



BUDGET 2021-2022

STRATEGIC RESOURCE PLAN 2021-2025

Approved for advertising and public comment
Thursday 22 April 2021

GEELONG
REGIONAL
LIBRARIES





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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*, as amended by the *Local Government Act 2020* s330. The Corporation provides library services to all residents of the Borough of Queenscliffe, City of Greater Geelong, Golden Plains Shire, Surf Coast Shire and, from 1 July 2021, Colac Otway Shire. The expanded 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, Waurn 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 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease	% of 2021-22 Income	Comments
Member Council Contributions	14,830,153	12,407,670	13,475,185	1,067,515	8.6%	81.4%	Increase is 1.9% excluding Colac Otway Shire.
State Government Grants - Public Libraries Funding Program	2,011,124	2,061,402	2,296,932	235,530	11.4%	13.9%	Public Libraries Funding Program based on 1.5% increase on actual 2020-21 funding. The increase includes an additional \$204.6k for Colac Otway Shire.
State Government Grants	55,360	-	-	-	0.0%	0.0%	Expenditure of Funding from the 'Victoria Remembers Them' Major Grant Program.
Fees & Charges	420,539	444,848	355,337	(89,511)	-20.1%	2.0%	Major Budget decrease from on-going impact of COVID-19.
Interest & Sundry Income	198,058	409,100	432,000	22,900	5.6%	2.7%	
TOTAL RECURRENT INCOME	17,515,233	15,323,020	16,559,454	1,236,434	8.1%	100.00%	Excluding Colac Otway Shire, the increase is 1.3%



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

- Member Council contributions: 81.4% (2020-21: 81.0%)
- State Government Grants – Public Libraries Funding Program: 13.9% (2020-21: 13.5%)
- Fees & Charges: 2.0% (2020-21: 2.8%)
- Interest & Sundry Income: 2.7% (2020-21: 2.7%)

The Library Service is mindful of the cost pressures on Member Councils, in light of the rate cap this coming financial year of 1.5% and the on-going impact of COVID-19 on normal business activities, and is 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. Although the COVID -19 pandemic necessitated the closure of libraries for a significant time in 2020 and affected ‘in person’ participation, the library service continued to attract high levels of engagement. In particular, digital services experienced a huge increase in engagement levels. GRLC’s 2019-20 Annual Report demonstrated the following:

- 40.5% or 129,000 people are library members from a total population of 319,000 across the four Member Councils at 30 June 2020 (Colac Otway membership will be reflected in 2021-22 statistical reporting);
- There were 1.4 million visits to 17 library branches and 2 mobile libraries and 806,000 website visits;
- 2.1 million loans of collection items;
- 536,000 accesses of online databases, digital collections and streaming platforms;
- 312,000 eBook and eMagazine loans;
- Programs and events attracted 113,000 participants across children’s, youth and adult programs; and
- An extensive reach into the community with 225 networks and partnerships.

129,000
library
members

1.4m
visits to
libraries

113,000
events &
programs
attendees

225
community
partners

2 LINK TO THE LIBRARY PLAN

2.1 Library Plan 2021-2025

At the time of preparing this Budget, the Library Plan 2021-2025 is under development and will be adopted on 31 October 2021.

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 Act 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:

1	Preliminary Budget presentation at Board planning day and further meeting	16 December 2020 and 18 February 2021
2	Proposed Budget submitted to the Board for approval	22 April 2021
3	Public notice advising intention to adopt Budget	23 April 2021
4	Budget available for public inspection and comment for at least 28 days	23 April 2021 – 21 May 2021
5	Meeting to consider public submissions	27 May 2021
6	Budget and submissions presented to the Board for adoption (subject to final adopted Budgets of Member Councils)	17 June 2021
7	Copy of Adopted Budget submitted to the Minister for Local Government within 28 days of adoption	14 July 2021

LEGISLATIVE REQUIREMENTS

Under the *Local Government Act 2020*, 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 (Planning and Reporting) Regulations 2020* which support the Act. The 2021-22 Budget, which is included in this report, is for the year 1 July 2021 to 30 June 2022 and is prepared in accordance with the Act and Regulations.

This Budget incorporates the Strategic Resource Plan (SRP) for the 3 years to 2024-25. 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; and,
- 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 significant, on-going and uncertain impact of COVID-19 on library services. At the time of budgeting, the library network is open and has strict social distancing measures. A significant decline in branch income is anticipated.
- The Victorian State Government rate cap of 1.5% for the 2021-22 financial year (2.0% in 2020-21) is impacting significantly on the level of Member Council contributions possible; and
- Funding from the State Government public library recurrent grant has increased less than 3% per year over the last five financial years. This funding has not kept pace with GRLC's expanding network and the 26.7% increase in employee costs over that time.

2.4 Budget Principles

The 2021-22 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 following principles are incorporated in the 2021-22 Budget:

SERVICE LEVELS

- Library services – 862 hours per week, Geelong Library & Heritage Centre, 18 branches, 3 mobile services, Home Library Service, inter-library loans service, events and lifelong learning programs; and,
- Heritage services – 38 hours per week.

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;
- Maintain a capital expenditure program on the library collection and technology;
- Consultation with the Board to ensure that income budgets are realistic and continue the achievement of the Library Plan; and,
- Regional costs across the network which are provided from GRLC's administration unit 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 2021-22 reflect an overall increase of 1.9%;
- State Government Grants - Public Libraries Funding Program grants to Member Councils are estimated to grow by 1.5% overall. The Department of Jobs, Precincts and Regions will confirm these grants in mid-2021;
- Interest income is estimated at \$12,600. This is a significant decrease compared to prior Budgets and is due to the continuing reduction in interest rates;
- An income stream in the form of donations is anticipated at \$30,000;
- User Fees & Charges – Venue Hire income target of \$132,000, increasing by \$10,000 per year;
- Sundry Income – An increase in grants and other fundraising activities is expected; and
- The 2019-20 confirmed level of capital grants for collections of \$59,377 is assumed to continue in each year of this SRP, with a further \$7,000 for Colac Otway Shire. If these grants do not continue, the capital expenditure on collections will be adjusted accordingly.

SALARIES

At the time of preparation of the Draft Budget the Enterprise Agreement (EA) has not been negotiated and the quantum of any increases are unknown. An assumed annual EA increase is included in the salary budget.

Also included in salaries are banding increments, superannuation at an increased rate of 10%, Fringe Benefits Tax and WorkCover Insurance premium at the current rate of 0.41%.

The overall result is an increase in salary costs for the existing network of 2.9% when compared to the 2020-21 Budget.

OTHER EXPENDITURE

- Specific expenditure line items relating to existing contracts such as courier services and communications agreements are based on known costs.
- Depreciation costs are estimated to remain steady, as discussed in sections 4.1.7 'Depreciation' and 4.5 'Financial Resources'.

BALANCE SHEET

The 2021-22 budgeted balance sheet is based on the most recently completed financial year (2019-20). This will enable the budgeted balance sheet to more closely reflect the expected actual balance sheet as at 30 June 2022.

The calculation is as follows:

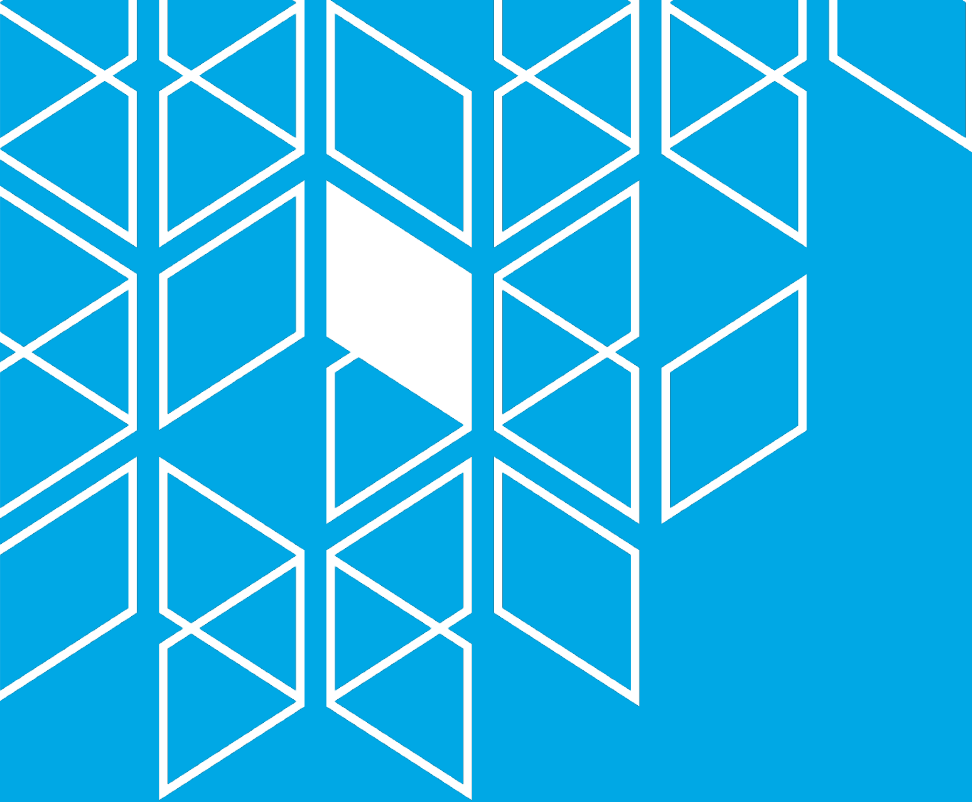
Actual 2019-20 Balance Sheet

- + Budgeted 2020-21 Income Statement & Capital Expenditure
- + Budgeted 2021-22 Income Statement & Capital Expenditure
- = **Budgeted 2021-22 Balance Sheet**

The result is a decreasing net asset value over the four years of the SRP. This is due to the depreciation expense (\$2.5m-\$2.6m p.a.) exceeding capital expenditure (\$1.7m-\$2.2m p.a.).

CAPITAL EXPENDITURE

- The Library Board has approved an additional IT expenditure of \$500,000 to upgrade the Library Management System;
- New asset expenditure of \$105,000 for collections and IT for the Colac Otway Shire branches;
- All other capital expenditure will be maintained at similar levels as 2021-22 across the four years of the SRP;
- The Library Plan includes the development of a collection investment plan and a digital services strategy that will provide recommendations for future levels of investment commitment; and,
- Estimates of the replacement cost of one vehicle per year.



3 FINANCIAL STATEMENTS

This section presents information in regards to the Financial Statements and Statement of Human Resources. The Budget information for the year 2021-22 incorporates the Strategic Resource Plan for the three years ending 30 June 2025.

This section includes the following financial statements prepared in accordance with the *Local Government Act 2020* 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 2025

	NOTES	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Income					
Member Council Contributions	4.1.2	13,485,185	13,687,462	13,961,212	14,240,436
State Govt Grants	4.1.3	2,296,932	2,331,386	2,378,014	2,425,574
User Fees	4.1.1	271,873	281,873	291,873	301,873
Other Income	4.1.1	515,464	525,464	535,464	545,464
Grants - Capital	4.1.3	56,409	56,409	56,409	56,409
Total Income	4.1.1	16,625,863	16,882,595	17,222,972	17,569,756
Expenditure					
Employee costs	4.1.5	12,027,119	12,361,161	12,677,458	12,737,631
Materials & Services	4.1.6	2,885,702	2,914,559	2,943,705	2,973,142
Depreciation	4.1.7	2,547,421	2,547,421	2,547,421	2,547,421
Amortisation - ROU assets		97,725	97,725	97,725	97,725
Finance costs - leases	4.1.6	2,850	2,850	2,850	2,850
Other expenses	4.1.6	11,800	11,800	11,900	11,900
Total Expenditure		17,572,617	17,935,516	18,281,058	18,370,668
NET SURPLUS / (DEFICIT)		(946,754)	(1,052,921)	(1,058,087)	(800,912)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDING 30 JUNE 2025

	NOTES	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Current Assets					
Cash and Investments	4.3	1,084,182	985,311	881,275	1,034,413
Receivables		304,496	304,496	304,496	304,496
Prepayments		115,257	115,257	115,257	115,257
Total Current Assets		1,503,935	1,405,064	1,301,028	1,454,166
Non-Current Assets					
Property, Plant & Equipment	4.2.2	9,280,919	8,326,869	7,372,818	6,418,767
Right-of-use assets		65,687	65,687	65,687	65,687
Total Non-Current Assets		9,346,606	8,392,556	7,438,505	6,484,454
TOTAL ASSETS		10,850,541	9,797,620	8,739,533	7,938,621
Current Liabilities					
Payables		344,773	344,773	344,773	344,773
Provisions		1,672,525	1,672,525	1,672,525	1,672,525
Lease liabilities		80,314	80,314	80,314	80,314
Total Current Liabilities		2,097,612	2,097,612	2,097,612	2,097,612
Non-Current Liabilities					
Provisions		137,108	137,108	137,108	137,108
Total Non-Current Liabilities		137,108	137,108	137,108	137,108
TOTAL LIABILITIES		2,234,720	2,234,720	2,234,720	2,234,720
NET ASSETS	4.2	8,615,821	7,562,900	6,504,813	5,703,901
Equity					
Members Contribution		3,886,011	3,886,011	3,886,011	3,886,011
Accumulated Surplus		4,729,810	3,676,889	2,618,802	1,817,890
TOTAL EQUITY	4.2	8,615,821	7,562,900	6,504,813	5,703,901

3.3 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDING 30 JUNE 2025

	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Cash Flows from Operating Activities				
Receipts				
Member Council Contributions	13,475,185	13,677,462	13,951,212	14,230,436
Grants - operating	2,296,932	2,331,386	2,378,014	2,425,574
User Fees	271,873	281,873	291,873	301,873
Interest received	12,600	12,600	12,600	12,600
Other Income	502,864	512,864	522,864	532,864
	16,559,454	16,816,186	17,156,563	17,503,347
Payments				
Employee costs	(12,027,119)	(12,361,161)	(12,677,458)	(12,737,631)
Materials & Services	(2,834,642)	(2,863,499)	(2,892,645)	(2,922,082)
Other payments	(11,800)	(11,800)	(11,900)	(11,900)
	(14,873,561)	(15,236,460)	(15,582,003)	(15,671,613)
Net Cash Inflow from Operating Activities	1,685,893	1,579,725	1,574,560	1,831,734
Cash Flows from Investing Activities				
Capital Income	10,000	10,000	10,000	10,000
Grants - Capital	56,409	56,409	56,409	56,409
Capital Expenditure	(2,191,095)	(1,691,095)	(1,691,095)	(1,691,095)
Net Cash Outflow from Investing Activities	(2,124,686)	(1,624,686)	(1,624,686)	(1,624,686)
Cash Flows from Financing Activities				
Interest paid - lease liability	(2,850)	(2,850)	(2,850)	(2,850)
Repayment of lease liabilities	(51,060)	(51,060)	(51,060)	(51,060)
Net Cash used in Financing Activities	(53,910)	(53,910)	(53,910)	(53,910)
Net Increase / (Decrease) in Cash Held	(492,703)	(98,871)	(104,036)	153,138
Cash at the Beginning of the Financial Year	1,576,885	1,084,182	985,311	881,275
CASH AT THE END OF THE FINANCIAL YEAR	1,084,182	985,311	881,275	1,034,413

3.4 STATEMENT OF CAPITAL WORKS FOR THE FOUR YEARS ENDING 30 JUNE 2025

	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Collections	1,207,345	1,207,345	1,207,345	1,207,345
IT Infrastructure	908,750	408,750	408,750	408,750
Furniture, Fittings & Equipment	40,000	40,000	40,000	40,000
Vehicle Replacement	35,000	35,000	35,000	35,000
TOTAL CAPITAL EXPENDITURE	2,191,095	1,691,095	1,691,095	1,691,095
Represented By:				
New Asset Expenditure	105,000	-	-	-
Asset Renewal Expenditure	1,586,095	1,691,095	1,691,095	1,691,095
Asset upgrade expenditure	500,000	-	-	-
TOTAL CAPITAL EXPENDITURE	2,191,095	1,691,095	1,691,095	1,691,095
Funding Sources:				
Grants	56,409	56,409	56,409	56,409
GRLC	2,134,686	1,634,686	1,634,686	1,634,686
TOTAL FUNDING SOURCES	2,191,095	1,691,095	1,691,095	1,691,095

3.5 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDING 30 JUNE 2025

	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Staff Expenditure				
Salaries - Operating	12,027,119	12,361,161	12,677,458	12,737,631
Salaries - Capital	-	-	-	-
TOTAL STAFF EXPENDITURE	12,027,119	12,361,161	12,677,458	12,737,631
Staff EFT (Equivalent Full Time)	EFT	EFT	EFT	EFT
Library And Heritage Services	127.9	127.6	127.6	127.6
TOTAL EFT AT 30 JUNE	127.9	127.6	127.6	127.6

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 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease
OPERATING					
Member Council Contributions	14,830,153	12,407,670	13,475,185	1,067,515	8.6%
State Government Grants - PLFP	2,011,124	2,061,402	2,296,932	235,530	11.4%
State Government Grants	55,360	-	-	-	0.0%
Fees & Charges	420,539	444,848	355,337	(89,511)	-20.1%
Interest & Sundry Income	198,058	409,100	432,000	22,900	5.6%
Total - Operating	17,515,233	15,323,020	16,559,454	1,236,434	8.1%
CAPITAL					
State Government Grants	49,377	49,377	56,409	7,032	14.2%
City of Greater Geelong	20,000	10,000	10,000	-	0.0%
Total - Capital	69,377	59,377	66,409	7,032	11.8%
TOTAL OPERATING & CAPITAL REVENUE	17,584,610	15,382,397	16,625,863	1,243,466	8.1%

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 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease
Golden Plains Shire	395,005	406,390	411,523	5,133	1.3%
City of Greater Geelong	13,512,514	11,045,563	11,260,733	215,170	1.9%
Borough of Queenscliff	212,647	218,089	220,709	2,620	1.2%
Surf Coast Shire	693,839	721,319	732,767	11,448	1.6%
Colac Otway Shire	-	-	832,899	832,899	0.0%
Member Council Contributions - Annual Operating Allocations	14,814,005	12,391,361	13,458,631	1,067,270	8.6%
City of Greater Geelong – Western Heights Library recurrent	16,148	16,309	16,554	245	1.5%
City of Greater Geelong – Western Heights Library capital	20,000	10,000	10,000	-	0.0%
TOTAL MEMBER COUNCIL CONTRIBUTIONS	14,850,153	12,417,670	13,485,185	1,067,515	8.6%

4.1.3 STATE GOVERNMENT GRANTS

State Government grants are received from two funding programs:

- Public Libraries Funding Program – Grants to Member Councils are forecast to grow by 1.5%, based on the declared rate cap. The Department of Jobs, Precincts and Regions will confirm these grants in June 2021; and,
- Premier’s Reading Challenge Book Fund – This funding will increase with Colac Otway Shire joining the GRLC network. The funding per municipality is expected to remain unchanged throughout the SRP.

STATE GOVERNMENT GRANT PER MEMBER COUNCIL	ACTUAL 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease
Golden Plains Shire	195,129	200,007	203,007	3,000	1.5%
City of Greater Geelong	1,498,391	1,535,851	1,558,889	23,038	1.5%
Borough of Queenscliffe	74,852	76,723	77,874	1,151	1.5%
Surf Coast Shire	242,752	248,821	252,553	3,732	1.5%
Colac Otway Shire	-	-	204,609	204,609	0.0%
Total - Public Libraries Funding Program	2,011,124	2,061,402	2,296,932	235,530	11.4%
State Govt Grant - Heritage	55,360	-	-	-	0.0%
STATE GOVERNMENT GRANTS RECURRENT	2,066,484	2,061,402	2,296,932	235,530	11.4%
Capital Grant - Premiers Reading Challenge Book Fund	49,377	49,377	56,409	7,032	14.2%
TOTAL STATE GOVERNMENT GRANTS	2,115,861	2,110,779	2,353,341	242,562	11.5%

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 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease
RECURRENT INCOME					
Member Council Contributions	14,814,005	12,391,361	13,458,631	1,067,270	8.6%
COGG - Western Heights	16,148	16,309	16,554	245	1.5%
State Government Grants - PLFP	2,011,124	2,061,402	2,296,932	235,530	11.4%
State Government Grants - Other	55,360	-	-	-	0.0%
Venue Hire	167,940	181,678	155,724	(25,954)	-14.3%
Business Service Fees	107,279	106,317	71,193	(35,124)	-33.0%
Photocopying Revenue	18,914	25,101	19,955	(5,146)	-20.5%
Other User Fees	10,362	25,000	25,000	0	0.0%
Total User Fees	304,496	338,096	271,873	(66,223)	-19.6%
Fines	68,354	76,752	53,464	(23,288)	-30.3%
Interest On Investments	41,669	22,500	12,600	(9,900)	-44.0%
Other Income	204,078	416,600	449,400	32,800	7.9%
Total Other Income	314,100	515,852	515,464	(388)	-0.1%
Gain on Sale Of Plant & Equipment	8,143	-	-	-	0.0%
Total Recurrent Income	17,523,376	15,323,020	16,559,454	1,236,434	8.1%
RECURRENT EXPENDITURE					
Salaries	9,739,728	10,154,770	10,980,246	825,476	8.1%
Superannuation & Workcover	907,935	925,734	1,046,873	121,139	13.1%
Total Employee Expenses	10,647,663	11,080,504	12,027,119	946,615	8.5%
Contract Payments	651,818	736,607	771,419	34,812	4.7%
Building Maintenance	49,104	35,539	37,556	2,017	5.7%
General Maintenance	63,487	75,916	88,392	12,476	16.4%
Utilities	402,600	313,959	299,439	(14,520)	-4.6%
Office Administration	1,038,981	1,009,431	984,568	(24,863)	-2.5%
Information Technology	379,020	480,294	574,693	94,399	19.7%
Insurance	13,480	12,000	21,866	9,866	82.2%
Consultants	116,024	88,000	107,770	19,770	22.5%
Materials & Services Total	2,714,513	2,751,746	2,885,702	133,956	4.9%
Finance costs - leases	2,274	-	2,850	2,850	100.0%
Other expenses	7,633	91,000	11,800	(79,200)	-87.0%
Total Recurrent Expenditure	13,372,082	13,923,250	14,927,471	1,004,221	7.2%
Recurrent Surplus / (Deficit) Before Depreciation	4,151,293	1,399,770	1,631,983	232,213	16.6%
Depreciation	1,962,697	2,563,000	2,547,421	(15,579)	-0.6%
Amortisation - right of use assets	65,687	-	97,725	97,725	100.0%
Book Value of Assets Written Off	278,936	-	-	-	0.0%
Recurrent Surplus / (Deficit) After Depreciation	1,843,973	(1,163,230)	(1,013,163)	150,067	12.9%
Non Recurrent Income					
Capital Grants And Income	69,377	59,377	66,409	7,032	11.8%
NET SURPLUS / (DEFICIT)	1,913,350	(1,103,853)	(946,754)	157,099	14.2%

4.1.5 EMPLOYEE EXPENSES

Employee costs comprise 70% of total cash expenditure (operating and capital) for 2021-22. This is a small decrease from 71% in prior year Budget.

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 9.5% to 10% from 1 July 2021.

The salaries of employees working in branches 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.

For the existing network, employee expenses are expected to increase 2.9% in 2021-22, this increases to 8.7% with Colac Otway Shire joining the network. 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:	
	2021-22 \$	PERMANENT FULL TIME \$	PERMANENT PART TIME \$	2021-22 EFT	PERMANENT FULL TIME EFT ²	PERMANENT PART TIME EFT
Library Services	10,972,677	6,411,957	4,560,720	115.9	62.5	53.4
Total Permanent Staff	10,972,677	6,411,957	4,560,720	115.9	62.5	53.4
Casuals and Other Staff	1,054,443			12.1		
TOTAL ¹	12,027,119			127.9		

¹ Includes Superannuation, WorkCover Insurance and Fringe Benefits Tax

² Includes 1 permanent full time position commencing mid-year.

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 branch communications costs as indicated by Telstra for 2021-22 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 and Commercial Crime insurance. Other insurance coverages are included in policies held and paid by City of Greater Geelong: Public and Products Liability, Professional Indemnity, contents and 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 2021-22, the depreciation expense is budgeted to be slightly higher than the actual expense for the 2019-20 financial year. This is based on the overall capital expenditure not fully replacing the current collection and the addition of Colac Otway Shire branches to the library network.

4.2 Balance Sheet

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

BUDGETED BALANCE SHEET	ACTUAL 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$
Assets and Liabilities			
Total Assets	15,637,497	11,323,284	10,850,541
Total Liabilities	2,234,720	2,297,511	2,234,720
NET ASSETS	13,402,777	9,025,773	8,615,821
EQUITY	13,402,777	9,025,773	8,615,821

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 contributions and the accumulated accounting surplus.

4.2.1 BORROWINGS

GRLC had no borrowings during the financial year 2020-21 and will not be taking out any borrowings for the 2021-22 year.

4.2.2 PROPERTY, PLANT AND EQUIPMENT

The value of the collection is expected to decline where Member Council contributions are restricted by the Victorian Councils' rate cap and are therefore not sufficient to cover the depreciation expense or increase capital expenditure.

The investment gap ratio in section 5 'Financial Indicators' highlights the decrease in the size of the collection. In 2021-22, there will be 73 cents of new expenditure to replace every \$1.00 of withdrawn or written down items. New expenditure on IT infrastructure, furniture, fittings and equipment expenditure will be \$1.24 for every \$1.00 of written down value. This is significantly influenced by the budgeted \$500,000 investment in the Library Management System. For the remainder of the SRP, investment will decrease to 59 cents for every \$1.00 written down.

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 2021-22 financial year.

CASH FLOWS	ACTUAL 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$
Operating Activities	3,879,960	1,399,770	1,685,893
Investing Activities ¹	(1,385,280)	(1,526,718)	(2,124,686)
Financing Activities	(53,334)	-	(53,910)
Net Increase/(Decrease) in Cash Held	2,441,346	(126,948)	(492,703)
Cash at Beginning of Financial Year ²	1,998,836	1,636,451	1,576,885
CASH AT END OF FINANCIAL YEAR ³	4,440,182	1,509,503	1,084,182

¹ The 2019-2020 Annual Report excludes Term Deposits from the Cash Flow Statement. Cash Flows from Investing Activities has been adjusted to include Term Deposits in the cash balance.

² 2019-20 includes the opening balance of Term Deposits of \$1,004,759.

³ 2019-20 includes the closing balance of Term Deposits of \$3,500,849.

CASH AT END OF THE YEAR

Overall, total cash is forecast to be \$1.1m at 30 June 2022, being a decrease of \$492,703 over the 12 month period. The cash balance on 1 July 2021 is budgeted to be \$1.6m.

GRLC's cash surplus provided by operating activities is budgeted to increase to \$1,685,893. The surplus indicates a healthy financial position regarding day-to-day activities. Cash reserves are not impacted by the depreciation expense and subsequent budgeted deficit. Please refer to the Statement of Cash Flows in section 3.

It is also noted that the budgeted cash balance is sufficient to cover the budgeted current employee entitlements expected to be settled within 12 months of \$821,000. The total budgeted current employee entitlements is \$1.7m.

4.4 Capital Expenditure

Capital expenditure over the 4 year period (2021-22 to 2024-25) will total \$7.3m, at \$1.7m - \$2.2m per year.

The following table outlines the capital expenditure budget for 2021-22 and associated sources of funding.

CAPITAL EXPENDITURE	ACTUAL 2019-20 \$	BUDGET 2020-21 \$	BUDGET 2021-22 \$	2020-21 to 2021-22 \$ Increase/ (Decrease)	2020-21 to 2021-22 % Increase/ -Decrease
Collections	1,588,228	1,127,345	1,207,345	80,000	7.1%
IT Infrastructure	381,606	383,750	908,750	525,000	136.8%
Branch Furniture, Fittings & Equipment	57,461	40,000	40,000	-	0.0%
Vehicle Replacement	-	35,000	35,000	-	0.0%
TOTAL CAPITAL EXPENDITURE	2,027,295	1,586,095	2,191,095	605,000	38.1%

CAPITAL EXPENDITURE	BUDGET 2021-22 \$	FUNDING SOURCES	
		GRANTS \$	GRLC \$
Collections	1,207,345	56,409	1,150,936
IT Infrastructure	908,750	-	908,750
Branch Furniture, Fittings & Equipment	40,000	-	40,000
Vehicle Replacement	35,000	-	35,000
TOTAL CAPITAL EXPENDITURE	2,191,095	56,409	2,134,686

4.5 Financial Resources

The following table summarises the key financial results for the Budget years 2020-21 and 2021-22, and the next 3 years as set out in the Strategic Resource Plan for 2022-23 to 2024-25.

KEY FINANCIAL RESULTS	BUDGET 2020-21 \$	BUDGET 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
Operating Result - Surplus/(Deficit)	1,913,350	(946,754)	(1,052,921)	(1,058,087)	(800,912)
Cash And Investments	1,509,503	1,084,182	985,311	881,275	1,034,413
Net Increase/(Decrease) In Cash	2,441,346	(492,703)	(98,871)	(104,036)	153,138
Capital Expenditure	1,586,095	2,191,095	1,691,095	1,691,095	1,691,095

The key outcomes of the Plan are as follows:

- Financial sustainability

While the operating result is a deficit from 2021-22 onwards, it is noted that this is related to the cost of depreciation, due to new and refurbished library branches.

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 branch network and collection since 2011 (refer to section 4.1.7 'Depreciation') requires a subsequent increase in capital expenditure to maintain the collection. This has not been achieved in the Strategic Resource Plan ending 30 June 2025.

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 have an overall small decrease across the SRP.

As noted in section 4.3 'Cash at End of the Year', the steady increase in net cash from operating activities demonstrates a consistently strong performance in day-to-day operations.

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 2021-22 to 2024-25. 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 2021-22 \$	PLAN 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$
UNDERLYING RESULT (%) Recurrent Surplus-Deficit / Total Recurrent Income Measures surplus/-deficit as a % of revenue.	-6%	-6%	-6%	-5%
WORKING CAPITAL OR LIQUIDITY Current Assets / Current Liabilities Assesses GRLC's ability to meet current commitments.	0.72	0.67	0.62	0.69
ADJUSTED WORKING CAPITAL OR ADJUSTED LIQUIDITY 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.	1.33	1.24	1.15	1.29
TOTAL INVESTMENT GAP RATIO Capital Expenditure / Collection Depreciation	0.86	0.66	0.66	0.66
COLLECTION INVESTMENT GAP RATIO	0.73	0.73	0.73	0.73
IT, FURNITURE, FITTINGS & EQUIPMENT INVESTMENT GAP RATIO Measuring GRLC's rate of replacement of assets.	1.24	0.59	0.59	0.59

At 30 June 2022, GRLC will have 72 cents of current assets for every \$1.00 of current liabilities. This increases to \$1.33 when adjusted for expected long service leave payments.

The investment gap ratio highlights that GRLC is investing only 73 cents on collection items to replace every \$1.00 of items written down or withdrawn. For IT, furniture and other equipment, the investment in 2021-2022 is \$1.24 for every \$1.00 of value written down or written off. Of this, 65 cents relates to the \$500,000 investment in the upgraded Library Management System. Excluding the LMS, the investment in IT, furniture and other equipment decreases to 59 cents in each year of the SRP.

6 FEES AND CHARGES SCHEDULE

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

PROPOSED 2021-22	
OVERDUE FEES*	
Adults collection, music CDs and DVDs – per item per day	\$0.40
Children’s and youth materials	No fee
INTER LIBRARY LOANS (ILL)	
From non-GRLC public libraries	\$5.50
Where an ILL cost is charged by a non-GRLC lending library - will be charged to the library member plus postage	\$16.50 plus postage
Loans from interstate libraries	\$5.50 plus \$10 postage
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
LIBRARY BAGS	\$15.00
WITHDRAWN COLLECTION ITEMS	
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

ATTENDANCE TO SPECIAL EVENTS AND AUTHOR EVENTS

– non-library members

\$10

MEETING ROOMS – BANNOCKBURN, BELMONT, CORIO, NEWCOMB & WAURN PONDS

Commercial/Professional user – per hour	\$55
Commercial/Professional user – per day	\$310
Not for Profit – per hour	\$40
Not for Profit – per day	\$235
Community user – per hour	\$10
Community user– per day	\$60
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 2021-22

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%			
Discounts of up to 30% will be applied for multiple bookings over a defined period e.g. weekly bookings over a 3 month period.				
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 and Cultural Precinct partners such as Geelong Gallery.				



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

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

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

Drysdale
18-20 Hancock 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

Waurin 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

