



GEELONG
REGIONAL
LIBRARIES



BUDGET 2022-2023
STRATEGIC RESOURCE PLAN 2022-2026

ADOPTED 16 June 2022



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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, Golden Plains Shire, Surf Coast Shire and 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, 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 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
OPERATING					
Member Council Contributions	9,671,323	13,475,185	13,695,248	220,063	1.6%
State Government Grants - PLFP	2,061,401	2,296,932	2,380,658	83,726	3.6%
State Government Grants	30,110	-	-	-	0.0%
Fees & Charges	167,444	355,336	419,844	64,508	18.2%
Interest & Sundry Income	250,220	432,000	311,650	(120,350)	-27.9%
Total - Operating	12,180,498	16,559,453	16,807,400	247,947	1.5%
CAPITAL					
State Government Grants	49,377	56,409	56,417	8	0.0%
City of Greater Geelong	-	10,000	10,000	-	0.0%
Total - Capital	49,377	66,409	66,417	8	0.0%
TOTAL OPERATING & CAPITAL REVENUE	12,229,875	16,625,862	16,873,817	247,955	1.5%

NOTE: This Budget and Strategic Resource Plan does not include future new and upgraded branches, such as Drysdale and Armstrong Creek.



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

- Member Council contributions: 81.5% (2021-22: 81.4%)
- State Government Grants – Public Libraries Funding Program: 14.2% (2021-22: 13.9%)
- Fees & Charges: 2.3% (2021-22: 2.0%)
- Interest & Sundry Income: 2.0% (2021-22: 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 1.75% 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 2021 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 2020-21 Annual Report demonstrated the following:

- 39% or 127,000 people are library members from a total population of 327,000 across the four Member Councils at 30 June 2021
- There were 703k visits to 17 library branches and 2 mobile libraries and 692,000 website visits;
- 1.7 million loans of collection items;
- 692,000 accesses of online databases, digital collections and streaming platforms;
- 319,000 eBook and eMagazine loans;
- Programs and events attracted 33,000 participants across children’s, youth and adult programs; and
- An extensive reach into the community with 138 networks and partnerships.

127,000
library
members

703K
visits to
libraries

33,000
events &
programs
attendees

138
community
partners

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 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	18 November 2021 and 17 February 2022
2	Proposed Budget submitted to the Board for approval	21 April 2022
3	Public notice advising intention to adopt Budget	22 April 2022
4	Budget available for public inspection and comment for at least 28 days	22 April 2022 – 19 May 2022
5	Meeting to consider public submissions	26 May 2022
6	Budget and submissions presented to the Board for adoption (subject to final adopted Budgets of Member Councils)	16 June 2022
7	Copy of Adopted Budget submitted to the Minister for Local Government within 28 days of adoption	14 July 2022

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 2004* which support the Act. The 2022-23 Budget, which is included in this report, is for the year 1 July 2022 to 30 June 2023 and is prepared in accordance with the Act and Regulations.

This Budget incorporates the Strategic Resource Plan (SRP) for the 3 years to 2025-26. 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 1.75% for the 2022-23 financial year (1.5% 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 at an average of 2.4% 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 2022-23 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 2022-23 Budget:

SERVICE LEVELS

- Library services – 820 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

- The Budget excludes the upgrade of the Drysdale branch;
- 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 2022-23 reflect an overall increase of 1.63%;
- State Government Grants - Public Libraries Funding Program grants to Member Councils are estimated to grow by 1.75% overall. The Department of Jobs, Precincts and Regions will confirm these grants in mid-2022;
- Interest income is estimated at \$12,600. This is consistent with the prior year budget
- User Fees & Charges – Venue Hire income target of \$200,000, increased by \$68,000;
- Sundry Income – A decrease in grants and other fundraising activities is expected; and
- The 2021-22 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 2021-22 SRP included an assumed annual EA increase. The actual increase has been applied to the 2022-23 salary budget, resulting in a \$190k increase.

Also included in salaries are banding increments, superannuation at an increased rate of 10.5%, Fringe Benefits Tax and WorkCover Insurance premium at the current rate of 0.43%.

The overall result is an increase in salary costs of 3.5% when compared to the 2021-22 Adopted 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 when compared to the 2020-21 actual result, as discussed in sections 4.1.7 'Depreciation' and 4.5 'Financial Resources'.

BALANCE SHEET

The 2022-23 budgeted balance sheet is based on the most recently completed financial year (2020-21). This will enable the budgeted balance sheet to more closely reflect the expected actual balance sheet as at 30 June 2023.

The calculation is as follows:

Actual 2020-21 Balance Sheet

+ Budgeted 2021-22 Income Statement & Capital Expenditure

+ Budgeted 2022-23 Income Statement & Capital Expenditure

= **Budgeted 2022-23 Balance Sheet**

The result is a decreasing net asset value over the four years of the SRP. This is mainly due to the depreciation expense (\$2.3m p.a.) exceeding capital expenditure (\$1.7m-\$1.2m p.a.).

CAPITAL EXPENDITURE

- In the previous Budget year 2021-22, the Library Board approved an additional IT expenditure of \$500,000 to upgrade the Library Management System. This expenditure may continue into 2022-23;
- 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.



3 FINANCIAL STATEMENTS

This section presents information in regards to the Financial Statements and Statement of Human Resources. The Budget information for the year 2022-23 incorporates the Strategic Resource Plan for the three years ending 30 June 2026.

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 2026

	NOTES	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Income					
Member Council Contributions	4.1.2	13,695,248	13,969,153	14,248,536	14,533,507
State Govt Grants	4.1.3	2,380,658	2,428,271	2,476,837	2,526,373
User Fees	4.1.1	389,844	399,844	409,844	419,844
Other Income	4.1.1	341,650	351,650	361,650	371,650
Grants - Capital	4.1.3	66,417	66,417	66,417	66,417
Total Income	4.1.1	16,873,817	17,215,335	17,563,284	17,917,791
Expenditure					
Employee costs	4.1.5	12,467,175	12,883,881	13,267,076	13,532,418
Materials & Services	4.1.6	3,438,076	3,455,266	3,472,543	3,489,905
Depreciation	4.1.7	1,974,373	1,974,373	1,974,373	1,974,373
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	11,800	11,800	11,900	11,900
Total Expenditure		18,294,024	18,702,920	19,083,492	19,351,196
NET SURPLUS / (DEFICIT)		(1,420,207)	(1,487,585)	(1,520,208)	(1,433,405)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDING 30 JUNE 2026

	NOTES	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Current Assets					
Cash and Investments	4.3	1,283,054	488,496	(358,684)	(1,134,061)
Receivables		686	686	686	686
Prepayments		139,811	139,811	139,811	139,811
Total Current Assets		1,423,551	628,993	(218,187)	(993,564)
Non-Current Assets					
Property, Plant & Equipment	4.2.2	9,390,040	8,772,300	8,154,560	7,536,820
Right-of-use assets		178,412	103,124	47,836	7,548
Total Non-Current Assets		9,568,452	8,875,424	8,202,396	7,544,368
TOTAL ASSETS		10,992,003	9,504,417	7,984,209	6,550,804
Current Liabilities					
Payables		646,238	646,238	646,238	646,238
Provisions		1,777,453	1,777,453	1,777,453	1,777,453
Lease liabilities		71,572	71,572	71,572	71,572
Total Current Liabilities		2,495,263	2,495,263	2,495,263	2,495,263
Non-Current Liabilities					
Provisions		141,649	141,649	141,649	141,649
Lease Liabilities		304,853	304,853	304,853	304,853
Total Non-Current Liabilities		446,502	446,502	446,502	446,502
TOTAL LIABILITIES		2,941,765	2,941,765	2,941,765	2,941,765
NET ASSETS	4.2	8,050,237	6,562,651	5,042,443	3,609,038
Equity					
Members Contribution		3,886,011	3,886,011	3,886,011	3,886,011
Accumulated Surplus		4,164,226	2,676,640	1,156,432	(276,973)
TOTAL EQUITY	4.2	8,050,237	6,562,651	5,042,443	3,609,038

3.3 STATEMENT OF CASH FLOWS FOR THE FOUR YEARS ENDING 30 JUNE 2026

	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Cash Flows from Operating Activities				
Receipts				
Member Council Contributions	13,695,248	13,969,153	14,248,536	14,533,507
Grants - operating	2,380,658	2,428,271	2,476,837	2,526,373
User Fees	389,844	399,844	409,844	419,844
Interest received	12,600	12,600	12,600	12,600
Capital Income	10,000	10,000	10,000	10,000
Grants - Capital	56,417	56,417	56,417	56,417
Other Income	329,050	339,050	349,050	359,050
	16,873,817	17,215,335	17,563,284	17,917,791
Payments				
Employee costs	(12,467,175)	(12,883,881)	(13,267,076)	(13,532,418)
Materials & Services	(3,359,422)	(3,376,612)	(3,393,889)	(3,411,251)
Other payments	(11,800)	(11,800)	(11,900)	(11,900)
	(15,838,397)	(16,272,293)	(16,672,865)	(16,955,569)
Net Cash Inflow from Operating Activities	1,035,420	943,042	890,419	962,222
Cash Flows from Investing Activities				
Capital Expenditure	(1,691,095)	(1,656,095)	(1,656,095)	(1,656,095)
Net Cash Outflow from Investing Activities	(1,691,095)	(1,656,095)	(1,656,095)	(1,656,095)
Cash Flows from Financing Activities				
Interest paid - lease liability	(2,850)	(2,850)	(2,850)	(2,850)
Repayment of lease liabilities	(78,654)	(78,654)	(78,654)	(78,654)
Net Cash used in Financing Activities	(81,504)	(81,504)	(81,504)	(81,504)
Net Increase / (Decrease) in Cash Held	(737,179)	(794,557)	(847,180)	(775,377)
Cash at the Beginning of the Financial Year	2,020,233	1,283,054	488,496	(358,684)
CASH AT THE END OF THE FINANCIAL YEAR	1,283,054	488,496	(358,684)	(1,134,061)

Over the last 4 years, GRLC has had an average cash balance of \$4.5m. The daily balance fluctuates significantly, between \$2.0m to \$7.0m as over 80% of total income is received in 4 instalments.

3.4 STATEMENT OF CAPITAL WORKS FOR THE FOUR YEARS ENDING 30 JUNE 2026

	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Collections	1,207,345	1,207,345	1,207,345	1,207,345
IT Infrastructure	408,750	408,750	408,750	408,750
Furniture, Fittings & Equipment	40,000	40,000	40,000	40,000
Vehicle Replacement	35,000	-	-	-
TOTAL CAPITAL EXPENDITURE	1,691,095	1,656,095	1,656,095	1,656,095
Represented By:				
New Asset Expenditure	-	-	-	-
Asset Renewal Expenditure	1,691,095	1,656,095	1,656,095	1,656,095
Asset upgrade expenditure	-	-	-	-
TOTAL CAPITAL EXPENDITURE	1,691,095	1,656,095	1,656,095	1,656,095
Funding Sources:				
Grants	56,417	56,417	56,417	56,417
GRLC	1,634,678	1,599,678	1,599,678	1,599,678
TOTAL FUNDING SOURCES	1,691,095	1,656,095	1,656,095	1,656,095

3.5 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDING 30 JUNE 2026

	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Staff Expenditure				
Salaries - Operating	12,467,175	12,883,881	13,267,076	13,532,418
Salaries - Capital	-	-	-	-
TOTAL STAFF EXPENDITURE ¹	12,467,175	12,883,881	13,267,076	13,532,418
Staff EFT (Equivalent Full Time)	EFT	EFT	EFT	EFT
Library And Heritage Services	129.1	128.9	128.9	128.9
TOTAL EFT AT 30 JUNE ¹	129.1	128.9	128.9	128.9

¹ Drysdale branch upgrade and future new branches are excluded.

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 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
OPERATING					
Member Council Contributions	9,671,323	13,475,185	13,695,248	220,063	1.6%
State Government Grants - PLFP	2,061,401	2,296,932	2,380,658	83,726	3.6%
State Government Grants	30,110	-	-	-	0.0%
Fees & Charges	167,444	355,336	419,844	64,508	18.2%
Interest & Sundry Income	250,220	432,000	311,650	(120,350)	-27.9%
Total - Operating	12,180,498	16,559,453	16,807,400	247,947	1.5%
CAPITAL					
State Government Grants	49,377	56,409	56,417	8	0.0%
City of Greater Geelong	-	10,000	10,000	-	0.0%
Total - Capital	49,377	66,409	66,417	8	0.0%
TOTAL OPERATING & CAPITAL REVENUE	12,229,875	16,625,862	16,873,817	247,955	1.5%

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 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
Golden Plains Shire	406,389	411,523	426,372	14,849	3.6%
City of Greater Geelong ¹	8,309,379	11,260,733	11,457,765	197,032	1.7%
Borough of Queenscliffe	218,089	220,709	225,844	5,135	2.3%
Surf Coast Shire	721,318	732,767	748,722	15,955	2.2%
Colac Otway Shire	-	832,899	819,701	(13,198)	-1.6%
Member Council Contributions - Annual Operating Allocations	9,655,175	13,458,631	13,678,404	219,773	1.6%
City of Greater Geelong – Western Heights Library recurrent	16,148	16,554	16,844	290	1.8%
City of Greater Geelong – Western Heights Library capital	-	10,000	10,000	-	0.0%
TOTAL MEMBER COUNCIL CONTRIBUTIONS	9,671,323	13,485,185	13,705,248	220,063	1.6%

¹ Drysdale branch upgrade is excluded.

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 1.75%, based on the declared rate cap. The Department of Jobs, Precincts and Regions will confirm these grants in June 2022; and,
- 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 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
Golden Plains Shire	200,007	203,007	210,630	7,623	3.8%
City of Greater Geelong	1,535,851	1,558,889	1,617,424	58,535	3.8%
Borough of Queenscliffe	76,723	77,874	80,798	2,924	3.8%
Surf Coast Shire	248,820	252,553	262,036	9,483	3.8%
Colac Otway Shire	-	204,609	209,771	5,162	2.5%
Total - Public Libraries Funding Program	2,061,401	2,296,932	2,380,658	83,726	3.6%
State Govt Grant - Heritage	30,110	-	-	-	0.0%
STATE GOVERNMENT GRANTS RECURRENT	2,091,511	2,296,932	2,380,658	83,726	3.6%
Capital Grant - Premiers Reading Challenge Book Fund	49,377	56,409	56,417	8	0.0%
TOTAL STATE GOVERNMENT GRANTS	2,140,888	2,353,341	2,437,075	83,734	3.6%

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; and,
- 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; and,
 - percentage of population over 60.

VAGO data discloses the median allocation per capita in 2018-19 as \$6.92 for regional cities, \$8.04 for large shires and \$12.56 for small shires.

PLFP funding for City of Greater Geelong is the equivalent of just 14% of the COGG contribution. The comparative funding is significantly higher for Golden Plains Shire (49%), Borough of Queenscliffe (36%), Surf Coast Shire (35%) and Colac Otway Shire (25%).

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 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
RECURRENT INCOME					
Member Council Contributions	9,655,175	13,458,631	13,678,404	219,773	1.6%
COGG - Western Heights	16,148	16,554	16,844	290	1.8%
State Government Grants - PLFP	2,061,401	2,296,932	2,380,658	83,726	3.6%
State Government Grants - Other	30,110	-	-	-	0.0%
User Fees					
Venue Hire	49,784	155,724	257,448	101,724	65.3%
Business Service Fees	67,454	71,193	73,655	2,462	3.5%
Photocopying Revenue	10,320	19,955	23,741	3,786	19.0%
Other User Fees	2,987	25,000	35,000	10,000	40.0%
Total User Fees	130,545	271,872	389,844	117,972	43.4%
Other Income					
Fines	29,935	53,464	-	(53,464)	-100.0%
Interest On Investments	11,251	12,600	12,600	-	0.0%
Other Income	272,600	449,400	329,050	(120,350)	-26.8%
Total Other Income	313,786	515,464	341,650	(173,814)	-33.7%
Gain on Sale Of Plant & Equipment	15,582	-	-	-	0.0%
Total Recurrent Income	12,222,747	16,559,453	16,807,400	247,947	1.5%
RECURRENT EXPENDITURE					
Employee Related					
Salaries	9,430,913	10,980,247	11,301,123	320,876	2.9%
Superannuation & Workcover	919,332	1,046,873	1,166,052	119,179	11.4%
Total Employee Expenses	10,350,245	12,027,120	12,467,175	440,055	3.7%
Materials & Services					
Contract Payments	667,055	771,419	862,842	91,423	11.9%
Building Maintenance	9,568	37,556	37,932	376	1.0%
General Maintenance	57,771	88,392	89,027	635	0.7%
Utilities	284,186	299,439	306,218	6,779	2.3%
Office Administration	883,488	984,566	1,179,129	194,563	19.8%
Information Technology	522,590	574,692	772,433	197,741	34.4%
Insurance	14,577	21,866	41,648	19,782	90.5%
Consultants	156,882	107,770	148,848	41,078	38.1%
Materials & Services Total	2,596,117	2,885,700	3,438,076	552,376	19.1%
Finance costs - leases	1,346	2,850	2,850	-	0.0%
Other expenses	10,500	11,800	11,800	-	0.0%
Total Recurrent Expenditure	12,958,208	14,927,470	15,919,901	992,431	6.6%
Recurrent Surplus / (Deficit) Before Depreciation	(735,461)	1,631,983	887,499	(744,484)	-45.6%
Depreciation	1,909,346	2,547,421	1,974,373	(573,048)	-22.5%
Amortisation - right of use assets	90,694	97,725	100,288	2,563	2.6%
Book Value of Assets Written Off	299,456	-	299,462	299,462	100.0%
Recurrent Surplus / (Deficit) After Depreciation	(3,034,957)	(1,013,163)	(1,486,624)	(473,461)	-46.7%
Non Recurrent Income					
Capital Grants And Income	49,377	66,409	66,417	8	0.0%
NET SURPLUS / (DEFICIT)	(2,985,580)	(946,754)	(1,420,207)	(473,453)	-50.0%

4.1.5 EMPLOYEE EXPENSES

Employee costs comprise 71% of total cash expenditure (operating and capital) for 2022-23. This is a small increase from 70% 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 10% to 10.5% from 1 July 2022.

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.

Employee expenses are expected to increase by 3.7% in 2022-23. 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:	
	2022-23 \$	PERMANENT FULL TIME \$	PERMANENT PART TIME \$	2022-23 EFT	PERMANENT FULL TIME EFT	PERMANENT PART TIME EFT
Total Permanent Staff	11,736,526	6,297,778	5,438,748	121.1	59.0	62.1
Casuals and Other Staff	730,649			8.0		
TOTAL ¹	12,467,175			129.1		

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 branch communications costs as indicated by Telstra for 2022-23 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 2022-23, the depreciation expense is budgeted to be slightly higher than the actual expense for the 2020-21 financial year. This is based on the additional investment in the Library Management System, and is partly offset by overall capital expenditure not fully replacing the current collection and the Bellarine and Surf Coast Mobile truck reaching a written down value of \$nil prior to the end of the year.

4.2 Balance Sheet

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

BUDGETED BALANCE SHEET	ACTUAL 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$
Assets and Liabilities			
Total Assets	13,358,964	10,850,541	10,992,003
Total Liabilities	2,941,765	2,234,720	2,941,765
NET ASSETS	10,417,199	8,615,821	8,050,238
EQUITY	10,417,198	8,615,821	8,050,237

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 2021-22 and will not be taking out any borrowings for the 2022-23 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 2022-23, there will be 80 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 70 cents for every \$1.00 of written down value.

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 2022-23 financial year.

CASH FLOWS	ACTUAL 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$
Operating Activities	(22,582)	1,752,302	1,035,420
Investing Activities	(1,824,664)	(2,191,095)	(1,691,095)
Financing Activities	(80,000)	(53,910)	(81,504)
Net Increase/(Decrease) in Cash Held	(1,927,246)	(492,703)	(737,179)
Cash at Beginning of Financial Year	4,440,182	1,576,885	2,020,233
CASH AT END OF FINANCIAL YEAR	2,512,936	1,084,182	1,283,054

CASH AT END OF THE YEAR

Overall, total cash is forecast to be \$1.3m as at 30 June 2023, being a decrease of \$737,179 over the 12 month period. The cash balance on 1 July 2022 is budgeted to be \$2.0m.

GRLC's cash surplus provided by operating activities is budgeted to decrease to \$1.0m. 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 \$791,000. The total budgeted current employee entitlements is \$1.8m.

4.4 Capital Expenditure

Capital expenditure over the 4 year period (2022-23 to 2025-26) will total \$6.7m, at \$1.7m per year.

The following table outlines the capital expenditure budget for 2022-23 and associated sources of funding.

CAPITAL EXPENDITURE	ACTUAL 2020-21 \$	BUDGET 2021-22 \$	BUDGET 2022-23 \$	2021-22 to 2022-23 \$ Increase/ (Decrease)	2021-22 to 2022-23 % Increase/ -Decrease
Collections	1,154,864	1,207,345	1,207,345	-	0.0%
IT Infrastructure	427,388	908,750	408,750	(500,000)	-55.0%
Branch Furniture, Fittings & Equipment	135,359	40,000	40,000	-	0.0%
Vehicle Replacement	-	35,000	35,000	-	0.0%
TOTAL CAPITAL EXPENDITURE	1,717,611	2,191,095	1,691,095	(500,000)	-22.8%

CAPITAL EXPENDITURE	BUDGET	FUNDING SOURCES	
	2022-23 \$	GRANTS \$	GRLC \$
Collections	1,207,345	56,417	1,150,928
IT Infrastructure	408,750	-	408,750
Branch Furniture, Fittings & Equipment	40,000	-	40,000
Vehicle Replacement	35,000	-	35,000
TOTAL CAPITAL EXPENDITURE	1,691,095	56,417	1,634,678

4.5 Financial Resources

The following table summarises the key financial results for the Budget years 2021-22 and 2022-23, and the next 3 years as set out in the Strategic Resource Plan for 2022-24 to 2025-26.

KEY FINANCIAL RESULTS	BUDGET 2021-22 \$	BUDGET 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
Operating Result - Surplus/(Deficit)	(2,985,580)	(1,420,207)	(1,487,585)	(1,520,208)	(1,433,405)
Cash And Investments	1,084,182	1,283,054	488,496	(358,684)	(1,134,061)
Net Increase/(Decrease) In Cash	(2,403,695)	(737,179)	(794,557)	(847,180)	(775,377)
Capital Expenditure	2,191,095	1,691,095	1,656,095	1,656,095	1,656,095

The key outcomes of the Plan are as follows:

- Financial sustainability

While the operating result is a deficit from 2022-23 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 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 2026.

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 significantly across the SRP.

Net cash from operating activities is insufficient to meet capital expenditure requirements over the next 4 financial years. The above table highlights that the net cash available covers only 50 per cent of the capital expenditure, e.g. in 2022-23 the capital expenditure of \$1,691,095 will contribute to a cash decrease of \$737,179.

Over the last 4 years, GRLC has had an average cash balance of \$4.5m. The daily balance fluctuates significantly, between \$2.0m to \$7.0m as over 80% of total income is received in 4 instalments.

It is likely that, towards the end of the SRP timeframe, GRLC will need to utilise an overdraft facility or delay some cash expenditure until the cash balance is sufficient.

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 2022-23 to 2025-26. 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 2022-23 \$	PLAN 2023-24 \$	PLAN 2024-25 \$	PLAN 2025-26 \$
UNDERLYING RESULT %	-8%	-9%	-9%	-8%
Recurrent Surplus-Deficit / Total Recurrent Income				
Measures surplus/-deficit as a % of revenue.				
WORKING CAPITAL OR LIQUIDITY	0.57	0.25	(0.09)	(0.40)
Current Assets / Current Liabilities				
Assesses GRLC's ability to meet current commitments.				
ADJUSTED WORKING CAPITAL OR ADJUSTED LIQUIDITY	0.97	0.43	(0.15)	(0.68)
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 RATIOS				
TOTAL - Capital Expenditure / Depreciation	0.86	0.84	0.84	0.84
COLLECTION	0.80	0.80	0.80	0.80
IT, FURNITURE, FITTINGS & EQUIPMENT	0.70	0.70	0.70	0.70
Measuring GRLC's rate of replacement of assets.				

At 30 June 2023, GRLC will have 57 cents of current assets for every \$1.00 of current liabilities. This increases to 97 cents when adjusted for expected long service leave payments.

The investment gap ratio highlights that GRLC is investing only 80 cents on collection items to replace every \$1.00 of items written down or withdrawn. For IT, furniture and other equipment, the investment in 2022-2023 is 70 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 2022-23, as GRLC recognises the need to support our community in recovering from the economic hardship of the pandemic.

PROPOSED 2022-23	
OVERDUE FEES*	
Adults collection, music CDs and DVDs, children's and youth materials	No fee
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	\$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)	\$1.30
A3 page (Colour)	\$2.20
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, COLAC, CORIO, NEWCOMB & WAURN PONDS

SEMINAR ROOM, LECTURE THEATRE:

COLAC

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 2022-23

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 REGIONAL LIBRARIES



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

www.grlc.vic.gov.au



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

Apollo Bay
6 Pengilly Avenue
T 5237 1013

Bannockburn
25-27 High Street
T 4201 0661

Barwon Heads
Barwon Heads Primary School,
Golf Links Road
T 4201 0653

Belmont
163 High Street
T 4201 0665

Chilwell
51 Russell Street, Newtown
T 5221 5129

Colac Community Library & Learning Centre
173 Queen Street
T 5231 4613

Corio
Cox Road (cnr Moa Street) Norlane
T 4201 0658

Drysdale
18-20 Hancock Street
T 4201 0656

Geelong West
153A Pakington Street
T 4201 0660

Highton
Roslyn Road (cnr Belle Vue Avenue)
T 4201 0662

Lara
5 Walkers Road
T 4201 0668

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

Newcomb
cnr Bellarine Highway & Wilsons Road
T 4201 0657

Ocean Grove
Presidents Avenue (cnr The Avenue)
T 4201 0655

Queenscliff
55 Hesse Street
T 4201 0663

Torquay
Surf City Plaza, Beach Road
T 4201 0667

Waurin Ponds
140 Pioneer Road
T 4201 0670

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

Mobile Library Stops

Aireys Inlet	Gellibrand
Anakie	Grenville
Anglesea	Haddon
Beeac	Lavers Hill
Beech Forest	Linton
Birregurra	Lorne
Cape Clear	Meredith
Coragulac	Portarlington
Cressy	Rokewood
Deans Marsh	Smythesdale
Dereel	St Leonards
Enfield	Winchelsea
Forrest	

