$3.04 cents when adjusted for expected long service leave payments.

The investment gap ratio highlights that GRLC is investing 99 cents on collection items to replace every \$1.00 of items written down or withdrawn. For IT, furniture and other equipment, the investment in 2023-2024 is 66 cents for every \$1.00 of value written down or written off.

6 FEES AND CHARGES SCHEDULE

User fees and charges are comprehensively reviewed and benchmarked with public libraries and other local businesses offering similar services. Overdue fees were removed during the 2021-22 financial year. No further changes are proposed for 2023-24, as GRLC recognises the need to support our community in recovering from the economic hardship of the pandemic.

PROPOSED 2023-24	
INTER LIBRARY LOANS (ILL)	
From non-GRLC public libraries	\$2.50
Where an ILL cost is charged by a non-GRLC lending library - will be charged to the library member plus postage	\$33.50 plus postage
Loans from interstate libraries	\$2.50
Book Club Kit Loans	\$10.00 per kit
CHARGES FOR DAMAGED MATERIALS*	
Rejacketing	\$6.50
CD & DVD case or slick replacement	\$6.50
RFID tags and barcode replacement	\$6.50
CHARGES FOR LOST/TOTALLY DAMAGED ITEMS*	Item cost plus \$6.50 admin fee
REPLACEMENT MEMBERSHIP CARDS	\$3.30
PHOTOCOPYING & PC PRINTING	
A4 page (B&W)	\$0.30
A3 page (B&W)	\$0.60
A4 page (Colour)	\$1.00
A3 page (Colour)	\$2.00
FACSIMILE	
Australia - first page	\$2.00
Overseas - first page	\$5.00
Subsequent pages	\$1.00
EARPHONES	\$1.00
USB STICK	\$10.00
WITHDRAWN COLLECTION ITEMS FOR SALE	
Adult fiction and non-fiction	\$2.00
Children's materials and magazines	\$1.00
PROFESSIONAL HERITAGE RESEARCH	
Professional Research by Heritage Centre staff	\$50.00 per hour
High resolution digital or hard copy prints images from heritage collection	\$20 per image

MEETING ROOMS:

BANNOCKBURN, BELMONT, COLAC, CORIO, NEWCOMB & WAURN PONDS

SEMINAR ROOM, LECTURE THEATRE:

COLAC

Commercial/Professional user – per hour	\$55.00
Commercial/Professional user – per day	\$310.00
Not for Profit – per hour	\$40.00
Not for Profit – per day	\$235.00
Community user – per hour	\$10.00
Community user– per day	\$60.00
Audio visual equipment – commercial/professional user	Included in room hire rates
Audio visual equipment – community user	Included in room hire rates

Items marked (*) are GST free
All other fees and charges are inclusive of GST

Geelong Library and Heritage Centre

The following schedule lists venue hire fees and charges for the Geelong Library and Heritage Centre spaces including commercial and discounted community hire rates.

GEELONG LIBRARY & HERITAGE CENTRE SCHEDULE OF FEES 2023-24

VENUE	HOURLY RATE MON-FRI	HALF DAY RATE MON-FRI (UP TO 5 HRS)	FULL DAY RATE MON-FRI (UP TO 9 HRS)	WEDDINGS
Level 5 - High Ground <i>Wurdi Youang Combined Space</i> (3 hrs+)	\$190.00	\$705.00	\$1,405.00	\$1,855.00
Level 5 - High Ground <i>Wurdi Youang North</i> (min 3 hrs M-F)	\$125.00	\$515.00	\$890.00	\$1,445.00
Level 5 - High Ground <i>Wurdi Youang South</i> (min 3 hrs M-F)	\$105.00	\$435.00	\$825.00	n/a
Level 4 - Board Room (special requests only)	\$75.00	\$290.00	\$425.00	
Level 2 - Meeting Room	\$45.00	\$165.00	\$310.00	
Level 2 - Discussion Rooms (1,2,3,4)	\$35.00	\$125.00	\$250.00	
Level 1 - Activities Room (limited availability)	\$75.00	\$325.00	\$520.00	
DISCOUNTS				
Commercial/Business	0%			
Government/Not for Profit	25%			
Community	50%			
BONDS (IF APPLICABLE)				
Bond - Functions	\$500.00			
Bond - Classes/Meetings	\$100.00			
Bond - Key/Swiper	\$75.00			

Other fees will be charged at an hourly rate for cleaning, set up, technical support and Duty Manager on a cost recovery basis.

Cancellation fees will be applied where appropriate.

Usage agreements outside these fees may be made with Member Councils, Cultural Precinct and other such as the Geelong Gallery.



Geelong Library & Heritage Centre
51 Little Malop Street
T 4201 0600

Apollo Bay
6 Pengilley Avenue
T 5237 1013x

Bannockburn
25-27 High Street
T 5281 2367

Barwon Heads
Barwon Heads Primary School,
Golf Links Road
T 5254 2143

Belmont
163 High Street
T 5243 2655

Chilwell
51 Russell Street, Newtown
T 5221 5129

Colac
173 Queen Street, Colac
T 5231 4613

Corio
Cox Road (cnr Moa Street) Norlane
T 5275 2388

Drysdale
2-8 Wyndham Street
T 5251 3855

Geelong West
153A Pakington Street
T 5229 1939

Highton
Roslyn Road (cnr Belle Vue Avenue)
T 5243 4864

Lara
5 Walkers Road
T 5282 4182

Leopold
Leopold Community Hub
31-39 Kensington Road
T 4201 0675

Newcomb
cnr Bellarine Highway & Wilsons Road
T 5248 1802

Ocean Grove
Presidents Avenue (cnr The Avenue)
T 5255 4218

Queenscliff
55 Hesse Street
T 5258 2017

Torquay
Surf City Plaza, Beach Road
T 5261 3049

Waurnd Ponds
140 Pioneer Road
T 5244 0048

Western Heights
Western Heights College,
Vines Road, Hamlyn Heights
T 5277 1177

Mobile Library Stops

Aireys Inlet

Anakie

Anglesea

Cape Clear

Deans Marsh

Dereel

Enfield

Grenville

Haddon

Linton

Lorne

Meredith

Portarlington

Rokewood

Smythesdale

St Leonards

Winchelsea

**GEELONG
REGIONAL
LIBRARIES**



Geelong Library & Heritage Centre
51 Little Malop Street
Geelong Victoria 3220
T 4201 0600

www.grlc.vic.gov.au

