



# Budget Report - 2021/22

Incorporating the Strategic Resource Plan and the Long Term Financial Strategy.

## 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	2021 /22		Comments
	\$	%	
<b>Income</b>			
Grants - Operating	2,875,119	20.40%	In the 70s, the State Government for a period contributed 50%
Contributions - monetary	11,033,066	78.30%	Member Councils continue to bear the substantive costs associated with running a highly regarded public library service
User Charges, fees and fines	92,128	0.65%	Fines, Fees and Charges
Other Income	74,530	0.53%	Investment Income
Proceeds from Fixed Assets	15,500	0.11%	Sale of Assets
<b>Total Income</b>	<b>14,090,342</b>	<b>100.00%</b>	

## Growth Factors for Member Councils' Contributions & State Government Grants

Advice has been received that each of our Member Council will be increasing their 2020/21 contribution level by 1.5%. These increases in contributions are subject to final ratification after our Member Councils have adopted their 2021/22 budgets.

For 2022/23 and following years a growth factor of 1.5% for contributions has been allowed. This growth factor is subject to the level of rate capping imposed for 2022/23 and the following years and its impact on our Member Councils' budgets.

Based on the State Government Grant for 2020/21, a conservative approach has been taken in relation to the expected increase in grants for 2021/22 and the following years (2.5%).

## Distribution of Accumulated Surplus to Member Councils (\$6m)

The Corporation rightly has a risk averse policy on investments which precludes investments other than term deposits. However, as with our Member Councils, our investments returns have been showing a steady decline over the last 12 to 18 months.

Based on these poor returns, the Chief Executive believes that the Corporation's Accumulated Surplus would be better utilised in funding new or improved libraries. The distribution of the Corporations' Accumulated Surplus would provide a better overall return for our communities.

Each Member Council will receive a distribution of \$2m in the financial year 2021/22.

The timing of the distribution is to coincide with the substantially increased State Government's Living Libraries Grant funding levels over the next two years. The increased fund allows Councils to seek up to \$1m in matching funding for a project, or \$1.5m in the case of Yarra Ranges.

The distribution would be made to our Member Councils on the basis that they are held in an Asset Reserve Fund, the nature and purpose of which is major capital expenditure used to acquire, refurbish or redevelop library premises either as standalone premises or as part of community hubs.

An example of the use of the distribution would be the development of the new library as part of the Croydon Community Wellbeing Hub.

## 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 2021
1. Public notice advising intention to adopt the budget	15 March
2. Budget available for public inspection & comment until	30 April
3. Submissions together with budget referred to the Board	21 May
4. Budget presented to the Board for amendment/adoption	27 May
5. Copy of adopted budget submitted to the Minister	By 30 June

## 1. Linkage to the Library Plan and other Reviews

This section describes how the Annual Budget links to the achievement of the Library 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 Library 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 Library 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 Library 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 and this will impact on future service delivery. 26 'actions' were developed, reviewed and 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 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 colocation 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 impact on the type and level of library services that are delivered on behalf of Council in the new Community Wellbeing Hub.

Yarra Ranges Council has undertaken a review of its library services, both static branches and mobile libraries, and this will have an impact on the type and level of services to be delivered to its residents.

Major infrastructure projects that have impacted 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 is playing a greater management role.

## 2. Library Plan

Implementation of Objectives and Strategies within the Library 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 Library 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 2021/22 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 2021/22. These contributions are subject to final ratification after our Member Councils have adopted their 2021/22 budgets.
- For 2022/23 and following years a growth factor of 1.5% 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 2021/22 and later years based on prior-year experiences.
- The State Government paying the full grant for 2021/22 upfront, which will generate additional investment income for the Corporation.
- Investments continuing to return at least 1.5% per annum for 2021/22.
- Escalation factor of a maximum of 1.5% in Employee Costs for 2021/22, including movements within band levels, etc.

#### 3.2 Internal Influences

To achieve a balanced budget for 2021/22, the Corporation is proposing to:

- To increase its Employee Costs by no more than 1.5%.
- 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 2020/21 year which have an impact on the setting of the budget for 2021/22:

- All Grants and Contributions will have been received in accordance with our funding agreements.
- User charges, fees and fines will be down on budget due to the removal of fines for overdue items.
- 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 four months of income and expenses to come by 30 June 2021.

There are no other significant matters for the 2020/21 year at the time the 2021/22 Budget was prepared based on the year to date position as at 27 February 2021 and projected income and expenses until 30 June 2021.

### 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 2020/21 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 2020/21.
- 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 2021/22 budget, which is included in this report, is for the year 1 July 2021 to 30 June 2022 and is prepared in accordance with the Act and Regulations.

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 2022 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 2021/22 to 2026/27 (section 9) and Funding Strategies (section 10), including infrastructure and service delivery.

#### 4. Analysis of Budgeted Comprehensive Income Statement

This section of the report analyses the expected income and expenses of the Corporation for the 2021/22 year.

##### 4.1 Income

Budgeted Comprehensive Income Statement	2020 /21	2021/22	Variance
	\$	\$	\$
<b>Income</b>			
Grants - Operating	2,804,995	2,875,119	70,125
Contributions - monetary	10,334,827	11,033,066	698,239
User Charges, fees and fines	246,478	92,128	-154,350
Other Income	204,744	74,530	-130,214
Proceeds from Fixed Assets	15,500	15,500	0
<b>Total Income</b>	<b>13,606,542</b>	<b>14,090,342</b>	<b>483,800</b>

##### 4.1.1 State Government Grants (+ \$70,125)

The estimated State Government's Grant represents an increase to the Corporation of \$70,125 on the 2020/21 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 2021/22, based on the increase for 2020/21.

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 2021/22. However, there is a commitment in the State Budget in respect of funding for 2021/22 and later years.

##### 4.1.2 Member Councils' Contributions (+ \$698,239)

The Member Councils have informed the Corporation of their likely contributions for 2021/22.

Based on the advice received, the Member Council contributions show an increase of \$698,239 over 2020/21. This is in line with Rate Capping of 1.5% and the restoration of the 30% reduction in Member Councils' contributions for 2020/21 with all branches now fully operational.

These contributions are subject to final ratification after our Member Councils have adopted their 2021/22 budgets.

##### 4.1.3 User Charges, Fees and Fines (-\$154,350)

User Charges, Fees and Fines have been estimated to decrease by \$154,350 based on removing fines for overdue items.

##### 4.1.4 Other Income (-\$130,214)

Interest on investments has been estimated to decrease by \$130,214 based on: previous years' experiences; the likely outcome for 2020/21; and investments returning 1.5% per annum for 2021/22.

##### 4.1.5 Proceeds from the Sale of Fixed Assets (No change)

A small amount of funds is to be realised from the sale of fixed assets.

**4.2 Expenses**

<b>Budgeted Comprehensive Income Statement</b>	<b>2020 /21</b>	<b>2021/22</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Employee Costs	8,918,999	9,280,404	361,405
Materials and services	2,273,784	2,435,130	161,346
Depreciation and Amortisation	1,884,090	1,890,000	5,910
Nett loss on disposal of P & E	300,000	250,000	-50,000
Other expenses	221,678	226,112	4,434
<b>Total Expenses</b>	<b>13,598,551</b>	<b>14,081,646</b>	<b>483,094</b>

**Employee Costs (+\$361,406)**

Salaries for 2021/22 will increase by \$361,406 based on a 1.5% increase in line with the proposed Enterprise Agreement No. 10, and reflecting the restoration of the 30% reduction in Member Councils' contributions for 2020/21 with all branches now fully operational.

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 (+ \$161,346)**

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 \$161,346 compared to 2020/21.

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 (+\$5,910)**

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 2020/21 and estimated growth in assets for 2021/22.

Refer to section 6. "Analysis of Capital Budget" for a more detailed analysis of the Corporation's capital works program for the 2021/22 year.

**4.2.4 Nett loss on disposal of P & E (-\$50,000)**

Nett Loss on disposal of Assets has been estimated to decrease based on previous years' experiences and the likely outcome for 2020/21.

**4.2.5 Other Expenses (+\$4,434)**

Other Expenses include Audits, Office Rental and Operating Leases.

Other Expenses are forecast to increase by \$4,434 (92%) compared to 2020/21, apart from Office Rental which 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 2021/22 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 using existing cash reserves.

### 5.1 Budgeted Statement of Cash Flows

<i>Budgeted Statement of Cash Flows</i>	2020 /21	2021/22	Variance
	\$	\$	\$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Grants	2,804,995	2,875,119	70,125
Contributions	10,334,827	11,033,066	698,239
User Charges, fees and fines	246,478	92,128	-154,350
Interest	204,744	74,530	-130,214
Proceeds from Fixed Assets	15,500	15,500	0
	<b>13,606,542</b>	<b>14,090,342</b>	<b>483,800</b>
<b>Payments</b>			
Payments to Employees	8,918,999	9,280,404	361,405
Payments for Materials and Services	2,273,784	2,435,130	161,346
Payments for Other Expenses	221,678	226,112	4,434
	<b>11,414,461</b>	<b>11,941,646</b>	<b>527,184</b>
<b>Net Cash provided by Operating Activities</b>	<b>2,192,081</b>	<b>2,148,697</b>	<b>-43,384</b>
<b>Cash flows from investing activities</b>			
Payments for Plant & Equipment	(2,900,000)	(2,290,000)	610,000
Member Councils Distribution		(6,000,000)	-6,000,000
<b>Net Cash used in Investing Activities</b>	<b>(2,900,000)</b>	<b>(8,290,000)</b>	<b>-5,390,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(707,919)</b>	<b>(6,141,303)</b>	<b>-5,433,384</b>
Cash and Cash Equivalents at beginning of the Financial Year	10,134,000	9,426,081	-707,919
<b>Cash and Cash Equivalents at end of the Financial Year</b>	<b>9,426,081</b>	<b>3,284,778</b>	<b>-6,141,303</b>

#### 5.1.1 Cash flows from Operating Activities - Receipts (+ \$483,800)

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 \$70,125 (2.5%) on the 2020/21 grant. Based on the advice received, the Member Council's contributions show an increase of \$698,239 over 2020/21 to \$11m. This is in line with Rate Capping of 1.5% and the restoration of the 30% reduction in Member Councils' contributions for 2020/21 with all branches now fully operational.

User Charges, Fees and Fines have been estimated to decrease by \$154,350 based on removing fines for overdue items. Interest from investments is estimated to decrease by \$130,214 based on the budgeted financial position at year-end.

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

Overall, the increase in Cash Flows from Operating Activities – Receipts is \$483,800.

**5.1.1 Cash flows from Operating Activities - Payments (+ \$527,184)**

Salaries for 2021/22 will increase by \$361,405 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 \$161,346 compared to 2020/21.

Other Expenses are forecast to increase by \$4,435 compared to 2020/. Office Rental is estimated to increase by 4% in accordance with the lease.

These factors combined give the net increase of \$527,184 in the Cash Flow from Operating Activities - Payments.

**Net Cash provided by Operating Activities (-\$43,384)**

Net Cash flows from Operating Activities for capital works is expected to decrease by \$43,384 to \$2.14m during the 2021/22 year.

**5.1.4 Net Cash used in Investing Activities (-\$5,390,000)**

Net Cash used in Investing Activities will decrease by \$5,390,000.

**Capital Expenditure (\$2.3m)**

This level of expenditure reflects the budgeted expenditure on property, plant and equipment (including motor vehicles and library materials). Refer to section 6.1.1 for further information on the estimated Capital Expenditure for 2020/21.

**Distribution of Accumulated Surplus to Member Councils (\$6m)**

The Corporation rightly has a risk averse policy on investments which precludes investments other than term deposits. However, as with our Member Councils, our investments returns have been showing a steady decline over the last 12 to 18 months.

Based on these poor returns, the Chief Executive believes that the Corporation's Accumulated Surplus would be better utilised in funding new or improved libraries. The distribution of the Corporations' Accumulated Surplus would provide a better overall return for our communities.

The timing of the distribution is to coincide with the substantially increased State Government's Living Libraries Grant funding levels over the next two years. The increased fund allows Councils to seek up to \$1m in matching funding for a project, or \$1.5m in the case of Yarra Ranges.

The distribution would be made to our Member Councils on the basis that they are held in an Asset Reserve Fund, the nature and purpose of which is major capital expenditure used to acquire, refurbish or redevelop library premises either as standalone premises or as part of community hubs.

An example of the use of the distribution would be the Croydon Community Wellbeing Hub.

**5.1.5 Cash at End of the Financial Year (-\$5,433,384)**

Overall, total cash is forecast to decrease by \$5,433,384 to \$3,284,778 as of 30 June 2022.

## 6. Analysis of Budgeted Statement of Capital Works

This section of the report analyses the planned capital expenditure budget for the 2021/22 year and the sources of funding for the capital budget.

### 6.1 Budgeted Standard Capital Works Statement

Budgeted Statement of Capital Works	2020 /21	2021/22
	\$	\$
<b><u>Library Materials</u></b>		
Books	1,100,000	1,200,000
Audio-visual Materials	610,000	600,000
e books	230,000	240,000
<b><u>Plant &amp; Equipment</u></b>		
Motor Vehicles	60,000	
Capital Projects	900,000	250,000
<b>Total Capital Works</b>	<b>2,900,000</b>	<b>2,290,000</b>

### Capital Works Areas (-\$610,000)

This level of expenditure reflects the budgeted expenditure on property, plant and equipment (including motor vehicles and library materials) at \$2.3m.

Budgeted Statement of Capital Works	2020 /21	2021/22	Variance
	\$	\$	\$
<b><u>Library Materials</u></b>			
Books	1,100,000	1,200,000	100,000
Audio-visual Materials	610,000	600,000	-10,000
e books	230,000	240,000	10,000
<b><u>Plant &amp; Equipment</u></b>			
Motor Vehicles	60,000		-60,000
Capital Projects	900,000	250,000	-650,000
<b>Total Capital Works</b>	<b>2,900,000</b>	<b>2,290,000</b>	<b>-610,000</b>

The reduction in Capital Projects reflects:

- No acquisition of a motor vehicle in 2021/22
- No major capital projects (e.g. the acquisition of Public and Employee PCs in 2020/21) in 2021/22.

For future years the average annual investment in capital works of \$2.4 m will maintain the current level of investment in the Corporation's assets.

## 7. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2020/21 and 2021/22.

### 7.1 Budgeted Balance Sheet

Budgeted Balance Sheet	2020 /21	2021/22	Variance
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9,426,081	3,284,778	-6,141,303
Trade and other receivables	70,000	70,000	0
Other financial assets			
Other assets			
Receivables			
<b>TOTAL CURRENT ASSETS</b>	<b>9,496,081</b>	<b>3,354,778</b>	<b>-6,141,303</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables			
Property, Plant and Equipment	5,972,825	6,122,825	150,000
Right of Use Assets	17,000	17,000	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,989,825</b>	<b>6,139,825</b>	<b>150,000</b>
<b>TOTAL ASSETS</b>	<b>15,485,906</b>	<b>9,494,603</b>	<b>-5,991,303</b>
<b>CURRENT LIABILITIES</b>			
Payables	515,200	442,848	-72,352
Employee Benefits	2,324,863	2,365,548	40,685
Lease Liabilities			
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,840,063</b>	<b>2,808,396</b>	<b>-31,667</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits	16,937	17,233	296
Lease Liabilities			
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>16,937</b>	<b>17,233</b>	<b>296</b>
<b>TOTAL LIABILITIES</b>	<b>2,857,000</b>	<b>2,825,629</b>	<b>-31,371</b>
<b>NET ASSETS</b>	<b>12,628,906</b>	<b>6,668,974</b>	<b>-5,959,932</b>
<b>REPRESENTED BY:</b>			
Members' Equity based on Initial Contributions	3,689,000	3,689,000	0
Accumulated Surplus	8,971,277	8,979,974	8,697
Member Councils Distribution		(6,000,000)	-6,000,000
<b>EQUITY</b>	<b>12,660,277</b>	<b>6,668,974</b>	<b>-5,991,303</b>

#### 7.1.1 Current Assets (-\$6,141,303)

The decrease in current assets is mainly due to the distribution (\$6m) to our Member Councils.

#### 7.1.2 Non-current assets (+\$150,000)

The increase in non-current assets is due to the net result of the capital works program (\$2.3m of new assets), the depreciation of non-current assets (\$1.8m) and the write-down of assets sold.

#### 7.1.3 Equity (-\$5,991,303)

There change in equity (or net assets) represents the surplus of \$ 8,697 projected for 2021/22, less the distribution of \$6m from the Accumulated Surplus.

## 8. Impact of the current year on 2021/22 Budget

This section of the report analyses the variances from the current budget year (2020/21) and assesses whether there will be any significant impacts on the 2021/22 budget.

Budgeted Comprehensive Income Statement	2020 /21
	\$
<b>Income</b>	
Grants - Operating	2,804,995
Contributions - monetary	10,334,827
User Charges, fees and fines	246,478
Other Income	204,744
Proceeds from Fixed Assets	15,500
<b>Total Income</b>	<b>13,606,542</b>
<b>Expenses</b>	
Employee Costs	8,918,999
Materials and services	2,273,784
Depreciation and Amortisation	1,884,090
Nett loss on disposal of P & E	300,000
Other expenses	221,678
<b>Total Expenses</b>	<b>13,598,551</b>
<b>Surplus/(Deficit) for the year</b>	<b>7,991</b>

### 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 2021 which will be the last major income source for 2020/21.

### 8.2 Cash Performance

There are no significant matters that will reduce the estimated end of year cash position (\$9.4m).

### 8.3 Capital Performance

The forecast capital performance for the year ending 30 June 2021 shows that the budgeted capital works program for the 2020/21 year will be achieved.

### 8.4 Matters Significant to the 2020/21 Budget

There are no significant matters for the 2020/21 year at the time the 2021/22 Budget was prepared based on the year to date position as at 27 February 2021, and likely Income and Expenses until 30 June 2021.

## 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 Library Plan. The Corporation has produced a SRP and a Long Term Financial Stagey (LTFS) for the six (6) years 2021/22 to 2026/27

### 9.1 Plan Development

The SRP and LTFS take the Objectives and Strategies as specified in the Library 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 Library Plan.

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

- Achieve a surplus for 2021/22 and the following years.
- Maintain a capital expenditure program equal to or greater than depreciation and disposals in 2021/22 and strive to improve, circumstances permitting, on the average annual investment in capital works of \$2.4m 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 2021/22 are based on advice from the Member Councils. These contributions are subject to Member Councils' adopted budgets for 2021/22, 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 \$14.2m at an average annual spend of \$2.4m on library materials, technology and motor vehicles. The amount invested of \$2.3m for 2021/22 maintains the current level of the Corporation's assets for 2021/22. The average annual investment in capital works of \$2.4m for 2021/22 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 their contributions 2021/22 and following years; self-service is maintained in all branches; and there is no increase in staffing numbers.

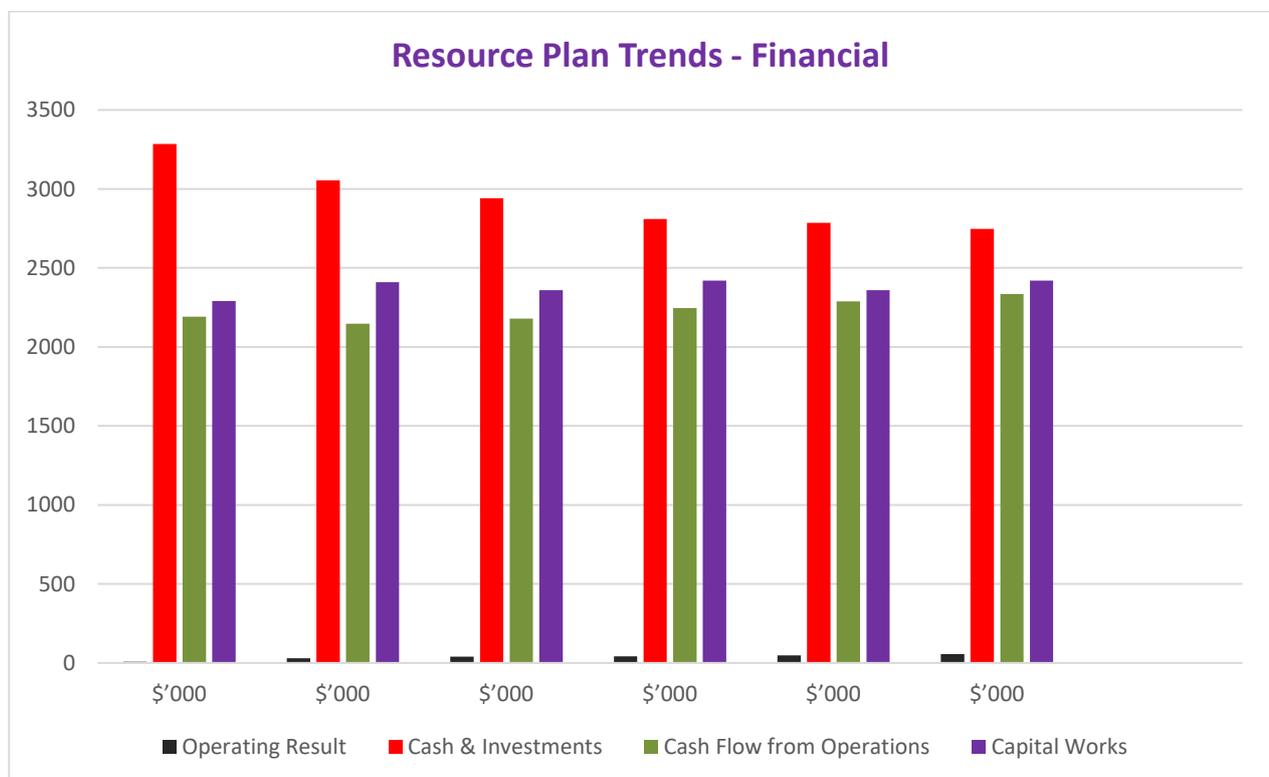
**9.2 Financial Resources**

The following table summarises the key financial results for the next six years as set out in the SRP for years 2021/22 to 2026/27. Appendix A includes a more detailed analysis of the financial resources to be used over the six years.

Indicator	Resource Plan Projections						+ / o / -
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating Result	8	29	39	42	49	56	+
Cash & Investments	3,284	3,054	2,941	2,810	2,785	2,748	-
Cash Flow from Operations	2,192	2,148	2,179	2,246	2,289	2,335	+
Capital Works	2,290	2,410	2,360	2,420	2,360	2,420	o

**Key to Resource Plan Trends:**

- + 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.

Indicator	Resource Plan Projections						+ / o / -
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Employee Costs	9,280	9,419	9,560	9,704	9,849	9,997	+
Employee numbers (EFT)	99	99	99	99	99	99	o

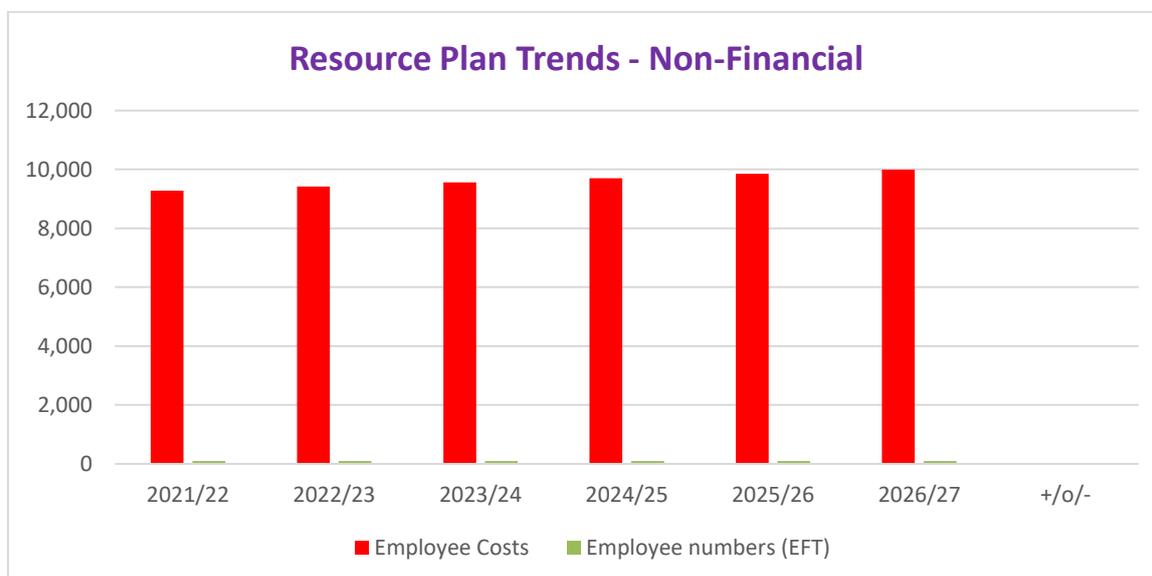
**Key to Resource Plan Trends:**

- + 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 2021/22 at 1.5% and a maximum increase of 1.5% for the five years 2021/22 to 2026/27.

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 2021/22 Budget has been developed using advice from Member Councils as to their contributions for 2021/22. These contributions are subject to Member Councils’ adopted budgets for 2021/22 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 2021/22 and the following years (2.5% pa).

Interest on investments has been estimated to decrease based on: previous years’ experiences; the likely outcome for 2020/21; and investments continuing to return at least 1.5% per annum for 2021/22 and following years.

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

### 10.2 Capital Works

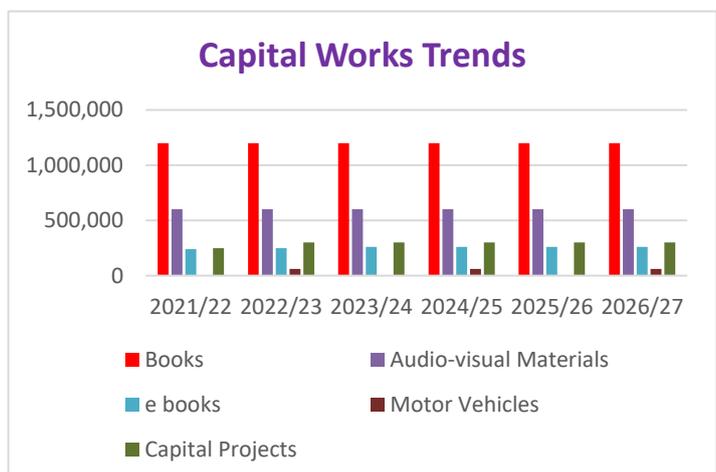
A key objective will be to try and maintain or preserve the Corporation’s existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then the Corporation’s investment in those assets will reduce, along with the capacity to deliver services to the community.

The amount invested of \$2.3m maintains the current level of the Corporation’s assets for 2021/22. The average annual investment in capital works of \$2.4m for 2021/22 and following years will maintain the current level of the Corporation’s assets.

Budgeted Statement of Capital Works	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$
<b>Library Materials</b>						
Books	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Audio-visual Materials	600,000	600,000	600,000	600,000	600,000	600,000
e books	240,000	250,000	260,000	260,000	260,000	260,000
<b>Plant &amp; Equipment</b>						
Motor Vehicles		60,000		60,000		60,000
Capital Projects	250,000	300,000	300,000	300,000	300,000	300,000
<b>Total Capital Works</b>	<b>2,290,000</b>	<b>2,410,000</b>	<b>2,360,000</b>	<b>2,420,000</b>	<b>2,360,000</b>	<b>2,420,000</b>

The following influences had a significant impact on Capital Works for the 2021/22 and following years:

- Projected Member Councils’ contributions.
- Estimated State Government Grant for 2021/22 and later years.
- The level of cash and investment reserves to fund future capital expenditure programs.



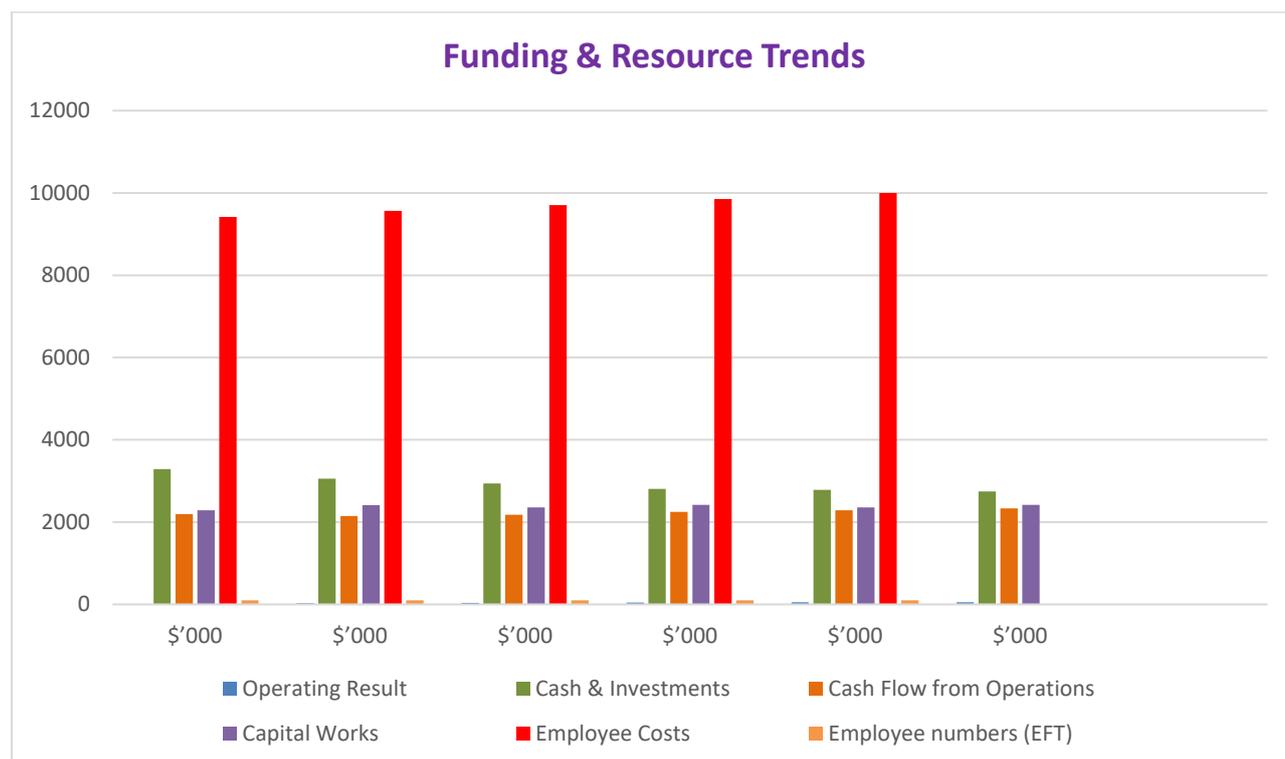
**10.3 Service delivery**

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, and investment income.

The service delivery outcomes measured in combined financial and non-financial terms are shown in the following table.

Resource Plan Projections							
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Operating Result</b>	8	29	39	42	49	56	+
<b>Cash &amp; Investments</b>	3,284	3,054	2,941	2,810	2,785	2,748	-
<b>Cash Flow from Operations</b>	2,192	2,148	2,179	2,246	2,289	2,335	+
<b>Capital Works</b>	2,290	2,410	2,360	2,420	2,360	2,420	o
<b>Employee Costs</b>	9,290	9,419	9,560	9,704	9,849	9,997	+
<b>Employee numbers (EFT)</b>	99	99	99	99	99	99	o



**10.4 Matters that Impact on the Funding Strategies**

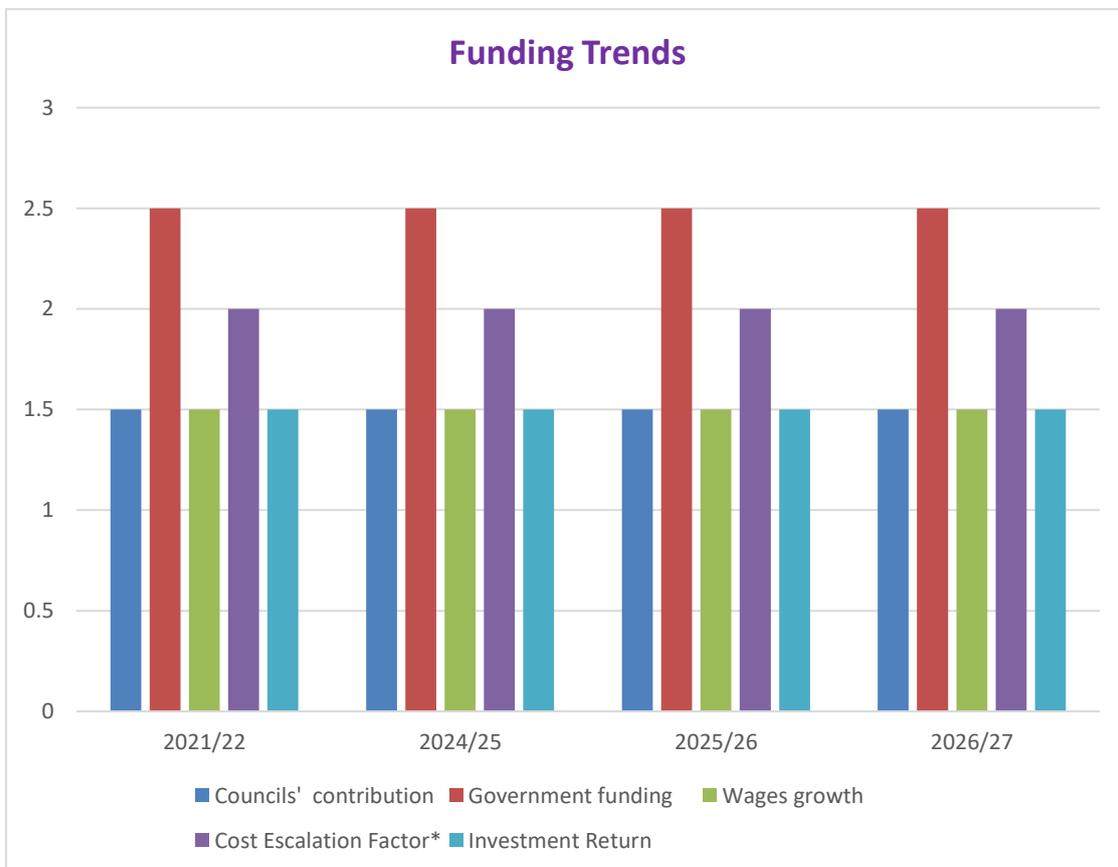
Financial sustainability will be maintained if:

- Member Councils’ contributions and State Government grants are received as projected.
- Wages growth is 1.5% for 2021/22 and no more than 1.5% 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 Trends						Indicator
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	%	%	%	%	%	%	
Councils' contribution	1.5	1.5	1.5	1.5	1.5	1.5	○
Government funding	2.5	2.5	2.5	2.5	2.5	2.5	○
Wages growth	1.5	1.5	1.5	1.5	1.5	1.5	○
Cost Escalation Factor*	2	2	2	2	2	2	○
Investment Return	1.5	1.5	1.5	1.5	1.5	1.5	○

\*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

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## Appendix A

### Long Term Financial Strategy

This appendix presents information regarding the Long Term Financial Strategy (LTFS). The underlying budget information for the years 2021/22 to 2026/27 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

- Long Term Financial Strategy
- 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 2021/22 and includes the five (5) following years to 2026/27.

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.

#### Statement of Capital Works

Shows the planned capital expenditure budget and the sources of funding for the capital budget.

## 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 2020/21 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	1:1 (at least)
Unrestricted cash:	
<ul style="list-style-type: none"> <li>• Monthly Cash Flows</li> </ul>	\$2m

## 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 1.5% for Member Councils' contributions has been allowed.\*

\*This growth factor is subject to the level of rate capping imposed for 2021/22 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 2020/21, a conservative approach has been taken in relation to the expected increase in grants for 2021/22 and the following years (2.5%).

The State Government continuing to pay the full grant for 2021/22 and the following years upfront, which will generate investment income for the Corporation.

**Member charges and fees** Fees where appropriate to be increased.

**Interest received** Interest on investments estimated at 1.5%.

### Comprehensive Income Statement – Expenditure

**Employee costs** Employee costs to increase by an estimated 1.5% 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.

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

**Balance Sheet- Assets**

<b>Cash and cash equivalents</b>	Balance from changes in Cash Flow Statement.
<b>Trade and other receivables</b>	Based on previous years' experiences.
<b>Other financial assets – term deposits</b>	Balance from changes in Cash Flow Statement.
<b>Plant, furniture, equipment and library materials</b>	Calculations are based on expected acquisitions, useful lives and likely disposals.
<b>Other Assets</b>	Maintained at current levels.

**Balance Sheet – Liabilities and Equity**

<b>Trade and other payables</b>	Based on previous years' experiences.
<b>Provisions current</b>	Annual and long service leave
<b>Provisions non-current</b>	Annual and long service leave
<b>Equity</b>	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 beginning of the financial year*** From Budgeted Balance Sheet

***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 estimates

### 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 2021/22 to 2026/27.

These statements have been prepared for the six (6) years ended 30 June 2027 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:

Resource Plan Funding Projections						
Indicator	2021/22	2022/3	2023/24	2024/25	2025/26	2026/27
	%	%		%	%	
Councils' contribution	1.5	1.5	1.5	1.5	1.5	1.5
Government funding	2.5	2.5	2.5	2.5	2.5	2.5
Wages growth	1.5	1.5	1.5	1.5	1.5	1.25
Cost Escalation Factor*	2	2	2	2	2	2
Investment Return	1.5	1.5	1.5	1.5	1.5	1.5

\*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 2021/22 to 2026/27.

Indicator	Resource Plan Projections							+/-
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27		
	\$'000	\$'000	\$'000	\$'000				
Operating Result	8	29	39	42	49	56	+	
Cash & Investments	3,284	3,054	2,941	2,810	2,785	2,748	-	
Cash Flow from Operations	2,192	2,148	2,179	2,246	2,289	2,335	+	
Capital Works	2,290	2,410	2,360	2,420	2,360	2,420	o	

### 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.

Indicator	Resource Plan Projections							+/-
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Employee Costs	9,280	9,419	9,560	9,704	9,849	9,997	+	
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 2021/22 at 1.5% and a maximum increase of 1.5% for the five years 2021/22 to 2026/27.

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 1:1 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
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Current Assets V Current Liabilities	1.19	1.12	1.08	1.04	1.02	1.01	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.

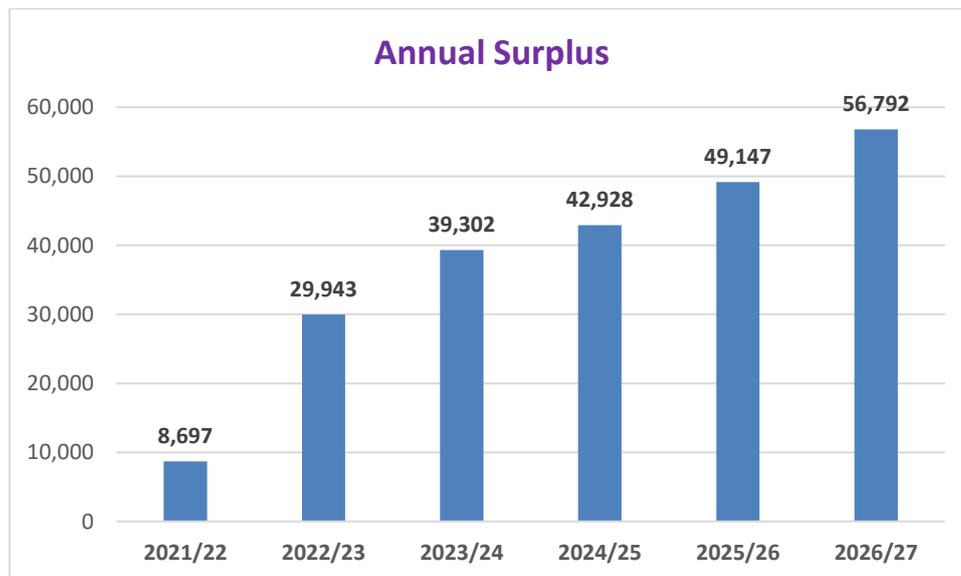
### Review of the Long Term Financial Plan

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 2027.

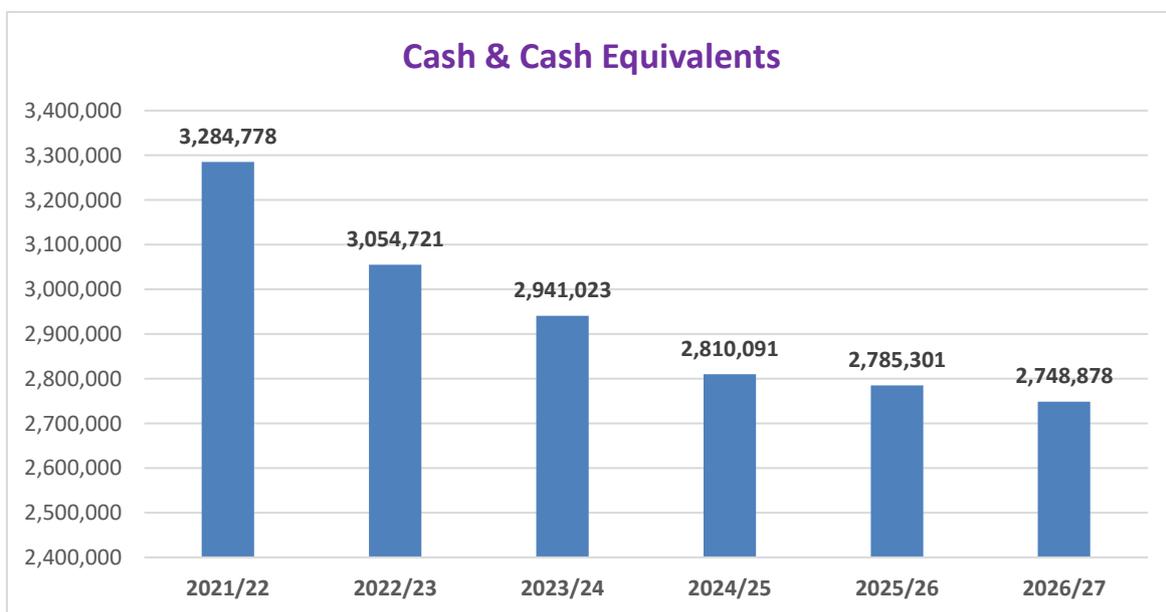
Budgeted Comprehensive Income Statement	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$
<b>Income</b>						
Grants - Operating	2,875,119	2,946,997	3,020,672	3,096,189	3,173,594	3,252,934
Contributions - monetary	11,033,066	11,198,562	11,366,540	11,537,038	11,710,094	11,885,745
User Charges, fees and fines	92,128	93,128	94,148	95,188	96,249	97,332
Other Income	74,530	52,702	59,892	52,368	47,072	42,828
Proceeds from Fixed Assets	15,500	15,500	15,500	15,500	15,500	15,500
<b>Total Income</b>	<b>14,090,342</b>	<b>14,306,889</b>	<b>14,556,752</b>	<b>14,796,283</b>	<b>15,042,509</b>	<b>15,294,338</b>
<b>Expenses</b>						
Employee Costs	9,280,404	9,419,610	9,560,904	9,704,318	9,849,882	9,997,631
Materials and services	2,435,130	2,476,702	2,514,299	2,562,946	2,612,666	2,663,486
Depreciation and Amortisation	1,890,000	1,900,000	1,957,000	1,996,140	2,036,063	2,076,784
Nett loss on disposal of P & E	250,000	250,000	250,000	250,000	250,000	250,000
Other expenses	226,112	230,634	235,247	239,952	244,751	249,646
<b>Total Expenses</b>	<b>14,081,646</b>	<b>14,276,946</b>	<b>14,517,450</b>	<b>14,753,355</b>	<b>14,993,362</b>	<b>15,237,546</b>
<b>Surplus for the year</b>	<b>8,697</b>	<b>29,943</b>	<b>39,302</b>	<b>42,928</b>	<b>49,147</b>	<b>56,792</b>



**Budgeted Balance Sheet**

For the six years ending 30 June 2027.

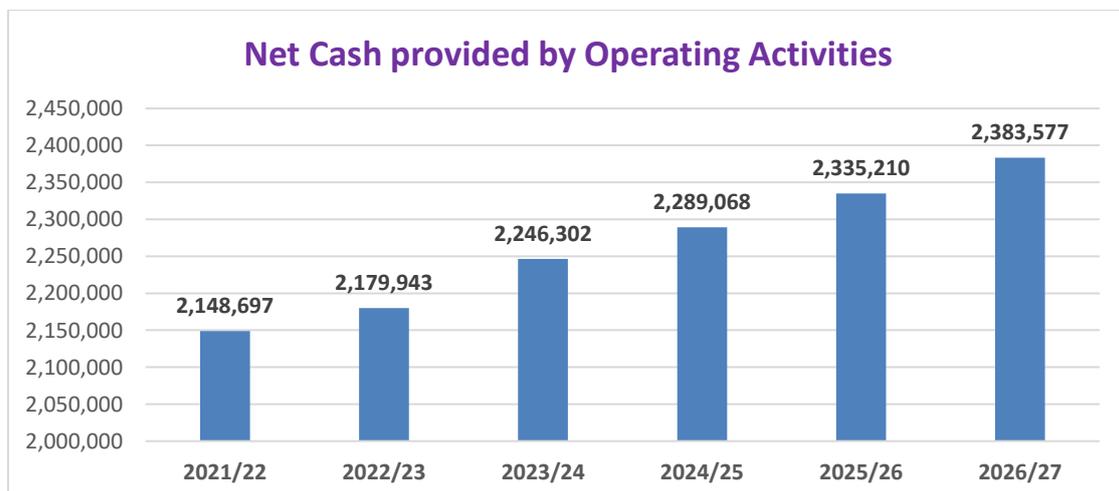
Budgeted Balance Sheet	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	3,284,778	3,054,721	2,941,023	2,810,091	2,785,301	2,748,878
Trade and other receivables	70,000	70,000	70,000	70,000	70,000	70,000
<b>TOTAL CURRENT ASSETS</b>	<b>3,354,778</b>	<b>3,124,721</b>	<b>3,011,023</b>	<b>2,880,091</b>	<b>2,855,301</b>	<b>2,818,878</b>
<b>NON-CURRENT ASSETS</b>						
Trade and other receivables						
Property, Plant and Equipment	6,122,825	6,382,825	6,535,825	6,709,685	6,783,622	6,876,838
Right of Use Assets	17,000	17,000	17,000	17,000	17,000	17,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,139,825</b>	<b>6,399,825</b>	<b>6,552,825</b>	<b>6,726,685</b>	<b>6,800,622</b>	<b>6,893,838</b>
<b>TOTAL ASSETS</b>	<b>9,494,603</b>	<b>9,524,546</b>	<b>9,563,848</b>	<b>9,581,986</b>	<b>9,655,923</b>	<b>9,712,716</b>
<b>CURRENT LIABILITIES</b>						
Payables	442,848	391,773	349,345	281,384	262,247	217,552
Employee Benefits	2,365,548	2,406,945	2,449,067	2,491,925	2,535,534	2,579,906
Lease Liabilities						
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,808,396</b>	<b>2,798,718</b>	<b>2,798,411</b>	<b>2,773,309</b>	<b>2,797,781</b>	<b>2,797,458</b>
<b>NON-CURRENT LIABILITIES</b>						
Employee Benefits	17,233	17,535	17,842	18,154	18,472	18,795
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>17,233</b>	<b>17,535</b>	<b>17,842</b>	<b>18,154</b>	<b>18,472</b>	<b>18,795</b>
<b>TOTAL LIABILITIES</b>	<b>2,825,629</b>	<b>2,816,253</b>	<b>2,816,253</b>	<b>2,791,463</b>	<b>2,816,253</b>	<b>2,816,253</b>
<b>NET ASSETS</b>	<b>6,668,974</b>	<b>6,708,293</b>	<b>6,747,595</b>	<b>6,790,523</b>	<b>6,839,670</b>	<b>6,896,463</b>
<b>REPRESENTED BY:</b>						
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	8,979,974	3,019,293	3,058,595	3,101,523	3,150,670	3,207,463
Member Councils Distribution	(6,000,000)					
<b>EQUITY</b>	<b>6,668,974</b>	<b>6,708,293</b>	<b>6,747,595</b>	<b>6,790,523</b>	<b>6,839,670</b>	<b>6,896,463</b>



## Budgeted Statement of Cash Flows

For the six years ending 30 June 2027.

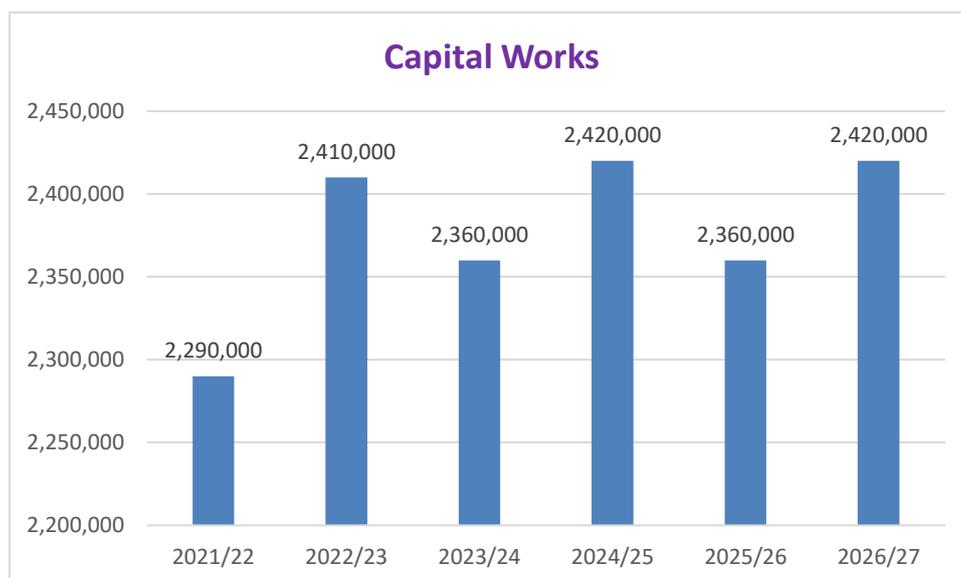
Budgeted Statement of Cash Flows	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Cash Flows from Operating Activities</b>	\$	\$	\$	\$		
<b>Receipts</b>						
Grants	2,875,119	2,946,997	3,020,672	3,096,189	3,173,594	3,252,934
Contributions	11,033,066	11,198,562	11,366,540	11,537,038	11,710,094	11,885,745
User Charges, fees and fines	92,128	93,128	94,148	95,188	96,249	97,332
Interest	74,530	52,702	59,892	52,368	47,072	42,828
Proceeds from Fixed Assets	15,500	15,500	15,500	15,500	15,500	15,500
	<b>14,090,342</b>	<b>14,306,889</b>	<b>14,556,752</b>	<b>14,796,283</b>	<b>15,042,509</b>	<b>15,294,338</b>
<b>Payments</b>						
Payments to Employees	9,280,404	9,419,610	9,560,904	9,704,318	9,849,882	9,997,631
Payments for Materials and Services	2,435,130	2,476,702	2,514,299	2,562,946	2,612,666	2,663,486
Payments for Other Expenses	226,112	230,634	235,247	239,952	244,751	249,646
	<b>11,941,646</b>	<b>12,126,946</b>	<b>12,310,450</b>	<b>12,507,215</b>	<b>12,707,299</b>	<b>12,910,762</b>
<b>Net Cash provided by Operating Activities</b>	<b>2,148,697</b>	<b>2,179,943</b>	<b>2,246,302</b>	<b>2,289,068</b>	<b>2,335,210</b>	<b>2,383,577</b>
<b>Cash flows from investing activities</b>						
Payments for Plant & Equipment	(2,290,000)	(2,410,000)	(2,360,000)	(2,420,000)	(2,360,000)	(2,420,000)
Member Councils Distribution	(6,000,000)					
<b>Net Cash used in Investing Activities</b>	<b>(8,290,000)</b>	<b>(2,410,000)</b>	<b>(2,360,000)</b>	<b>(2,420,000)</b>	<b>(2,360,000)</b>	<b>(2,420,000)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(6,141,303)</b>	<b>(230,057)</b>	<b>(113,698)</b>	<b>(130,932)</b>	<b>(24,790)</b>	<b>(36,423)</b>
Cash and Cash Equivalents at beginning of the Financial Year	9,426,081	3,284,778	3,054,721	2,941,023	2,810,091	2,785,301
<b>Cash and Cash Equivalents at end of the Financial Year</b>	<b>3,284,778</b>	<b>3,054,721</b>	<b>2,941,023</b>	<b>2,810,091</b>	<b>2,785,301</b>	<b>2,748,878</b>



## Budgeted Statement of Capital Works

For the six years ending 30 June 2027.

Budgeted Statement of Capital Works	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$
Books	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Audio-visual Materials	600,000	600,000	600,000	600,000	600,000	600,000
e books	240,000	250,000	260,000	260,000	260,000	260,000
Motor Vehicles		60,000		60,000		60,000
Capital Projects	250,000	300,000	300,000	300,000	300,000	300,000
<b>Total Capital Works</b>	<b>2,290,000</b>	<b>2,410,000</b>	<b>2,360,000</b>	<b>2,420,000</b>	<b>2,360,000</b>	<b>2,420,000</b>
<b>Sources of Funds</b>						
Net Cash Inflows from Operating Activities	2,148,697	2,179,943	2,246,302	2,289,068	2,335,210	2,383,577
<b>Total Sources of Funds</b>	<b>2,148,697</b>	<b>2,179,943</b>	<b>2,246,302</b>	<b>2,289,068</b>	<b>2,335,210</b>	<b>2,383,577</b>
<b>Net Movement Cash Flows</b>						
	<b>(141,303)</b>	<b>(230,057)</b>	<b>(113,698)</b>	<b>(130,932)</b>	<b>(24,790)</b>	<b>(36,423)</b>
<b>Total Capital Works</b>						
	<b>2,290,000</b>	<b>2,410,000</b>	<b>2,360,000</b>	<b>2,420,000</b>	<b>2,360,000</b>	<b>2,420,000</b>
Depreciation	1,890,000	1,900,000	1,957,000	1,996,140	2,036,063	2,076,784
Written Down Value of Assets Sold	250,000	250,000	250,000	250,000	250,000	250,000
<b>Net Movement in Property, Plant &amp; Equipment</b>	<b>150,000</b>	<b>260,000</b>	<b>153,000</b>	<b>173,860</b>	<b>73,937</b>	<b>93,216</b>



## 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

	2020/21	2021/22
	\$	\$
New borrowings (other than refinancing)	0	0
Debt redemption	0	0

#### 2. Charges, Fees and Fines

Fees & Charges	2021/ 22
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	

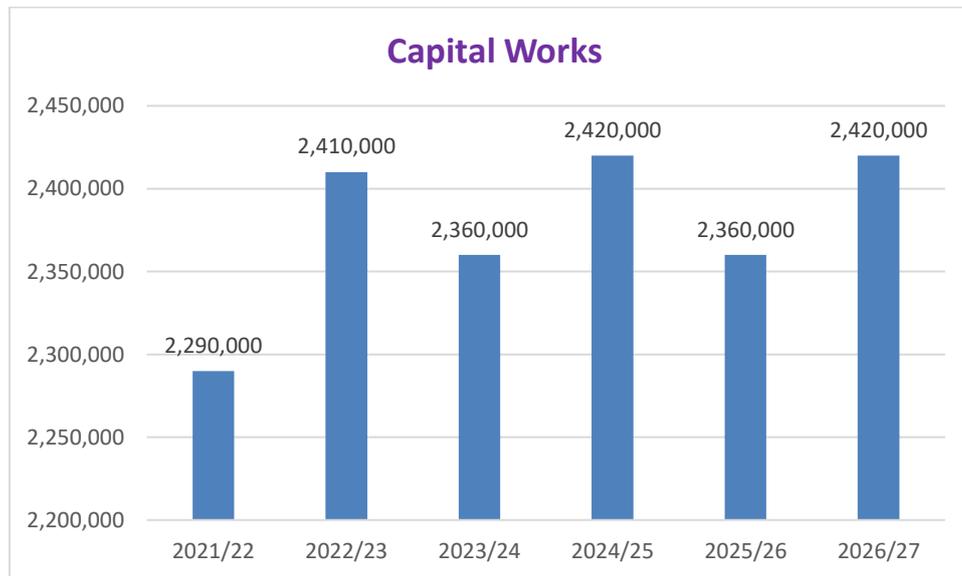
Notes: Fees and Charges inclusive of GST, as it applies.

**Appendix C**

**Capital Works Program**

For the six years ending 30 June 2027.

<b>Budgeted Statement of Capital Works</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Books	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Audio-visual Materials	600,000	600,000	600,000	600,000	600,000	600,000
e books	240,000	250,000	260,000	260,000	260,000	260,000
Motor Vehicles		60,000		60,000		60,000
Capital Projects	250,000	300,000	300,000	300,000	300,000	300,000
<b>Total Capital Works</b>	<b>2,290,000</b>	<b>2,410,000</b>	<b>2,360,000</b>	<b>2,420,000</b>	<b>2,360,000</b>	<b>2,420,000</b>



Appendix D – ‘Your Library’ Plan

To be inserted when ‘*Your Library*’ Plan is adopted.

