



Budget Report - 2020/21

Background

The Eastern Regional Libraries Corporation (the Corporation) is a library corporation under section 196 of the Local Government Act 1989. The member Councils are Knox City Council, Maroondah City Council and Yarra Ranges Council.

The Corporation is administered by a Board comprising two Councillor representatives from each of the Member Councils. Council officers attend Board meetings as advisors and can in the absence of Councillors act as a substitute member. The Corporation's Chief Executive reports to the Board and is responsible for the management of the organization.

Funding

Funding is provided by way of: contributions from the Member Councils; grants from the State Government; and User Charges, Fees and Fines, Investment Income and Asset Sales.

Budgeted Comprehensive Income Statement	2020 /21		Comments
	\$		
Income			
Grants - Operating	2,804,995	20.6%	In the 70s, the State Government for a period contributed 50%
Contributions - monetary	10,334,827	76.0%	Member Councils continue to bear the substantive costs associated with running a highly regarded public library service
User Charges, fees and fines	246,478	1.8%	Fines, Fees and Charges
Other Income	204,744	1.5%	Investment Income
Proceeds from Fixed Assets	15,500	0.1%	Sale of Assets
Total Income	13,606,542	100.0%	

Growth Factors for Member Councils' Contributions & State Government Grants

Advice has been received that each of our Member Council will be increasing their 2019/20 contribution level by 2%. These increases in contributions are subject to final ratification after our Member Councils have adopted their 2020/21 budgets.

The Member Councils' first quarter contribution will be reduced by a salary rebate for the projected time staff will be on a 30% stand down viz estimated to be until 30 September 2020.

For 2021/22 and following years a growth factor of 2% for contributions has been allowed. This growth factor is subject to the level of rate capping imposed for 2020/21 and the following years and its impact on our Member Councils' budgets.

Based on the State Government Grant for 2019/20, a conservative approach has been taken in relation to the expected increase in grants for 2020/21 and the following years (2.5%).

Adoption of Annual Budget

The Corporation is required to prepare and adopt an Annual Budget under the provisions of the Local Government Act 1989 (“the Act”). The budget is required to include certain information about the fees and charges that the Corporation intends to levy as well as a range of other financial information.

The Budget Report provides key information about revenues, operating results, service levels, cash and investments, capital works, and financial sustainability.

Budget Process

The budget process begins with officers preparing a proposed annual budget in accordance with the Act and submitting the proposed budget to the Board for approval in principle.

The Corporation is then required to give public notice that it intends to adopt the budget. It must give 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. A person may request to be heard by the Board in support of his/her written submission. Oral submissions will be heard by the Board at its Ordinary Meeting on 21 May 2020.

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

The budget is required to be adopted and a copy submitted to the Minister by 30 June each year.

The key dates for the budget process are summarised below:

Budget Process	Dates
1. Public notice advising intention to adopt the budget	16 March
2. Budget available for public inspection & comment until	29 April
3. Submissions together with budget referred to the Board	24 April
4. Budget presented to the Board for amendment/adoption	30 April
5. Copy of adopted budget submitted to the Minister	By 30 June

1. Linkage to the Corporate Plan and other Reviews

This section describes how the Annual Budget links to the achievement of the Corporate Plan and Member Councils' reviews in relation to library services and infrastructure within an overall planning framework.

1.1 Strategic Planning Framework

In accordance with the Local Government Act 1989 (the LGA), the Board must approve a Corporate Plan within the period of 6 months after each general election or by the next 30 June, whichever is later.

The Corporation has developed a four-year Corporate Plan and a six-year Strategic Resource Plan (SRP) and Long Term Financial Strategy (LTFS). The plans and strategies play a vital role in shaping library services to the communities served by the Corporation.

The Board develops the Corporate Plan, SRP and LTFS: by identifying community needs and aspirations through surveys; advice from its officers on broader library services and infrastructure trends; and taking into account the reviews undertaken by its Member Councils in relation to their individual library services and infrastructure.

1.2 Member Councils' Reviews of Library Services and Infrastructure

Knox City Council undertook an internal service plan review of its library services in 2015/16 which impacted future service delivery. There were 26 'actions' undertaken as an outcome of the service review. Major infrastructure projects that will impact on the library service include the relocation of Knox City Shopping Centre branch (including colocation with Council's Youth Services) and reviews of Bayswater, Boronia and Ferntree Gully Community Libraries.

Maroondah City Council relocated the Ringwood branch library in 2015 to form part of the fantastic Realm development. This significant development provided an opportunity to review the Corporation's staffing levels through utilising returns handling RFID infrastructure, and importantly the collocation with Council's customer services which now handles initial customer contact through its 'concierge' model. These changes have improved the types and levels of services offered to Maroondah residents. A major review of the Croydon Civic Precinct is underway and this will also impact the type and level of services that are delivered on behalf of Council.

Yarra Ranges Council has undertaken a review of its library services, both static branches and mobile libraries, and this will also have an impact on the type and level of services to be delivered to its residents. Major infrastructure projects that impact on the library service include the relocation of Lilydale branch to the Box Hill Institute Campus and the opening of the refurbished Montrose Town Centre where ERLC plays a greater management role. A major redevelopment of Belgrave Community Library will commence in 2020/21.

2. Corporate Plan

Implementation of Objectives and Strategies within the Corporate Plan will be achieved within the context of annual adopted budgets, the SRP and the LTFS.

The Board will monitor its achievements and outcomes and holds itself accountable through quarterly reports (financial and performance), the Annual Report and Audited Statements.

The Board will review its Corporate Plan, SRP and LTFS every financial year to consider whether the current plans and strategies require any adjustment in respect of the remaining period of the plans and strategies, and any changes in the budgetary environment (e.g. rate capping).

3. Budget influences

In preparing the Budget it has been necessary to make several assumptions about the internal and external environment within which the Corporation operates. As there is no internal financial support, assistance has been sought from Knox City Council staff; and the Knox City Council Long Term Financial Guidelines (where relevant) have been used in preparing this budget.

3.1 External Influences

In preparing the 2020/21 budget, several external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by the Corporation in the budget period.

These include:

- The Member Councils have informed the Corporation of their likely contributions for 2020/21. These contributions are subject to final ratification after our Member Councils have adopted their 2020/21 budgets.
- The Member Councils' first quarter contribution will be reduced by a salary rebate for the projected time staff will be on a 30% stand down viz estimated to be until 30 September 2020.
- For 2021/22 and following years a growth factor of 2% for contributions has been allowed. These contributions are subject to the level of rate capping imposed for 2021/22 and the following years and the impact on our Member Councils' budgets.
- Increase in the State Government grant of 2.5% for 2020/21 and later years based on prior-year experiences.
- The State Government paying the full grant for 2020/21 upfront, which will generate additional investment income for the Corporation.
- Investments continuing to return at least 2% per annum for 2020/21.
- Escalation factor of a maximum of 2% in Employee Costs for 2020/21, including movements within band levels, etc.

3.2 Internal Influences

To achieve a balanced budget for 2020/21, the Corporation is proposing to:

- To increase its Employee Costs by no more than 2%.
- Where it controls the level of its expenditure, to freeze the level of expenditure.
- Where it has external leases/contractors/suppliers, to endeavour to restrict any increase to 2%, or less.

There are also several other internal influences arising from the 2019/20 year which have an impact on the setting of the budget for 2020/21:

- All Grants and Contributions will have been received in accordance with our funding agreements, after adjustments for stand down salary rebates.
- User charges, fees and fines will be down on budget due to the removal of fines for children's overdue items, and the introduction of a fine free period for adults until 30 June 2020.
- Other Income (includes Investments) will be less than budgeted because of lower than expected interest rates on deposits.
- The capital expenditure budget for library materials will be fully expended.
- There may be a small deficit at year-end, but it would be difficult to estimate the exact level of any deficit with three months of income and expenses to come by 30 June 2020.

There are no other significant matters for the 2019/20 year at the time the 2020/21 Budget was prepared based on the year to date position as at 31 March 2020 and projected income and expenses until 30 June 2020.

3.3 Budget Principles

The principles include:

- Contributions are based on initial advice from Member Councils.
- Existing fees and charges where appropriate to be increased.
- Service levels to be maintained at 2019/20 levels with an aim to use fewer resources through an emphasis on innovation and efficiency.
- Expenditure estimated on previous years' experience and likely outcomes for 2019/20.
- Casual labour to be minimised.
- New initiatives or new employee proposals to be cost neutral where practicable through the utilisation of current, and the introduction of further, technology, such as Cloud computing.

3.4 Legislative Requirements

Under the Local Government Act 1989 (the Act), the Corporation is required to prepare and adopt an annual budget for each financial year.

The budget is required to include certain information about the fees and charges that the Corporation intends to levy as well as a range of other information required by the Local Government (Planning and Reporting) Regulations 2014 (the Regulations) which support the Act.

The 2020/21 budget, which is included in this report, is for the year 1 July 2020 to 30 June 2021 and is prepared in accordance with the Act and Regulations.

The budget includes standard statements being a Budgeted Comprehensive Income Statement, Budgeted Balance Sheet, Budgeted Statement of Cash Flows and Budgeted Statement of Capital Works.

These statements have been prepared for the year ended 30 June 2021 in accordance with Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations.

The budget includes detailed information about the fees and charges to be levied, the capital works program to be undertaken and other financial information, which the Corporation requires in order to make an informed decision about the adoption of the budget.

The budget includes consideration of several long term strategies to assist the Corporation in considering the Budget in a proper financial management context. These include a SRP and LTFS for the six years 2020/21 to 2025/26 (section 9) and Funding Strategies (section 10), including infrastructure and service delivery.

This section of the report analyses the expected income and expenses of the Corporation for the 2020/21 year.

4.1 Income

Budgeted Comprehensive Income Statement	2019/20	2020 /21	Variance
	\$	\$	\$
Income			
Grants - Operating	2,696,532	2,804,995	108,463
Contributions - monetary	10,656,878	10,334,827	-322,051
User Charges, fees and fines	315,752	246,478	-69,274
Other Income	229,150	204,744	-24,406
Proceeds from Fixed Assets	5,500	15,500	10,000
Total Income	13,903,812	13,606,542	-297,269

4.1.1 State Government Grants (+ \$108,463)

The estimated State Government's Grant represents an increase to the Corporation of \$108,463 on the 2019/20 grant. With no indication of a significant increase in population for the region, it has been decided to estimate the increase in the State Government grant at 2.5% for 2020/21, based on the increase for 2019/20.

The Corporation has not been advised of the amount to be received at the time the report was written, nor has any indication of funding been received for 2020/21. However, there is a commitment in the State Budget in respect of funding for 2020/21 and later years.

4.1.2 Member Councils' Contributions (-\$322,051)

The Member Councils have informed the Corporation of their likely contributions for 2020/21.

Based on the advice received, the Member Council contributions show a decrease of \$322,051 over 2019/20. This is in line with Rate Capping of 2% and the Member Councils' first quarter contribution being reduced by a salary rebate for the projected time staff will be on a 30% stand down viz estimated to be until 30 September 2020.

These contributions are subject to final ratification after our Member Councils have adopted their 2020/21 budgets.

4.1.3 User Charges, Fees and Fines (-\$69,274)

User Charges, Fees and Fines have been estimated to decrease by \$69,274 based on removing fines for overdue items.

4.1.4 Other Income (-\$24,406)

Interest on investments has been estimated to decrease by \$24,406 based on: previous years' experiences; the likely outcome for 2019/20; and investments continuing to return at 2% per annum for 2020/21.

4.1.5 Proceeds from the Sale of Fixed Assets (+\$10,000)

A small increase is anticipated in the funds to be realised from the sale of fixed assets.

4.2 Expenses

Budgeted Comprehensive Income Statement	2019/20	2020 /21	Variance
	\$	\$	
Expenses			
Employee Costs	9,268,812	8,918,999	-349,813
Materials and services	2,218,219	2,273,784	55,565
Depreciation and Amortisation	1,831,215	1,884,090	52,875
Nett loss on disposal of P & E	178,870	300,000	121,130
Other expenses	405,410	221,678	-183,732
Total Expenses	13,902,526	13,598,551	-303,974

4.2.1 Employee Costs (-\$349,813)

Salaries for 2020/21 will decrease by \$349,813 based on a 2% increase in line with the proposed Enterprise Agreement No. 10, and reflecting the Member Councils' first quarter contribution being reduced by a salary rebate for the projected time staff will be on a 30% stand down viz estimated to be until 30 September 2020.

Employee Costs comprise approximately 66.6% of the Corporation's expenditure budget.

Employee Costs include all labour related expenditures such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc. Long service leave, superannuation, and WorkCover are all statutory requirements, and provision for the payment of these items is included in the budget.

Employee Costs also include increases in salaries for employees' movements through salary scales due to length of service.

4.2.2 Materials and Services (+ \$55,565)

Materials and Services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and Services are forecast to increase by \$55,565 compared to 2019/20.

This position overall has been reached by: restricting where possible expenditure increases to 2%; not increasing expenditure in some areas such as the events budget and minor furniture repairs; and taking into account expenditure areas that cannot be restricted to an increase of 2% because they are based that are based on agreements or contracts.

4.2.3 Depreciation and Amortisation (+\$52,875)

Depreciation is an accounting measure that attempts to measure the usage of the Corporation's property, plant and equipment (including motor vehicles) and library materials. The budgeted amount is based on the experience of 2019/20 and estimated growth in assets for 2020/21.

Refer to section 6. "Analysis of Capital Budget" for a more detailed analysis of the Corporation's capital works program for the 2020/21 year.

4.2.4 Nett loss on disposal of P & E (+121,130)

Nett Loss on disposal of Assets has been estimated to increase based on previous years' experiences and the likely outcome for 2019/20.

4.2.5 Other Expenses (-\$183,732)

Other Expenses include Audits, Office Rental, and Operating Leases. Other Expenses are forecast to decrease by \$190,299 compared to 2019/20 due to the conclusion of leases for P&E. P&E for 2020/21 and future years will be purchased outright. Office Rental is estimated to increase by 4% in accordance with the lease.

5. Analysis of Budgeted Statement of Cash Flows

This section of the report analyses the expected cash flows from the operating, investing and financing activities of the Corporation for the 2020/21 year i.e. the budgeted cash flow position. Budgeting cash flows for the Corporation is a key factor in ensuring it can meet its strategic and financial commitments and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

5.1 Budgeted Statement of Cash Flows

<i>Budgeted Statement of Cash Flows</i>	2019/20	2020 /21	Variance
Cash Flows from Operating Activities	\$	\$	
Receipts			
Grants	2,696,532	2,804,995	108,463
Contributions	10,656,878	10,334,827	-322,051
User Charges, fees and fines	315,752	246,478	-69,274
Interest	229,150	204,744	-24,406
Proceeds from Fixed Assets	5,500	15,500	10,000
	13,903,812	13,606,542	-297,269
Payments			
Payments to Employees	9,268,812	8,918,999	-349,813
Payments for Materials and Services	2,218,219	2,273,784	55,565
Payments for Other Expenses	405,410	221,678	-183,732
	11,892,441	11,414,461	-477,979
Net Cash provided by Operating Activities	2,011,371	2,192,081	180,710
Cash flows from investing activities			
Payments for Plant & Equipment	(2,180,000)	(2,900,000)	-720,000
Member Councils Distribution			
Net Cash used in Investing Activities	(2,180,000)	(2,900,000)	-720,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(168,629)	(707,919)	-539,290
Cash and Cash Equivalents at beginning of the Financial Year	10,334,000	10,165,371	-168,629
Cash and Cash Equivalents at end of the Financial Year	10,165,371	9,457,452	-707,919

5.1.1 Receipts from Operating Activities (- \$297,269)

Receipts or payments from operating activities refer to the cash generated or used in the normal service delivery functions of the Corporation.

The estimated State Government's Grant represents an increase to the Corporation of \$108,463 (2.5%) on the 2019/20 grant.

Based on the advice received, the Member Council's contributions show a decrease of \$322,051 over 2019/20 to \$10.3m.

User Charges, Fees and Fines have been estimated to decrease by \$69,274 based on removing fines for overdue items.

Interest from investments is estimated to decrease by \$24,406 based on the budgeted financial position at year-end.

Receipts from the disposal of Fixed Assets estimated to increase to \$15,500 based on prior year experience.

Overall, the decrease in Cash Flows from Operating Activities is \$297,269.

5.1.2 Payments from Operating Activities (-\$477,979)

Salaries for 2020/21 will decrease by \$349,813 in line with the proposed Enterprise Agreement No. 10.

Materials and Services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and Services are forecast to increase by \$55,565 compared to 2019/20.

Other Expenses are forecast to decrease by \$183,732 compared to 2019/20 due to the conclusion of leases for P&E. Office Rental is estimated to increase by 4% in accordance with the lease.

These factors combined give the net decrease of \$477,979 in Payments from Operating Activities.

5.1.3 Net Cash provided by Operating Activities (+\$180,710)

Cash flows from Operating Activities for capital works is expected to increase by \$180,710 to \$2.2 m during the 2020/21 year.

5.1.4 Net Cash used in Investing Activities (+\$720,000)

Net Cash used in Investing Activities will increase by \$720,000. This level of expenditure reflects the budgeted expenditure on property, plant and equipment (including motor vehicles and library materials) at \$2.9m.

<i>Budgeted Statement of Capital Works</i>	2019/20	2020 /21	Variance
	\$	\$	\$
<u>Library Materials</u>			
Books	1,000,000	1,100,000	100,000
Audio-visual Materials	600,000	610,000	10,000
ebooks	220,000	230,000	10,000
<u>Plant & Equipment</u>			
Motor Vehicles	60,000	60,000	-
Capital Projects	300,000	900,000	600,000
Total Capital Works	2,180,000	2,900,000	720,000

Refer to section 6.1.1 for further information.

5.1.5 Cash at End of the Financial Year (-\$539,920)

Overall, total cash is forecast to decrease by \$539,920 to \$9,457,452 as of 30 June 2021.

5.1.6 Restricted Funds and Working Capital

The cash flow statement indicates that the Corporation is estimating at 30 June 2021 it will have cash and investments of \$9.4 m which has been restricted as follows:

- Employee Costs (Current) (\$2.3m)**

These funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for the Corporation, they are not generally available for other purposes.

- Employee Costs (Non-current) (\$0.17m)**

These funds are separately identified as restricted to ensure there are sufficient funds to meet the Corporation's obligations as set out in the Local Government (Long Service Leave) Regulations 2002.

- Provision for unfunded superannuation (\$3.3M)**

Although these funds are not separately identified, the Corporation has sufficient cash reserves to fund a call for the Defined Benefits Scheme up to \$3.3m (based on the last call by Vision Super).

6. Analysis of Budgeted Statement of Capital Works

This section of the report analyses the planned capital expenditure budget for the 2020/21 year and the sources of funding for the capital budget.

6.1 Budgeted Standard Capital Works Statement

<i>Budgeted Statement of Capital Works</i>	2019/20 \$	2020 /21 \$	Variance \$
<u>Library Materials</u>			
Books	1,000,000	1,100,000	100,000
Audio-visual Materials	600,000	610,000	10,000
eBooks	220,000	230,000	10,000
<u>Plant & Equipment</u>			
Motor Vehicles	60,000	60,000	-
Capital Projects	300,000	900,000	600,000
Total Capital Works	2,180,000	2,900,000	720,000

6.1.1 Capital Works Areas (+\$720,000)

This level of expenditure reflects the budgeted expenditure on property, plant and equipment (including motor vehicles and library materials) at \$2.9m.

For future years the average annual investment in capital works of \$2.6 m will maintain the current level of investment in the Corporation's assets.

	2019/20 \$	2020 /21 \$	Variance \$
Total Capital Works	2,180,000	2,900,000	720,000
Depreciation	1,831,215	1,884,090	52,875
Written Down Value of Assets Sold	178,870	300,000	121,130
Net Movement in Property, Plant & Equipment	169,915	715,910	545,995

Depreciation will increase by \$52,875 reflecting the acquisition of Public and Employee PCs.

7. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2019/20 and 2020/21.

7.1 Budgeted Balance Sheet

<i>Budgeted Balance Sheet</i>	2019/20	2020 /21	Variance
	\$	\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	10,165,371	9,457,452	-707,919
Trade and other receivables	110,000	70,000	-40,000
Other financial assets			
Other assets			
Receivables			
TOTAL CURRENT ASSETS	10,275,371	9,527,452	-747,919
NON-CURRENT ASSETS			
Trade and other receivables			
Property, Plant and Equipment	5,256,915	5,972,825	715,910
Intangible assets	17,000	17,000	0
TOTAL NON-CURRENT ASSETS	5,273,915	5,989,825	715,910
TOTAL ASSETS	15,549,286	15,517,277	-32,009
CURRENT LIABILITIES			
Payables	595,476	515,200	-80,277
Employee Benefits	2,284,878	2,324,863	39,985
TOTAL CURRENT LIABILITIES	2,880,354	2,840,063	-40,291
NON-CURRENT LIABILITIES			
Employee Benefits	16,646	16,937	291
TOTAL NON CURRENT LIABILITIES	16,646	16,937	291
TOTAL LIABILITIES	2,897,000	2,857,000	-40,000
NET ASSETS	12,652,286	12,660,277	7,991
REPRESENTED BY:			
Members' Equity based on Initial Contributions	3,689,000	3,689,000	0
Accumulated Surplus	8,963,286	8,971,277	7,991
Member Councils Distribution			
EQUITY	12,652,286	12,660,277	7,991

7.1.1 Current Assets (-\$747,919)

The decrease in current assets is due to expending more on capital projects than the total funds available from Net Cash Inflows and Proceeds from Investing Activities.

7.1.2 Non-current assets (+\$715,910)

The increase in non-current assets is due to the net result of the capital works program (\$2.9m of new assets), the depreciation of non-current assets (\$1.8m) and the write-down on assets sold.

7.1.3 Equity (+ \$7,791)

There is a small change in equity (or net assets) as there is a surplus of \$7,791 projected for 2020/21.

7.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ended 30 June 2021 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- All Council contributions and State Government grants will be received.
- Other debtors and creditors are based on the previous year's experiences.
- Employee entitlements to be increased by the terms of the Enterprise Agreement only.
- No increase in the average rate of leave taken.

8. Impact of the current year on 2020/21 Budget

This section of the report analyses the variances from the current budget year (2019/20) and assesses whether there will be any significant impacts on the 2020/21 budget.

Budgeted Comprehensive Income Statement	2019/20
	\$
Income	
Grants - Operating	2,696,532
Contributions - monetary	10,656,878
User Charges, fees and fines	315,752
Other Income	229,150
Proceeds from Fixed Assets	5,500
Total Income	13,903,812
Expenses	
Employee Costs	9,268,812
Materials and services	2,218,219
Depreciation and Amortisation	1,831,215
Nett loss on disposal of P & E	178,870
Other expenses	405,410
Total Expenses	13,902,526
Surplus/(Deficit) for the year	1,286

8.1 Operating Performance

All grants and contributions have been received to date. The last quarter Member Councils' contributions will be received on or after 1 April 2020 which will be the last major income source for 2019/20.

8.2 Cash Performance

There are no significant matters that will reduce the estimated end of year cash position (\$10.4m).

8.3 Capital Performance

The forecast capital performance for the year ending 30 June 2020 shows that the budgeted capital works program for the 2019/20 year will be achieved.

8.4 Matters Significant to the 2020/21 Budget

There are no significant matters for the 2019/20 year at the time the 2020/21 Budget was prepared based on the year to date position as at 31 March 2020, and likely Income and Expenses until 30 June 2020.

9. Strategic Resource Plan

The Corporation is required by the Act to prepare a Strategic Resource Plan (SRP) covering both financial and non-financial resources, including key financial indicators for at least the next six financial years to support the Corporate Plan. The Corporation has produced a SRP and a Long Term Financial Stagey (LTFS) for the six (6) years 2020/21 to 2025/26

9.1 Plan Development

The SRP and LTFS take the Objectives and Strategies as specified in the Corporate Plan and expresses them in financial and non-financial terms for the next six years.

The key objective, which underlines the development of the SRP and the LTFS, is financial sustainability in the medium to long term, whilst still achieving the Corporation's Objectives as specified in the Corporate Plan.

The key financial objectives, which underpin the SRP and the LTFS, are:

- Achieve a surplus for 2020/21 and the following years.
- Maintain a capital expenditure program equal to or greater than depreciation and disposals in 2020/21 and strive to improve, circumstances permitting, on the average annual investment in capital works of \$2.6m for 2021/22 and following years.
- Achieve a balanced budget on a cash basis.

In preparing the SRP and LTFS, the Corporation has also been mindful of the need to comply 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 Corporation's decisions on future generations.
- Provide full, accurate and timely disclosure of financial information.

The key points from the SRP and the LTFS are as follows:

Revenue Strategy (section 10.1)

Member Councils' contributions for 2020/21 are based on advice from the Member Councils. These contributions are subject to Member Councils' adopted budgets for 2020/21, and the level of rate capping imposed for 2021/22 and following years and the impact on our Member Councils' budgets.

Capital Works Strategy (section 10.2)

Capital expenditure over the six years will total \$16m at an annual spend of \$2.6m on library materials, technology and motor vehicles. The amount invested of \$2.9m for 2020/21 maintains the current level of the Corporation's assets for 2020/21. The average annual investment in capital works of \$2.6m for 2020/21 and following years should maintain the current level of the Corporation's assets in the longer term.

Service Delivery Strategy (section 10.3)

The key objectives included in the Corporation's SRP and LTFS which directly impact the future service delivery strategy are to strive to maintain existing service levels and to achieve a reasonable operating result over the six years.

Services levels by way of opening hours will be maintained based on the following: the discussions with Member Councils in relation to contributions 2020/21 and following years; self-service is maintained in all branches; and there is no increase in staffing numbers.

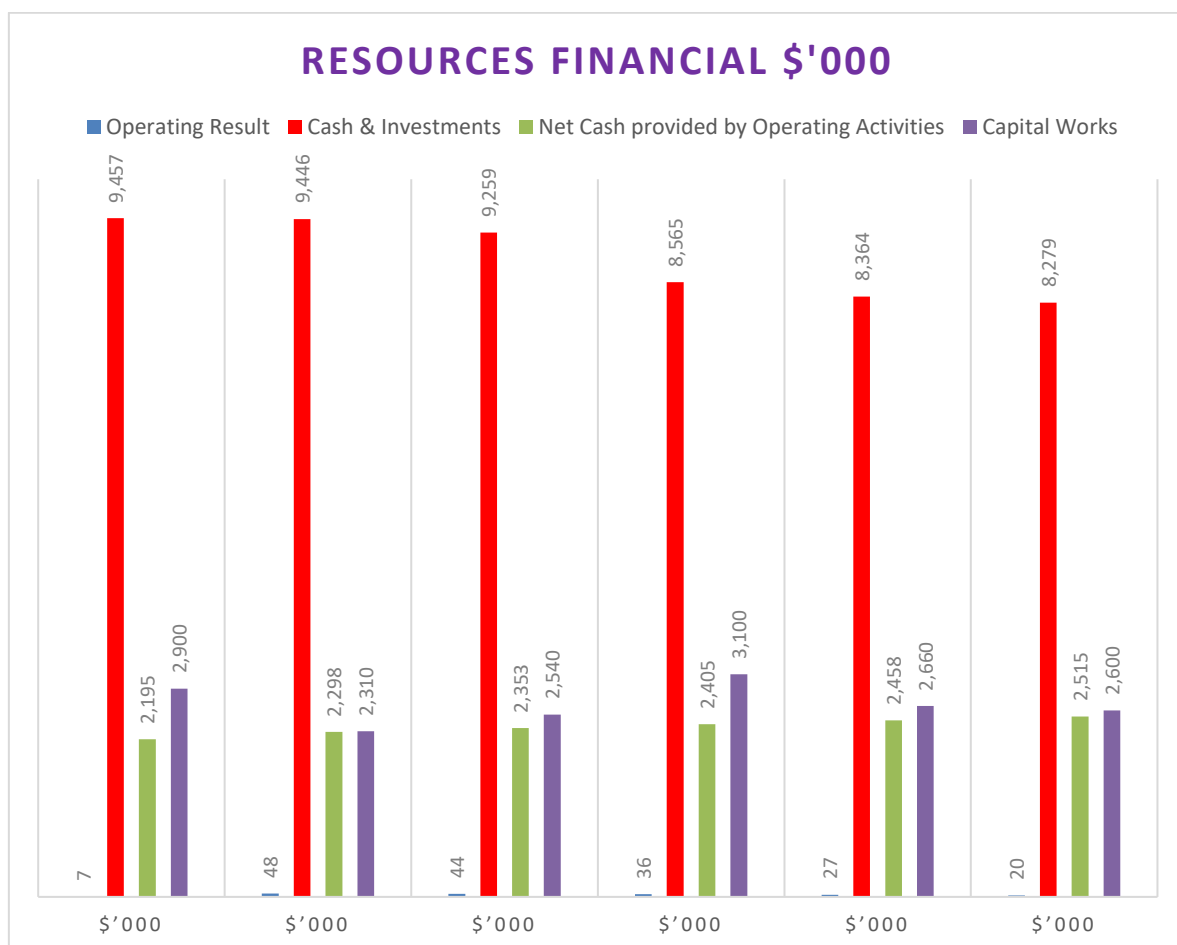
9.2 Financial Resources

The following table summarises the key financial results for the next six years as set out in the SRP for years 2020/21 to 2025/26. Appendix A includes a more detailed analysis of the financial resources to be used over the six years.

	Resource Plan Projections - Financial						Indicator
	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26	+ /o /-
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating Result	7	48	44	36	27	20	-
Cash & Investments	9,457	9,446	9,259	8,565	8,364	8,279	-
Net Cash provided by Operating Activities	2,195	2,298	2,353	2,405	2,458	2,515	+
Capital Works	2,900	2,310	2,540	3,100	2,660	2,600	-

Key to Forecast Trend:

- + Forecasts improvement in the Corporation's financial position indicator
- o Forecasts that the Corporation's financial position indicator will be steady
- Forecasts deterioration in the Corporation's financial position indicator



9.3 Non-financial resources

In addition to the financial resources to be consumed over the planning period, the Corporation will also strive to fund staffing levels sufficient to maintain its service levels. The following table summarizes the non-financial resources for the next six years.

	Resource Plan Projections - Non-financial						Indicator
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Employee Costs	8,918	9,643	9,836	10,032	10,233	10,438	+
Employee numbers (EFT)	99	99	99	99	99	99	o

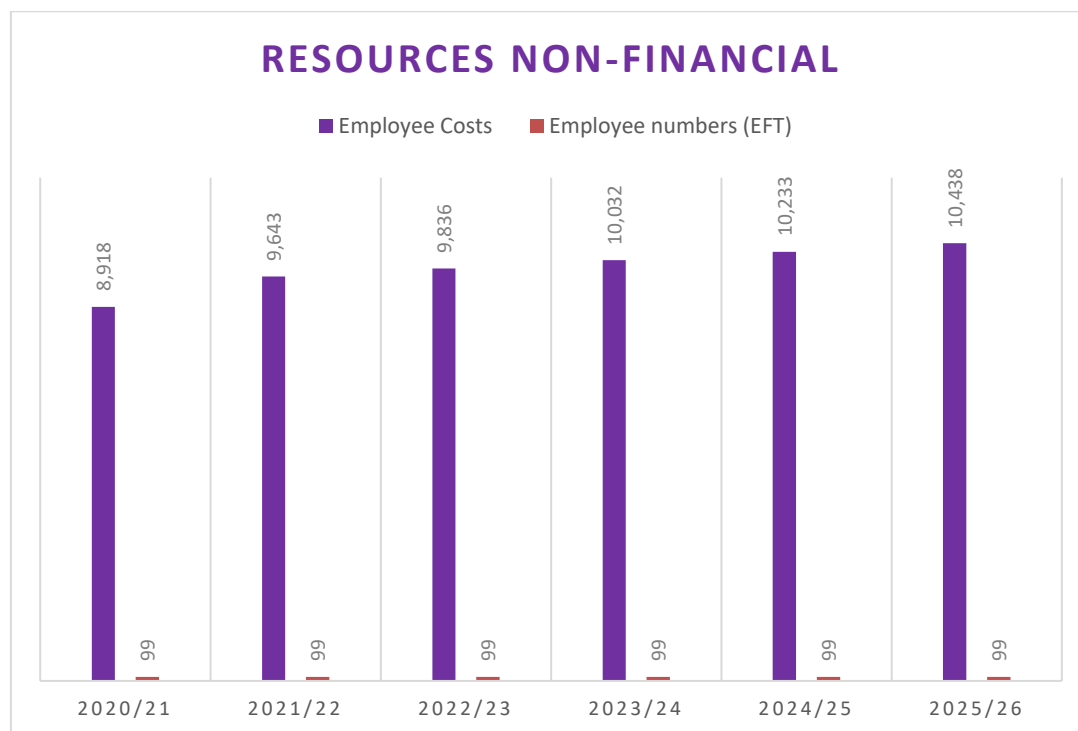
Key to Forecast Trend:

- + Forecasts improvement in the Corporation's non-financial performance indicator
- o Forecasts that the Corporation's non-financial performance indicator will be steady
- Forecasts deterioration in the Corporation's non-financial performance indicator

Employee numbers have been capped at 99 for the period of the SRP and the LTFS.

Overall increases in Employees' Costs have been capped for 2020/21 at 2% and a maximum increase of 2% for the five years 2021/22 to 2025/26.

The percentage increase in Employee Costs for the six years will be influenced by: the impact of Rate Capping; the outcomes of our Member Councils' EBAs, Service Reviews and new development outcomes.



10. FUNDING STRATEGIES

In developing the SRP and the LTFs, funding strategies have been developed for revenue, infrastructure and service delivery.

10.1 Revenue

The 2020/21 Budget has been developed using advice from Member Councils as to their contributions for 2020/21. These contributions are subject to Member Councils' adopted budgets for 2020/21 and the level of rate capping imposed for 2021/22 and the following years and the impact on our Member Councils' budgets.

Given the level of grants from the State Government Grant for prior years, a conservative approach has been taken in relation to the expected increase for 2020/21 and the following years (2.5% pa).

Interest on investments has been estimated to remain the same based on: previous years' experiences; the likely outcome for 2019/20; and investments continuing to return at least 2% per annum for 2020/21 and following years.

User Charges, Fees and Fines will rise where appropriate for the service provided.

10.2 Capital Works

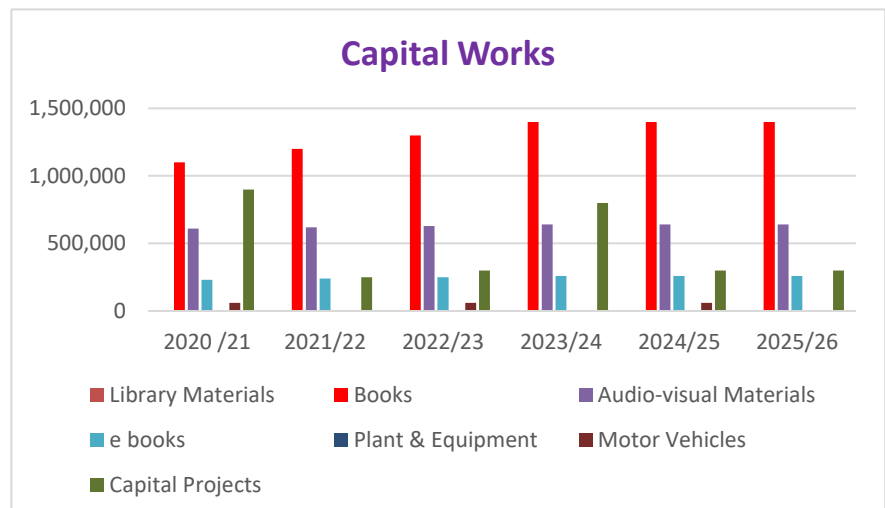
A key objective will be to try and maintain or preserve the Corporation's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then the Corporation's investment in those assets will reduce, along with the capacity to deliver services to the community.

The amount invested of \$2.9m maintains the current level of the Corporation's assets for 2020/21. The average annual investment in capital works of \$2.6m for 2020/21 and following years will maintain the current level of the Corporation's assets.

<i>Budgeted Statement of Capital Works</i>	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
<u>Library Materials</u>						
Books	1,100,000	1,200,000	1,300,000	1,400,000	1,400,000	1,400,000
Audio-visual Materials	610,000	620,000	630,000	640,000	640,000	640,000
e books	230,000	240,000	250,000	260,000	260,000	260,000
<u>Plant & Equipment</u>						
Motor Vehicles	60,000		60,000		60,000	
Capital Projects	900,000	250,000	300,000	800,000	300,000	300,000
Total Capital Works	2,900,000	2,310,000	2,540,000	3,100,000	2,660,000	2,600,000

The following influences had a significant impact on Capital Works for the 2020/21 and following years:

- Projected Member Councils' contributions.
- Estimated State Government Grant for 2020/21 and later years.
- The level of cash and investment reserves to fund future capital expenditure programs.



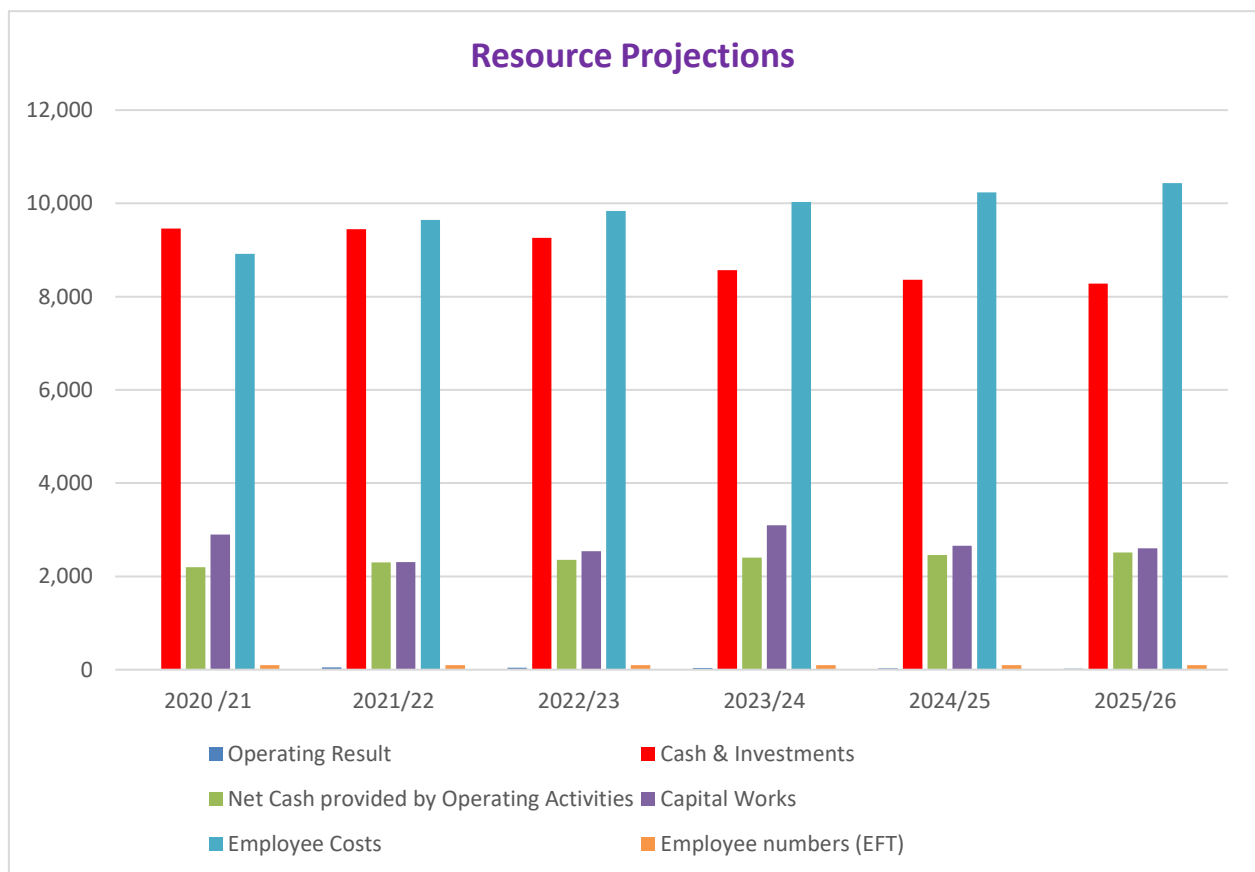
10.3 Service delivery

The key objectives included in the Corporation's SRP and LTFS (referred to in Section 9) are to strive to maintain existing service levels while achieving a reasonable operating result over the six years.

Overall service delivery will be dependent on: Member Councils' contributions, grants from the State Government; and the income generated by the Corporation from charges, fees fines and investment income.

The service delivery outcomes measured in financial terms are shown in the following table.

	Resource Plan Projections						Indicator
	2020 /21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	+/-o/-
Operating Result	7	48	44	36	27	20	-
Cash & Investments	9,457	9,446	9,259	8,565	8,364	8,279	-
Net Cash provided by Operating Activities	2,195	2,298	2,353	2,405	2,458	2,515	+
Capital Works	2,900	2,310	2,540	3,100	2,660	2,600	-
Employee Costs	8,918	9,643	9,836	10,032	10,233	10,438	+
Employee numbers (EFT)	99	99	99	99	99	99	o



10.4 Matters that Impact on the Funding Strategies

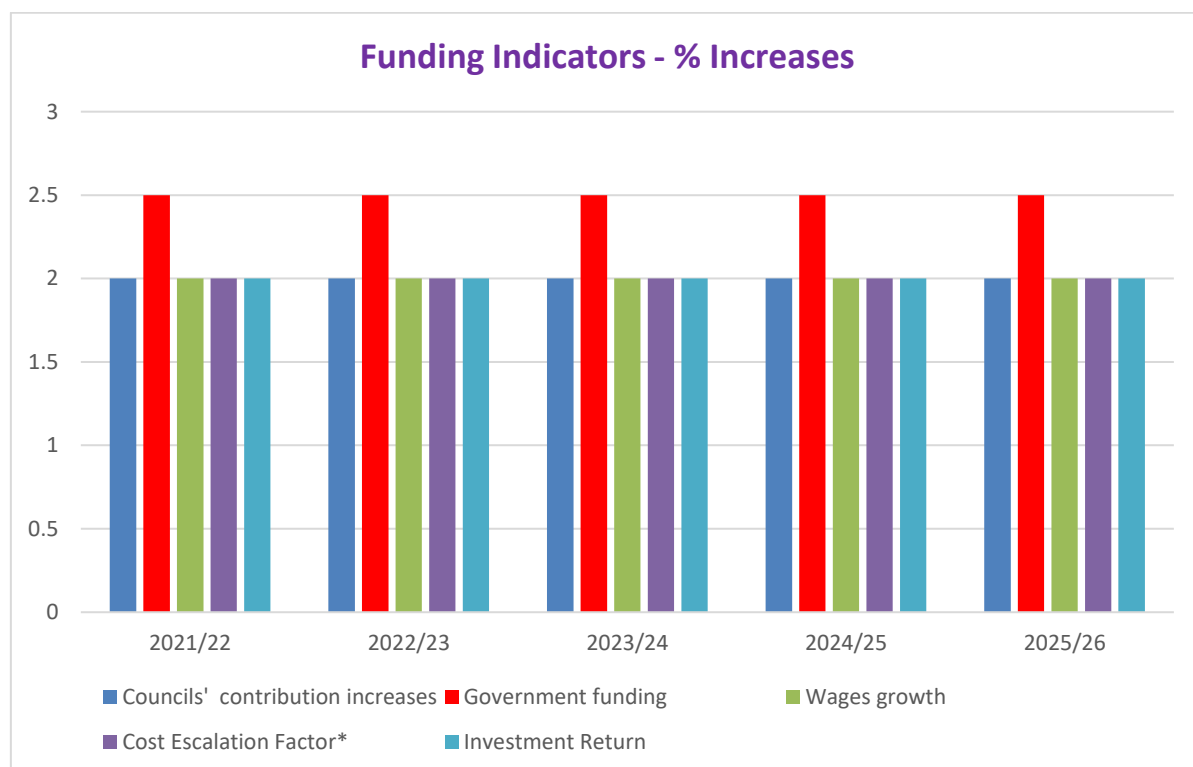
Financial sustainability will be maintained if:

- Member Councils' contributions and State Government grants are as projected.
- Wages growth is 2% for 2020/21 and no more than 2% for the following years.
- Cost increases can be capped at 2% (or no increase) for all expenses other than those determined by agreements, contracts or leases.
- Cash and investments remain constant as forecasted over the six years.

The general matters affecting all operating revenue and expenditure include the following:

Indicator	Resource Plan Funding Projections						Indicator
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	%	%	%	%	%	%	
Councils' contribution increases	2	2	2	2	2	2	o
Government funding	2.5	2.5	2.5	2.5	2.5	2.5	o
Wages growth	2	2	2	2	2	2	o
Cost Escalation Factor*	2	2	2	2	2	2	o
Investment Return	2	2	2	2	2	2	o

*Increases restricted to 2% unless otherwise determined by agreement, lease or contract.



Appendices

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 10 of this report.

This information has not been included in the main body of the budget report in the interests of clarity and conciseness.

The Corporation has decided that whilst the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent local government.

The contents of the appendices are summarised below:

Appendix	Nature of information
A	Long Term Financial Strategy
B	Statutory Disclosures
C	Capital Works Program
D	Key Directions

Appendix A

Long Term Financial Strategy

This appendix presents information regarding the Long Term Financial Strategy (LTFS). The underlying budget information for the years 2020/21 to 2025/6 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

- Long Term Financial Strategy Background
- Budgeted Comprehensive Income Statement
- Budgeted Balance Sheet
- Budgeted Statement of Cash Flows
- Budgeted Statement of Capital Works

Introduction to the Long Term Financial Strategy

The Long Term Financial Plan (LTFS) forecasts the financial capacity of Eastern Regional Libraries Corporation (ERLC) to meet the objectives adopted in its Corporate plan.

Estimates, projections and assumptions have been used to develop a picture of how ERLC's finances will progress over each of the next five (6) years by quantifying revenue growth, expenditure commitments, and funding capacity.

It also serves to measure to what extent ERLC can finance its asset management and other commitments.

Period of the LTFS

The LTFS has been developed based on the current adopted budget for 2020/21 and includes the five (5) following years to 2025/26.

While for some Councils their LTFS is developed for 10 years, the Corporation does not have the same level of long term financial complexity, issues or risks. In addition, predicting outcomes for five (5) years, let alone for ten (10) years, is fraught with difficulty.

Discussions with Finance Managers have supported the position that five (5) years is difficult enough to project, and assumptions for six (6) years and longer would likely be run on the same basis and percentages as for the first five (5) years.

LTFS Structure and Format

The Long Term Financial Plan is presented using the Annual Financial Report format of:

Comprehensive Income Statement

Presents the operating result and change in net assets from operations for the year.

Balance Sheet

Discloses the assets, liabilities and equity of ERLC.

Statement of Cash Flows

Shows the cash flows associated with ERLC's operating, financing and investing activities.

Operational and Financial Goals

The following operational and financial goals have been adopted by ERLC in developing the LTFS:

- Achieve long term financial sustainability by generating surplus operating results before capital grants and contributions.
- Service levels to be maintained at 2019/20 levels with an aim to use fewer resources through an emphasis on innovation and efficiency.
- Progressive increases to asset maintenance and renewal funding; in order to maintain or improve current asset conditions.
- New initiatives or new employee proposals to be cost neutral where practicable through the utilisation of current, and the introduction of further, technology, such as Cloud computing.
- Performance indicators to be at the following levels:

Indicator	Measure
Unrestricted current ratio	2:1 (at least)
Unrestricted cash:	
• Monthly Cash Flows	\$1.5 m
• Provisions (employees)	\$2.3 m
• Investments / Provision for unfunded superannuation	\$3.3 m
TOTAL	\$7.1 m

Assumption and estimates

The following assumptions and estimates have been adopted as a general guide in formulating the LTFS.

Comprehensive Income Statement – Income

Member Council Contributions For 2021/22 and following years a growth factor of 2% for Member Councils' contributions has been allowed.*

*This growth factor is subject to the level of rate capping imposed for 2020/21 and following years and its impact on our Member Councils' budgets. These increases in contributions are subject to final ratification after our Member Councils have adopted their budgets.

State Government Grant Based on the State Government Grant for 2019/20, a conservative approach has been taken in relation to the expected increase in grants for 2020/21 and the following years (2.5%).

The State Government continuing to pay the full grant for 2020/21 and the following years upfront, which will generate investment income for the Corporation.

Member charges and fees Member charges and fees where appropriate to be increased.
Provision has been made to phase out fines for the late returns of borrowed items for 2020/21 and the following years.

Interest received Interest on investments estimated at 2.0%.

Comprehensive Income Statement – Expenditure

Employee costs Employee costs to increase by an estimated 2% per annum.

Materials and Services Materials, contracts, and other costs to increase by 2% per annum based on assumed CPI.

Depreciation Depreciation expense has been calculated based on expected acquisitions, useful lives and likely disposals.

Net Loss on disposal of Plant, furniture, equipment and library materials Based on previous years' experiences.

Other Payments Other expenses to increase by 2% per annum, or CPI if allowed in the contract.

Balance Sheet- Assets

Cash and cash equivalents	Balance from changes in Cash Flow Statement.
Trade and other receivables	Based on previous years' experiences.
Other financial assets – term deposits	Balance from changes in Cash Flow Statement.
Plant, furniture, equipment and library materials	P, F, E & LM has been calculated based on expected acquisitions, useful lives and likely disposals.
Other Assets	Maintained at current levels.

Balance Sheet – Liabilities and Equity

Trade and other payables	Based on previous years' experiences.
Provisions current	Annual and long service leave
Provisions non-current	Annual and long service leave
Equity	Retained earnings from Comprehensive Income Statement

Statement of Cash Flows***Cash flows from operating activities***

- **Receipts** From Comprehensive Income Statement
- **Payments** From Comprehensive Income Statement

Cash flows from investing activities

- **Payments** Additions of plant, equipment and library materials – see capital expenditure list
- **Proceeds** Sale of plant, equipment and library materials

Cash and cash equivalents at the end of the financial year

Net increase (decrease) in cash and cash equivalents Difference between cash flows from operating activities and cash flow from investing activities

Cash and cash equivalents at the end of the financial year

- Total of:
- Net increase (decrease) in cash and cash equivalents; plus
 - Cash and cash equivalents at the beginning of the financial year

Commentary on projections

Financial Statements for LTFS

The LTFS includes standard statements being a Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Statement of Capital Works for the years 2020/21 to 2025/26.

These statements have been prepared for the six (6) years ended 30 June 2026 in accordance with Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations.

In preparing the LTFS, the Corporation has also been mindful of the need to comply 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 Corporation's decisions on future generations.
- Provide full, accurate and timely disclosure of financial information.

Total comprehensive result:

The comprehensive results for the Comprehensive Income Statements show surpluses before capital contributions in all years. The surplus is a positive result and meets one of the key financial goals of providing surplus results before capital grants and contributions.

It is important to note that a surplus result indicates the funding of depreciation (i.e. asset consumption) for the year, while a deficit result indicates underfunding of depreciation for the year.

To achieve its LTFS outcomes, the Corporation is proposing to:

- To increase its Employee Costs by no more than 2% per annum.
- Where it controls the level of its expenditure, to allow increases based on CPI.
- Where it has external leases/contractors/suppliers, to endeavour to restrict any increase to CPI, or less.

Matters that impact on the comprehensive result

The general matters affecting all income and expenses include the following:

Indicator	Resource Plan Funding Projections						Indicator
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	%	%	%	%	%	%	
Councils' contribution increases	2	2	2	2	2	2	o
Government funding	2.5	2.5	2.5	2.5	2.5	2.5	o
Wages growth	2	2	2	2	2	2	o
Cost Escalation Factor*	2	2	2	2	2	2	o
Investment Return	2	2	2	2	2	2	o

*Increases restricted to 2% unless otherwise determined by agreement, lease or contract.

Projected financial resources

The following table summarises the key financial results for the next six years as set out in the LTFS for the years 2020/21 to 2025/26.

	Resource Plan Projections - Financial						Indicator
	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26	+ / o / -
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating Result	7	48	44	36	27	20	-
Cash & Investments	9,457	9,446	9,259	8,565	8,364	8,279	-
Net Cash provided by Operating Activities	2,195	2,298	2,353	2,405	2,458	2,515	+
Capital Works	2,900	2,310	2,540	3,100	2,660	2,600	-

Projected non-financial resources

In addition to the financial resources to be consumed over the planning period, the Corporation will also strive to fund staffing levels sufficient to maintain its service levels. The following table summarizes the non-financial resources for the six years of the LTFS.

	Resource Plan Projections - Non-financial						Indicator
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	+ / o / -
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Employee Costs	8,918	9,643	9,836	10,032	10,233	10,438	+
Employee numbers (EFT)	99	99	99	99	99	99	o

Key to Forecast Trends – financial and non-financial:

- + Forecasts improvement in the Corporation's non-financial performance indicator
- o Forecasts that the Corporation's non-financial performance indicator will be steady
- Forecasts deterioration in the Corporation's non-financial performance indicator

Employee numbers have been capped at 99 for the period of the LTFS.

Overall increases in Employees' Costs have been capped for 2020/21 at 2% and a maximum increase of 2% for the five years 2021/22 to 2025/26.

The percentage increase in Employee Costs for the five years will be influenced by: the impact of Rate Capping; the outcomes of our Member Councils' EBAs, Service Reviews and new development outcomes.

Unrestricted current ratio

The Unrestricted Current ratio maintains a balance above 2:1 for all six (6) years of the LTFS, which is considered acceptable. This ratio is sensitive to the amount of funds ERLC places in non-current investments (i.e. investments due longer than 12 months).

Indicator	Resource Plan Funding Projections						Indicator
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Current Assets V Current Liabilities	3.35	3.35	3.29	3.04	3.06	2.94	o

Unrestricted cash

The amount of unrestricted cash needed to meet the day-to-day operations of ERLC; including a buffer against unforeseen and unbudgeted expenditures.

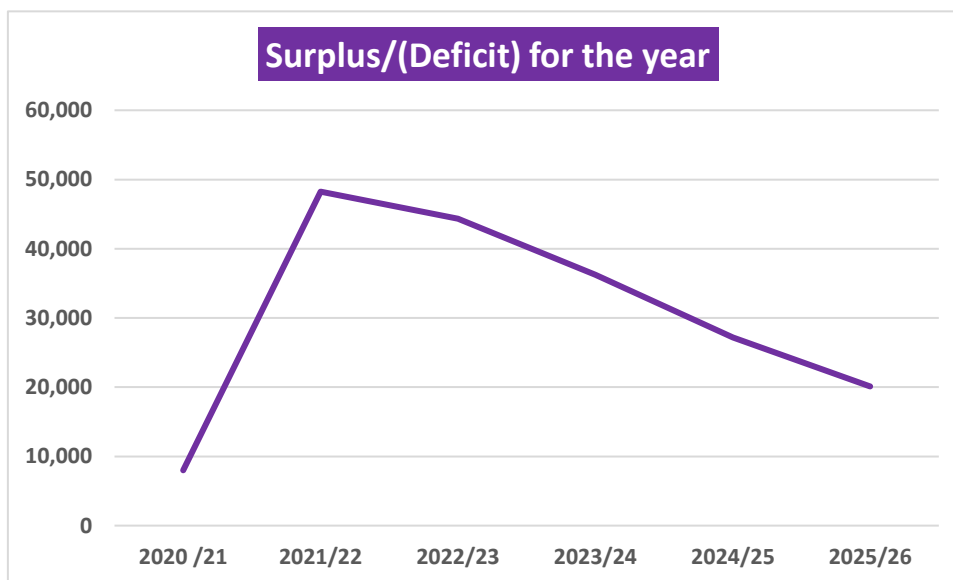
Review of the Long Term Financial Plan

A review of the LTFS in relation to results, estimates and forecasts will be undertaken annually in conjunction with the preparation of the Budget Report and the Strategic Resource Plan.

Budgeted Comprehensive Income Statement

For the six years ending 30 June 2026.

Budgeted Comprehensive Income Statement	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
Income						
Grants - Operating	2,804,995	2,875,119	2,946,997	3,020,672	3,096,189	3,173,594
Contributions - monetary	10,334,827	11,087,416	11,309,164	11,535,347	11,766,054	12,001,376
User Charges, fees and fines	246,478	239,334	242,247	245,218	248,249	251,340
Other Income	204,744	202,910	197,599	183,438	178,755	176,493
Proceeds from Fixed Assets	15,500	15,500	15,500	15,500	15,500	15,500
Total Income	13,606,542	14,420,279	14,711,507	15,000,176	15,304,747	15,618,303
Expenses						
Employee Costs	8,918,999	9,643,272	9,836,137	10,032,860	10,233,517	10,438,188
Materials and services	2,273,784	2,252,039	2,291,249	2,326,437	2,372,626	2,419,840
Depreciation and Amortisation	1,884,090	1,950,613	2,009,131	2,069,405	2,131,487	2,195,432
Nett loss on disposal of P & E	300,000	300,000	300,000	300,000	300,000	300,000
Other expenses	221,678	226,112	230,634	235,247	239,952	244,751
Total Expenses	13,598,551	14,372,035	14,667,151	14,963,949	15,277,582	15,598,210
Surplus/(Deficit) for the year	7,991	48,244	44,356	36,227	27,165	20,092

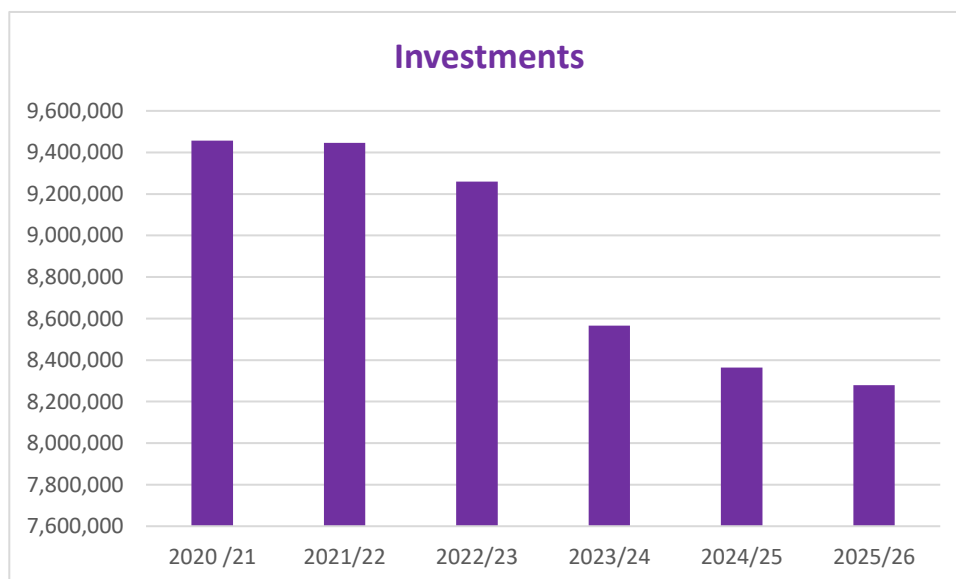


Budgeted Balance Sheet

For the six years ending 30 June 2026.

Budgeted Balance Sheet

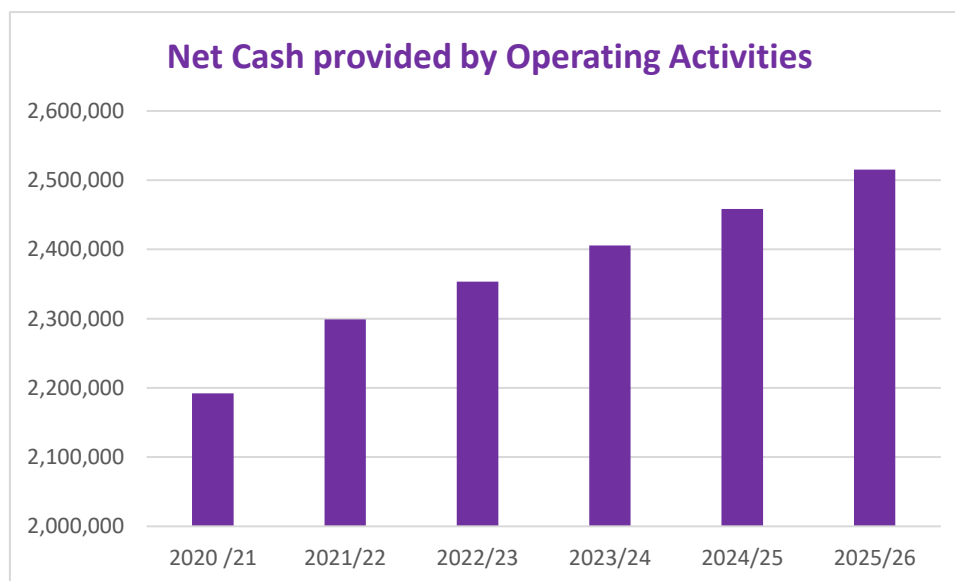
	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
CURRENT ASSETS						
Cash and Cash Equivalents	9,457,452	9,446,309	9,259,796	8,565,428	8,364,081	8,279,605
Trade and other receivables	70,000	70,000	70,000	70,000	70,000	70,000
Other financial assets						
Other assets						
Receivables						
TOTAL CURRENT ASSETS	9,527,452	9,516,309	9,329,796	8,635,428	8,434,081	8,349,605
NON-CURRENT ASSETS						
Trade and other receivables						
Property, Plant and Equipment	5,972,825	6,032,212	6,263,081	6,993,675	7,222,188	7,326,756
Intangible assets	17,000	17,000	17,000	17,000	17,000	17,000
TOTAL NON-CURRENT ASSETS	5,989,825	6,049,212	6,280,081	7,010,675	7,239,188	7,343,756
TOTAL ASSETS	15,517,277	15,565,521	15,609,877	15,646,104	15,588,793	15,693,361
CURRENT LIABILITIES						
Payables	515,200	474,218	432,520	390,091	262,445	302,994
Employee Benefits	2,324,863	2,365,548	2,406,945	2,449,067	2,491,925	2,535,534
Superannuation						
TOTAL CURRENT LIABILITIES	2,840,063	2,839,766	2,839,465	2,839,158	2,754,370	2,838,528
NON-CURRENT LIABILITIES						
Employee Benefits	16,937	17,234	17,535	17,842	18,154	18,472
Superannuation						
TOTAL NON CURRENT LIABILITIES	16,937	17,234	17,535	17,842	18,154	18,472
TOTAL LIABILITIES	2,857,000	2,857,000	2,857,000	2,857,000	2,772,524	2,857,000
NET ASSETS	12,660,277	12,708,521	12,752,877	12,789,104	12,816,268	12,836,361
REPRESENTED BY:						
Members' Equity based on Initial Contributions	3,689,000	3,689,000	3,689,000	3,689,000	3,689,000	3,689,000
Accumulated Surplus	8,971,277	9,019,521	9,063,877	9,100,104	9,127,268	9,147,361
Member Councils Distribution						
EQUITY	12,660,277	12,708,521	12,752,877	12,789,104	12,816,268	12,836,361



Budgeted Statement of Cash Flows

For the six years ending 30 June 2026.

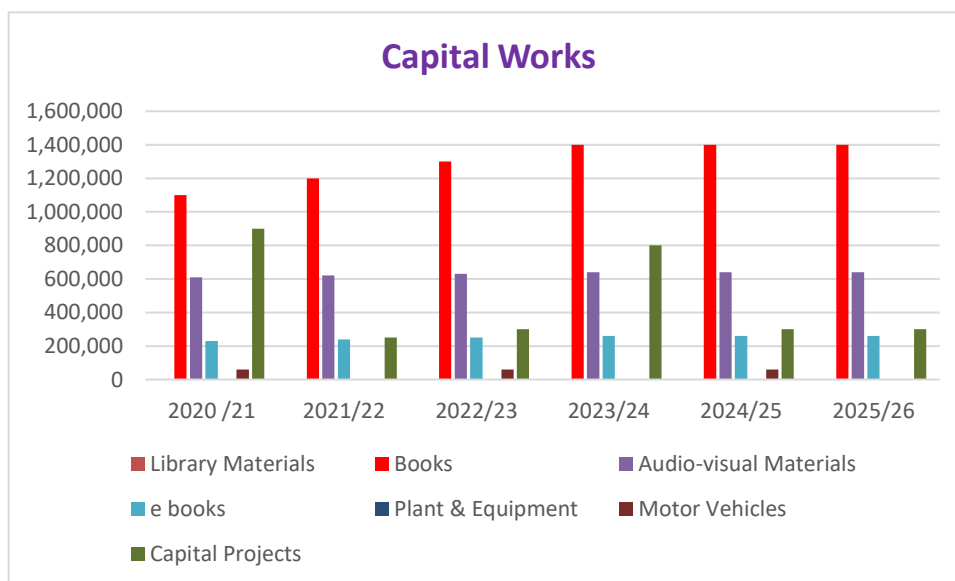
<i>Budgeted Statement of Cash Flows</i>	2020 /21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Operating Activities	\$	\$	\$	\$	\$	
Receipts						
Grants	2,804,995	2,875,119	2,946,997	3,020,672	3,096,189	3,173,594
Contributions	10,334,827	11,087,416	11,309,164	11,535,347	11,766,054	12,001,376
User Charges, fees and fines	246,478	239,334	242,247	245,218	248,249	251,340
Interest	204,744	202,910	197,599	183,438	178,755	176,493
Proceeds from Fixed Assets	15,500	15,500	15,500	15,500	15,500	15,500
	13,606,542	14,420,279	14,711,507	15,000,176	15,304,747	15,618,303
Payments						
Payments to Employees	8,918,999	9,643,272	9,836,137	10,032,860	10,233,517	10,438,188
Payments for Materials and Services	2,273,784	2,252,039	2,291,249	2,326,437	2,372,626	2,419,840
Payments for Other Expenses	221,678	226,112	230,634	235,247	239,952	244,751
	11,414,461	12,121,422	12,358,020	12,594,544	12,846,095	13,102,778
Net Cash provided by Operating Activities	2,192,081	2,298,857	2,353,487	2,405,632	2,458,652	2,515,524
Cash flows from investing activities						
Payments for Plant & Equipment	(2,900,000)	(2,310,000)	(2,540,000)	(3,100,000)	(2,660,000)	(2,600,000)
Net Cash used in Investing Activities	(2,900,000)	(2,310,000)	(2,540,000)	(3,100,000)	(2,660,000)	(2,600,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	(707,919)	(11,143)	(186,513)	(694,368)	(201,348)	(84,476)
Cash and Cash Equivalents at beginning of the Financial Year	10,165,371	9,457,452	9,446,309	9,259,796	8,565,428	8,364,081
Cash and Cash Equivalents at end of the Financial Year	9,457,452	9,446,309	9,259,796	8,565,428	8,364,081	8,279,605



Budgeted Statement of Capital Works

For the six years ending 30 June 2026.

<i>Budgeted Statement of Capital Works</i>	2020 /21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$
<u>Library Materials</u>						
Books	1,100,000	1,200,000	1,300,000	1,400,000	1,400,000	1,400,000
Audio-visual Materials	610,000	620,000	630,000	640,000	640,000	640,000
e books	230,000	240,000	250,000	260,000	260,000	260,000
<u>Plant & Equipment</u>						
Motor Vehicles	60,000		60,000		60,000	
Capital Projects	900,000	250,000	300,000	800,000	300,000	300,000
Total Capital Works	2,900,000	2,310,000	2,540,000	3,100,000	2,660,000	2,600,000
Sources of Funds						
Net Cash Inflows from Operating Activities	2,192,081	2,298,857	2,353,487	2,405,632	2,458,652	2,515,524
Total Sources of Funds	2,192,081	2,298,857	2,353,487	2,405,632	2,458,652	2,515,524
Net Movement Cash Flows	(707,919)	(11,143)	(186,513)	(694,368)	(201,348)	(84,476)
	2020 /21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26
Total Capital Works	2,900,000	2,310,000	2,540,000	3,100,000	2,660,000	2,600,000
Depreciation	1,884,090	1,950,613	2,009,131	2,069,405	2,131,487	2,195,432
Written Down Value of Assets Sold	300,000	300,000	300,000	300,000	300,000	300,000
Net Movement in Property, Plant & Equipment	715,910	59,387	230,869	730,595	228,513	104,568



Appendix B

Statutory disclosures

This appendix presents information required pursuant to the Act and the Regulations to be disclosed in the Council's annual budget. The appendix includes the following budgeted information:

- Borrowings
- Fees and Charges

1. Borrowings

	2019/20	2020/21
	\$	\$
New borrowings (other than refinancing)	0	0
Debt redemption	0	0

2. Charges, Fees and Fines

2.1 The Charges, Fees and Fines to be levied:

Fees & Charges	2020/ 21
Debt Collection Agency Fee	As per agency agreement
Lost items	System Cost & Processing Fee
Replacement cards	\$3.00
Printing / Photocopying - Colour (A4) and (A3)	\$0.90 and \$1.75
- B&W (A4) and (A3)	\$0.20 and \$0.40
Library reservations (per item)	\$2.00
InterLibrary Loan (per item)	
- other public library services	\$5.00
- non-public library	\$15.00
Book sale - adult fiction (Minimum)	\$1.00
- junior material (Minimum)	\$1.00
- paperbacks (Minimum)	\$1.00
Book clubs per annum	\$350.00
Library bags	
- large	\$2.00
- small	\$1.00
- Hand made	+50c on price charge by the supplier
Faxing	
Victoria - per fax (includes multiple pages)	\$2.30
Australia - per minute	\$3.40
Overseas - per minute	\$5.60
Receiving - per page printing	\$0.20
Training e.g. Internet & Genealogy	Variable
Activities - adult	Variable
- junior	Variable
Meeting Room - Boronia	As per Councils' Fees and Charges
- Rowville	
- Belgrave	
- Mt Evelyn	
- Yarra Junction	

Notes: Fees and Charges inclusive of GST, as it applies.

Appendix C

Capital Works Program

For the six years ending 30 June 2026.

	2020 /21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$
<u>Library Materials</u>						
Books	1,100,000	1,200,000	1,300,000	1,400,000	1,400,000	1,400,000
Audio-visual Materials	610,000	620,000	630,000	640,000	640,000	640,000
e books	230,000	240,000	250,000	260,000	260,000	260,000
<u>Plant & Equipment</u>						
Motor Vehicles	60,000		60,000		60,000	
Capital Projects	900,000	250,000	300,000	800,000	300,000	300,000
Total Capital Works	2,900,000	2,310,000	2,540,000	3,100,000	2,660,000	2,600,000

Appendix D

Key Direction 1 ~ Library Services

Objective

To ensure the scope, delivery and management of our library service responds to and meets local community needs and interests and contributes to the achievement of meaningful outcomes for library users and the community.

Strategies

Affordable, trusted and accessible public and online services

- Provide affordable membership and access to our range of services and resources which are provided through our branches, community and outreach service points (including mobile libraries) and online.
- Offer services that will be inclusive to all members of the community, including customers with special needs and those from Indigenous, culturally and linguistically diverse backgrounds.
- Provide access to library services structured in a way that maximizes accessibility and convenience to potential users, both when they use library branches and access our services remotely.

Community needs and service provision gaps & improvements

- Gather formal and informal community-related information (particularly from our Member Councils) that allows programs and services to be identified and developed from the customer's perspective and to meet community needs.

Create partnerships to build community and individual resilience and capacity

- Work, and form partnerships (where appropriate) with: local community service, education and learning providers providing support to our communities; and the networks and committees that exist to coordinate service provision across these providers.

Objective

To ensure the development and management of our library content and collections to: meet the information, education, recreation and cultural needs of the community; support the development of lifelong learning; and foster a love of reading.

Strategies

Delivering content and collections

- Plan, develop and deliver content and collections to meet the recreational, educational, social, information and employment-related needs of members of the community across all life stages, demographic groups and interests.

Accessible formats

- Provide access to resources in a variety of formats including print, audio and digital.
- Ensure appropriate and efficient access for all members of the community to the continuously developing library collection.

Championing cultural identity

- Where appropriate, and in partnership with other organisations:
 - provide access to, and maintain, a collection that relates to the history and development of the local community.
 - document, preserve and present the historical and contemporary development of the local community.

Objective

To offer comprehensive and authoritative information, reference and readers' advisory services to all library customers.

Strategies

Information and reference service provision

- Provide customers with the information and/or reading materials (including audiobooks, eBooks, CDs and DVDs) that suit their needs in an appropriate timeframe.

Access to information and reference services

- Provide information, reference and readers' advisory services to library customers on-site, online and by phone.

Training in information and digital skills

- Support library users to develop their information and digital literacy skills and to facilitate their effective use of library resources and facilities.

Objective

To provide targeted activities and events that use library resources and collections to:

- enrich the lives of community members.
- build literacy, language and learning skills.
- engage, connect, inform and inspire.
- improve personal development and wellbeing.

Strategies

Program offering

- Offer a wide range of programs, wherever practical and subject to funding, to encourage and enhance effective and productive use of the library, collections and services.

Targeting of programs

- Target and design programs to respond to identified needs and interests in the local community based on an understanding of the demographic composition of our community and the reading, literacy, social and learning needs and interests of specific groups within the community.
- Design, develop and deliver library programs that recognise the special needs, interests and capabilities of participants and different target groups (e.g. people with low literacy, people with disabilities, indigenous Australians, CALD communities).
- Ensure, where possible, programs, exhibitions and displays intersect with and encourage the use of library collections and other library services or programs.

Inter-generational activities

- Design programs designed where practicable to generate and maximize inter-generational activities.

Involvement of stakeholders

- Ensure partner organisations, in particular our Member Councils, are involved, as relevant and appropriate, in the planning, design, development, promotion, delivery and evaluation of programs.

Objective

To provide affordable use of computers, the internet and other technology and applications to allow users to access the library and public information and resources.

Strategies

Equipment and services

- Plan for the provision, regular updating, and use of computers, the internet, peripherals (including printers, scanners and copiers) and other technology for library users to occur within the Corporation's: broader policy framework; planning; and budget for technology management.

New technology is available and accessible

- Subject to funding, be widely recognised as a place where mainstream and new technology is available and accessible to all members of the community.

Broadband speed

- Ensure bandwidth (where available) is sufficient for consistently good quality access to digital print, image and sound resources throughout the library service.

Access to specialist technologies

- Provide access to:
 - Adaptive technologies for library users with vision or hearing disabilities.
 - Multilingual electronic resources for customers wishing to access CALD materials.

Key Direction 6 ~ Places (physical and digital)

Objective

To provide accessible physical and digital places and spaces that meet the recreational, educational, social, information and employment-related needs of library users.

Strategies

Building Design

- Work with our Member Councils to develop library building designs that recognise the multiple, complementary and sometimes competing interests of library users in their demands of library spaces, and provide a high degree of adaptability for new or varied purposes.

Dedicated spaces

- Provide, as far as possible and at appropriate times, dedicated spaces to complement library programs and services (e.g. children's spaces, youth spaces, event spaces, display areas, community meeting rooms).

Use of library spaces

- Encourage library users and community groups to use library places and spaces in ways that improve their personal or collective outcomes.
- Support and facilitate different and concurrent use of library places and spaces by different library users.

User training and support

- Support library users to build their confidence and skills in efficiently using digital technology and effectively using digital information and tools by:
 - providing support and training to assist people in becoming more confident in using computers.
 - developing people's skills in the use of computers and the internet.
 - building digital and information literacy among people who have access to digital information
 - Provide affordable basic training programs in accessing the information resources provided at the library, including regular internet and technology training sessions.

Library website

- Design, and regularly review, the library website to ensure:
 - Users can quickly navigate, find and access online library resources and services.
 - The website supports collaboration and the creative development of new library content.

Objective

To ensure all library staff (including casual and relief staff) have sufficient knowledge and skills to undertake the requirements of their roles with a minimum of supervision.

Strategies

Staffing requirements

- Employ suitably qualified and/or experienced managers and staff, appropriately trained to discharge their particular job responsibilities.
- Facilitate a planned induction and orientation program for all new staff and staff who have changed positions.

Staffing mix

- Employ, in addition, to appropriately qualified staff for core library services (such as reference services, collection development and technical services) specialist staff with non-library related qualifications to enrich and support library programs or functions (e.g. information technology, youth work, education, marketing and administration, community liaison).
- Provide, where practicable, eLearning/ Tech Officers in every branch.

Professional development

- Maintain a process of continuing professional education on a formal basis, which is augmented by informal skills transfer, mentoring and information sessions for staff.
- Provide initial and 'refreshed' customer service training for all staff.
- Provide diversity and ability awareness training for communicating with their colleagues and with library customers, including persons with physical and mental disabilities, those from diverse cultural backgrounds, adult new readers and individuals speaking languages other than English.
- Encourage staff to expand their library and cross-sectoral networks, and further their professional development by reading, online exchange of ideas, and by attending courses, conferences, and meetings.
- Encourage job rotation and staff exchanges as a means of ensuring adequate training and development, especially for more isolated staff such as those in small branch libraries.

Objective

To demonstrate the differences that our services, programs and places make in the lives of individuals and the wellbeing of the community and monitor and evaluate the impact on participants and the community, and the influence on library usage.

Strategies

Reports

- Provide quarterly Board Reports that demonstrate the outputs and outcomes from the services delivered, including:
 - the number of programs delivered.
 - the number of participants in programs, activities and events.
 - the number of participants trained.
 - impact on loans, visits and membership.
 - participant satisfaction and anticipated (or actual) impact on knowledge, skills, learning and employment outcomes or personal development and wellbeing.
- Publish an Annual Report of the activities undertaken.

Feedback

- Provide opportunities to measure our performance and outcomes through:
 - Online feedback page on our website.
 - Hard copy feedback forms in every branch.

Evaluation

- Short targeted surveys to assess the impact of the service delivered e.g. after a program or activity.
- A biennial omnibus survey to capture feedback on all the services offered by the Corporation.

Create awareness of library services and activities

- Promote our many programs and services through using different hard and soft media (incl. virtual networks and social media).
- Participate in: various community events and gatherings; partnerships and networks.