

High Country Library Corporation

2010/11 Budget



Background

The High Country Library Corporation (HCLC) was established in 1996 by formal agreement. The four member councils are the Alpine Shire, Mansfield Shire, Benalla Rural City and the Rural City of Wangaratta.

HCLC covers an area of 14,760 square kilometres and includes isolated and remote areas as well as rural towns and urban centres.

HCLC operates branch libraries at Benalla, Bright, Mansfield, Wangaratta and delivers library and council services for the Alpine Shire at the Mt. Beauty and Myrtleford branches. The Wangaratta Library is a joint use facility that serves both the community and Goulburn Ovens Institute of TAFE staff and students at the Wangaratta Campus. The Corporation also provides Outreach services and has an administrative centre based at Wangaratta.

Operations include:

- Public library services for a population of 63,190 residents
- Support and technical services delivered from the regional headquarters at Wangaratta
- Provision and management of a collection totalling 122,000 items
- Membership of the SWIFT consortium that provides access to a shared Library Management System and access to over 3 million items held by member library services in Victoria
- Skilled staff totalling 39 people including part-time and casual staff

Governance

The Board of the High Country Library Corporation is responsible for policy making and planning and operates according to the provisions of the Local Government Act 1989 (the Act).

Funding

The Corporation relies heavily on funding provided by member council contributions and a State Government subsidy which may be supplemented by other special grants. Further income is derived from fees and charges levied by the Corporation particularly in relation to additional services. Council contributions are calculated according to a formula that apportions shared costs on a per capita basis and allocates direct costs to each council.

1. Budget Overview

1.1. Planning framework

The 2010/11 budget reflects the Corporation's commitment to the strategic objectives and strategies identified in the *High Country Library Corporation Library Plan 2009/2013*. New initiatives and activities funded in 2010/11 relate directly to the key result areas of the Library Plan and the on-going priorities of the Corporation.

Our Vision is: An enriched and informed community.

Our Mission is to: Provide a vibrant, welcoming environment enabling access to quality resources supported by quality systems and staff.

HCLC has identified six areas that determine the Corporation's ability to deliver a dynamic and responsive library service.

- Customers
- Collections
- People (staff)
- Physical facilities
- Technology
- Finances

Key objectives in the Library Plan are to:

- Improve our knowledge of local communities and their needs
- Build the Corporation's profile through better marketing and networking
- Provide an up-to-date, diverse collection responsive to community need
- Improve library spaces
- Ensure ICT is up-to-date and adopt new technologies to improve access and services
- Implement a staff training and development policy to improve the Corporation's skills base and increase the number of staff with qualifications
- Liaise with member councils to develop programs of mutual benefit and improve communication
- Encourage a better understanding of funding issues and financial sustainability, especially with member councils.

1.2. Budget framework

The Corporation is required to prepare and adopt an annual budget by 31 August each year. The actual timeframe is shorter. All HCLC member councils require advice regarding proposed contributions by 1 May each year so that council budgets can be finalised by 30 June.

HCLC prepared the draft 10/11 budget by 12 April, 2010 and advised member councils of their proposed contributions based on the agreed formula for apportioning costs. This is a combination of direct costs for branch staff and specific local projects and the per capita share of regional support, ICT and collections.

The Local Government Act 1989 also specifies that the budget must contain a range of financial information including four standard statements relating to financial performance, financial position, cash flows and capital works.

Councils consider the Board's recommendations and the Corporation then invites submissions on the draft budget under Section 223 of the Act. The Board formally adopts the budget on 21 June and forwards it to the Minister for Local Government by 30 June, 2010.

1.3 Budget impacts

The 2010/11 budget has been prepared based on a number of assumptions about external influences and other impacts on the Corporation's operations. These include:

- A modest improvement in interest rates
- 3% increase in the State Government's subsidy
- Inflation rate of 3%
- Minimum increase in salaries of 4% (excluding increments etc.)

2. Analysis of 2010/11 budget

2.1 Operating income

The Corporation has two main sources of income, member council contributions and State Government grants. The balance is made up from interest, fees and charges and other smaller amounts.

Income for 2010/11 is as follows:

Member council contributions:

The average increase in council contributions is 8.4% and not the proposed 10% increase for 2010/11 in the Library Plan. This was achieved by drawing on an expected surplus of \$109,922 in 2009/10.

Municipal contributions represents 56% of the Corporation's total revenue.

Average cost per capita is \$18.61

The apportionment of shared costs between councils has changed due to population movement. Alpine and Benalla decreased by 1% and Mansfield and Wangaratta increased by 1%.

Member council contributions in 2010/11:

		Per capita	
Alpine	\$264,742	\$20.22	+16.4%
Benalla	\$254,901	\$18.18	+ 6.9%
Mansfield	\$154,944	\$19.46	+ 8.6%
Wangaratta	\$466,493	\$16.59	+ 5.0%

State Government grants:

The State Government allocation for the core subsidy and Local Priorities grant in 2010/11 is increased by 3% to \$485,496 and \$25,500 respectively.

State Government specific purpose grants available in 2009/10 (Premier's Reading Challenge and Computer Management/Wireless grant) will not be available in 2010/11.

Other grants:

No provision for other grants.

GOTAFE fee:

The Corporation delivers library services to Goulburn Ovens Institute of TAFE staff and students at the Wangaratta Campus on behalf of GOTAFE. The annual fee for this service, including salaries, minor expenses and administrative costs is \$151,230, an increase of 3%.

Interest on investments:

Revenue raised through interest on cash reserves is expected to increase due to higher interest rates. The budget provision is \$33,500 compared with \$20,000 in 2009/10.

Transfers from Reserves:

No transfers from reserves are planned in 2010/11.

Fees and charges:

Anticipated income is \$67,800, a modest increase of \$4,000. The schedule below includes minor changes to fees and charges.

Item	Category	Cost
Community use of meeting rooms under HCLC control	Non-profit groups Commercial operators	\$ 4.50 \$11.00 per hour (including GST)
Fine for overdue item Fine for Inter Library Loan item	2 day grace period	10 cents per day 50 cents per day
Fines for returned items with Lost status	Per item	\$ 5.00
Non-collection of reserved items	Adult/Junior	\$ 1.00
Internet, CD-ROM and word processing printing	Black & white Colour	20 cents per page \$ 1.00 per page

Item	Category	Cost
Internet e-mail, communication e.g. banking, chat		\$ 2.00 per half hour OR; part thereof
DVD or CD ROM replacement cover		\$ 2.20
CDB covers		\$10.00
Penalty replacement cost for lost or damaged items	Each item Adult book Junior Book Light romance Periodical Book on disk Single disk DVD Playaway MP3	Purchase value OR; default price \$ 25.00 \$ 12.00 \$ 2.00 \$ 6.00 \$100.00 \$ 19.00 \$ 25.00 \$115.00 \$ 90.00
Photocopying	Per page	20 cents
Printout from Microfilm printer	Per page	50 cents
Replacement of lost or damaged cards		\$ 2.50
Requests for items not in stock and obtained by Inter Library Loan		\$ 3.00 Plus any additional fees.
Recoup of any Inter Library Loan postage charges		As charged
Inter Library Loan strap / barcode		\$3.30
Requests for photocopies not in stock and obtained on Inter Library Loan		As charged by supplier
Research fee	Per half hour	\$10.00
Telephone (local calls only)	each	50 cents
Faxes (Australia only)	First page Additional pages	\$ 4.00 \$ 1.00
CD for public use	Disk	\$ 2.00
Programs and Activities	Charges may be applied on a cost recovery basis	Children; \$2.00 max. Adult; as calculated
Playaways - earphones - battery cover	Per set Each	\$1.00 inc. GST \$2.50 inc. GST

2.2 Operating expenditure

The Corporation's main expenses are staff costs and collections. Other operating expenditure includes regional administration and support, IT and special projects.

2.2.1 Staff costs

The Corporation employs 29 permanent staff equivalent to 20.5 EFT. A further 9 casuals provide relief when staff are on leave or undertaking training.

Employee costs include provision for:

- 4% salary increase according to the new Enterprise Agreement which replaces the Agreement that expires on 30 June, 2010. The pay increase applies from July 2010.
- Payment of increments to staff who achieve performance targets as part of the staff development program.
- Additional .5 EFT at the Bright Library in response to increased levels of usage and the impact on service delivery. The Library Plan makes provision for this initiative in 2010/11.
- Additional 3 staff hours at Benalla Library to align workloads with other branches.
- Staff training allocation based on 1.1% of salaries budget plus \$3,500 for study incentive payments according to the staff development policy.
- Regional meetings for senior staff on a quarterly basis and an annual meeting involving all staff from all branches. Every effort is made to combine training with meeting and networking opportunities and Skype is used to improve communication and discussion to overcome the problem of distance between branches.

2.2.2 Other operating expenses

Overall costs associated with centralised support services have been reduced by 7.3% in 2010/11.

- Rural City of Wangaratta fee for finance and payroll support increased by 3% to \$34,255.
 - Library Management System maintenance fees increased by \$2,500 to support new software features.
 - Freight increased by \$8,750 due to growth in loans between SWIFT member libraries.
 - Transfer of \$20,000 to Capital Acquisition Reserve and \$9,000 to Vehicle Replacement Reserve.
 - No transfer to Major Projects Reserve (\$100,000 in 09/10)
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- No provision for a community survey (\$15,000 in 09/10)
- End-processing costs for new acquisitions reduced by \$3,000 through participation in the MAV Library materials Tender.

3. Standard Statements

3.1 Income statement

The 2010/11 budget anticipates a surplus of \$39,000 at year end which is lower than the \$90,000 forecast in the Strategic Resource Plan. Income in 2010/11 will be \$31,000 less than anticipated (lower council contributions and State Government core subsidy) and expenses \$26,000 higher (employee costs).

3.2 Balance sheet

Current assets: increase of \$36,000 compared with 2009/10 partly due to a surplus brought forward providing more in cash and cash reserves.

Non-current assets: increase of \$60,000.

Current liabilities: decrease of \$9,000.

Non-current liabilities: increase of \$8,000 in Provisions.

Equity: increase in total equity of \$97,000 compared with estimates in the Strategic Resource Plan.

3.3 Cash flow

Net cash provided by operating activities: \$180,000

Cash flows from investing activities: investing activities mainly relate to the acquisition of resources for the collection. The net outflow is \$375,000 leaving a net decrease in cash held of \$195,000.

Cash at the end of the year: \$372,000

3.4 Capital works

Bookstock

The allocation of funds for the bookvote totals \$346,338, a reduction of \$13,672 compared with 2009/10. The base figure of \$336,338 is supplemented by \$10,000 Local Priorities funding for Blu-ray discs.

The decrease in the bookvote is a strategy to reduce overall expenditure. The Strategic Resources Plan makes provision for a bookvote of \$368,200 in 2011/12 further increased by \$20,000 in 2012/13. The long-term target figure for the annual bookvote is at least \$420,000 to maintain a current and diverse collection.

Technology and equipment

The budget provides a total of \$39,100 for IT and other equipment.

4. Key Result Areas

The activities and initiatives funded in the 2010/11 budget support the Corporation's strategic objectives as follows:

Customers:

Build the Corporation's profile and ensure the Library is a recognised community resource.

- Review the Library Plan and identify service priorities and strategies for the future (\$12,000).
- Evaluate the Wangaratta Library joint-library venture – cost shared by key stakeholders (HCLC \$800).

Collections:

Provide an up-to-date, diverse collection responsive to community needs.

- Commence digitising key documents in the local history collection (\$12,000)
- Fully implement the services available from the collaborative purchasing tender (\$19,000)

Update collection formats to maintain relevance.

- Establish Blu-ray disc collection (\$10,000)

People (staff):

Implement a staff training and development policy to improve HCLC's skills base and increase the number of staff with qualifications.

- Provision of \$3,500 for study incentive payments
- Training budget of \$11,582

Provide additional staff at branches according to Library Plan.

- Extra .5 EFT for Bright Library
 - Additional allocation of 3 hours for Benalla Library staff
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Technology:

Ensure ICT is up-to-date and adopt new technologies to improve access and services.

- Purchase 16 PCs as part of 3-year replacement cycle (\$15,000)
- Replace auxiliary equipment (\$,8,1000)

5. Key Performance Indicators 2010/11

Key strategic activity	Performance measure	Actual performance	Target
Customers: Study demographics & community needs	Demographic data collated	Completed	Ongoing
	Update demographics		Ongoing
	Conduct community survey		
Improve community engagements & networks	Implement strategic partnership plan		Nov.2010
	Implement community engagement plan		Sept. 2010
Assist FOL groups to market libraries	Liaise with FOL to coordinate promotions		March 2011
Improve liaison with member councils	Develop communication strategy		March 2011
Collections: Update collection to maintain relevance	Commence digitising local history resources		April 2011
	Participate in statewide collaborative purchasing project	Supplier to provide cat. record for all items	Sept. 2010
	Update collection formats	Introduce Blu-ray discs	April 2011
	Build collection to 1.84 items per capita	Target of 1.8 items per capita	June 2011
Physical facilities Support Benalla Rural City's development of new library	Continue planning for new facility – target build date June 2011		Ongoing
Technology Build IT capability	PC equipment replaced as scheduled		Dec. 2010
	Upgrade HCLC website using Enterprise		Sept. 2010
	Establish Murraylink social networking site		Oct. 2010

BUDGETED STANDARD INCOME STATEMENT

For the year ending 30 June 2010

	Budget 2010/2011 \$'000
Revenues from operating activities	
Statutory fees and fines	15
User charges	58
Grants - operating	485
Grants - Capital	26
Contributions - council	1,141
Contributions - other	151
Interest	34
Other revenues	5
Total revenues	1,915
Expenses from operating activities	
Employee benefits	1,297
Materials and services	313
Depreciation and amortisation	276
Other expenses	-
Total expenses	1,886
Net gain (loss) on disposal of assets	10
Grants - capital	-
Net surplus (deficit) from operations	39

BUDGETED STANDARD BALANCE SHEET

For the year ending 30 June 2010

	Budget 2010/2011 \$'000
Current assets	
Cash and cash equivalents	372
Trade and other receivables	244
Other	17
Total current assets	633
Non-current assets	
Receivables	-
Property, plant and equipment	2,004
Total non-current assets	2,004
Total assets	2,637
Current liabilities	
Trade and other payables	60
Provisions	290
Total current liabilities	350
Non-current liabilities	
Provisions	27
Total non-current liabilities	27
Total liabilities	377
Net assets	2,260
Equity	
Members' Capital	568
Accumulated surplus	1,394
Asset revaluation reserve	298
Total equity	2,260

BUDGETED STANDARD CASHFLOW STATEMENT

For the year ending 30 June 2010

	Budget 2010/2011 \$'000
Cash flows from operating activities	
Receipts	
Statutory fees and fines	15
User charges	58
Grants - operating	511
Contributions - council	1,141
Contributions - other	151
Interest Received	34
Other revenues	5
	1,915
Payments	
Employee Benefits	1,277
Materials and services	458
	1,735
	1,735
Net cash provided by operating activities	180
Cash flows from investing activities	
Proceeds from sale of property, plant and equipment	10
Payments for property, plant and equipment	(385)
Net cash inflow (outflow) from investing activities	(375)
Net increase (decrease) in cash held	(195)
Cash at the beginning of the year	567
Cash at the end of the year	372
Reconciliation of Operating Result and Net Cash Flows from Operating Activities For the year ending 30 June 2006	
Net surplus (deficit) from operations	39
Depreciation and amortisation	276
(Profit) Loss on sale of property, plant and equipment	(10)
Net movement in current assets and liabilities	(11)
Net cash inflow (outflow) from operating activities	294

BUDGETED STANDARD CAPITAL WORKS STATEMENT

For the year ending 30 June 2010

	<i>Budget 2010/2011 \$'000</i>
Bookstock	346
Furniture and equipment	39
Plant and equipment	-
Total capital works	385
Represented by:	
Book Purchases	346
Computer Equipment	19
Other equipment	20
Wireless Access	-
Total capital works	385

<i>Property, Plant & Equipment movement Reconciliation Worksheet</i>	<i>Budget 2010/2011 \$'000</i>
The movement between the previous year and the current year in property, plant and equipment as shown in the Statement of Financial Position links to the net of the following items:	
Total capital works	385
Asset revaluation movement	-
Depreciation and amortisation	(276)
Written down value of assets sold	(10)
Net movement in property, plant & equipment	99