

13.1 Notice of Motion - Library Act

Richmond Tweed Regional Library (RTRL) 2011/12 Budget

Background

Lismore Council is the Executive (or responsible) Council for RTRL. The existing agreements to create RTRL date back to the 1970's and are not compliant with the requirements of the 1993 Local Government Act. Currently, Ballina, Byron, Lismore and Tweed Councils are preparing a compliant new Regional Library Agreement (agreement) based on a State Library model with Lismore Council as the Administering (or responsible) Council for RTRL. The next version of the new agreement will be available for distribution to Councils this week. Byron, Tweed and Lismore Councils have resolved to support the administering council model and Ballina Council have noted it.

The administering council model is based on a one council delivering regional library services to itself and other councils. To facilitate this outcome, a new agreement is required with the service level to be delivered by the Administering Council (Lismore) to the Participating Councils (Ballina, Byron and Tweed) being documented in a service level agreement. The service level agreement reflects the service each council wants delivered its local government area. The contribution a council makes to RTRL is based on the cost to deliver the services required in each local government area.

Draft service level agreements for 2011/12 have been sent to all Councils reflecting basically the 'status quo'. Councils have also been advised of their contribution to RTRL.

2011/12 Budget

For 2011/12, acknowledging the financial constraints and demands on all Councils, an increase in Council contributions of 2.8%, the same as the IPART approved rate pegging increase for NSW local government, was targeted.

Due mainly to the anticipated RTRL staff transition cost to Lismore City Council's Salary System (5%), Award indexation from 1/7/11 (2.15%) and provision for typical salary grade progressions (1%), the overall increase in Council contributions was 3.13%. A summary of Council contributions follows:-

<u>Council</u>	<u>2010/11</u>	<u>2011/12</u>	<u>Increase %</u>	<u>Increase \$</u>
Ballina	\$1,121,300	\$1,166,200	4.00%	\$ 44,900
Byron	\$ 899,400	\$ 936,800	4.16%	\$ 37,400
Lismore	\$1,304,500	\$1,345,700	3.16%	\$ 41,200
Tweed	\$1,976,300	\$2,019,000	2.16%	\$ 42,700
Totals	\$5,301,500	\$5,467,700	3.13%	\$166,200

This information was forwarded to Ballina, Byron, Lismore and Tweed Councils in March 2011 seeking feedback. Byron Council responded indicating that they were exploring alternatives to RTRL and I understand Mr. Field is assisting Byron Council in assessing alternatives.

All Councils have included the above 2011/12 contribution in their respect Management/Operational Plans.

The following general information is also provided about the 2011/12 Budget:-

- Total RTRL Expenditure increased by \$26,100 or 0.38% from 2010/11.
- Total RTRL Revenues increased by \$40,600 or 0.69% from 2010/11.
- The vacant Seniors Services Technician position for 21 hours per week at Headquarters will be filled during 2011/12. As the State's population aged 65 and over is expected to rise from 13.5% in 2006 to 21.5% in 2036, a position that is responsive to older people's needs is considered essential. This position will work with branch staff to address issues such as physical access, assistive materials and technology. The RTRL region has the 2nd (Tweed) and 3rd (Ballina) highest proportion of over 65's of all the local government areas in NSW.

Specific to Ballina Council:-

A part time position at the Lennox Head Branch Library included in the 2010/11 Budget from February 2011 has been included in the 2011/12 Budget for a full twelve month period.

Specific to Byron Council:-

The Byron Area staffing structure has been amended to include an Area Librarian. This means all member council areas will have an Area Librarian. Historically, part of the Byron Area Librarian's role was performed by the Reader Services Manager, a Headquarters staff position. The Reader Services Manager position has been made redundant requiring the Byron Area Librarian position to be created. The cost of the Byron Area Librarian has been partially offset in the draft 2011/12 Budget to minimise the impact.

Specific to Lismore Council:-

An extra 4 hours staffing per day for the mobile library when it visits Nimbin has been included in the 2011/12 Salaries Budget. The additional staff hours will provide critical support to existing staff that perform at a loan per hour rate well in excess of some branches within the regional library network.

Specific to Tweed Council:-

An extra 4 hours staffing per day for the mobile library when it visits Pottsville has been included in the 2011/12 Salaries Budget. The additional staff hours will provide critical support to existing staff that perform at a loan per hour rate well in excess of some branches within the regional library network.

Response to Mr. Field

1. The Richmond Tweed Regional Library 2011/12 Budget was prepared based on maintaining the 'status quo' to library customers within the financial constraints and demands of each Participating Council. As such, the maximum increase for participating council contributions was targeted the same as the rate pegging increase in general rates of 2.8% for NSW local government. Due to anticipated RTRL staff transition costs to Lismore City Council's Salary System (5%), Award indexation from 1/7/11 (2.15%) and provision for typical salary grade progressions (1%), the overall increase in Council contributions was 3.13%. A summary of Council contributions follows:-

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For your information, the percentage increase in Council contributions from 2007/08 is provided below:

Council	2007/08	2008/09	2009/10	2010/11	2011/12
Ballina	6.56%	4.60%	8.12%	6.32%	4.00%
Byron	6.66%	4.07%	5.19%	8.01%	4.16%
Lismore	8.52%	3.98%	3.97%	13.41%	3.16%
Tweed	4.53%	6.41%	7.21%	7.62%	2.16%
Rate Peg	3.40%	3.20%	3.50%	2.60%	2.80%

It is fair to say that RTRL has received above average increases when compared to rate pegging increases from 2007/08.

2. The claim that Total RTRL Income has declined is incorrect.
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|-------------------|-------------------------------|--------------------|
| Total RTRL Income | 2011/12 Budget | \$5,918,600 |
| Total RTRL Income | 2010/11 Budget | <u>\$5,878,000</u> |
| | Increase in Total RTRL Income | \$ 40,600 |

This has been stated consistently and correctly in the information sent to all Councils.

3. The interest on investments income for RTRL in recent years is listed below:-

2007/08	\$117,000
2008/09	\$ 93,000
2009/10	\$ 85,000
2010/11	\$ 75,000 (Estimated)
2011/12	\$ 60,000 (Budget)

The claim that interest on investments was generating over \$100,000 is correct for 2007/08. Since then the return has declined. The 2010/11 Budget was prepared by Mr. Field prior to him resigning in June 2010. The budget expectations of the amount to be generated from interest on investments are clearly overstated. Council commenced investing RTRL funds in July 2010.

It is true that historically RTRL investments have performed well. It is also important to note that the investment market now is not as robust since the global financial crisis and investment limitations introduced by the NSW State Government.

In regards to the 2011/12 estimate of \$60,000, it is considered conservative. It is based on an estimated monthly net cash flow position invested at 6.5%. The approach taken to invest all surplus funds is in accordance with the requirements of the Local Government Act 1993 and Council's

Investment Policy. The interest earned from Richmond Tweed Regional Library funds are fully applied to providing the regional library service.

4. The Library Resources (books, DVDs, etc) budget for 2010/11 was \$872,000. It included a 'carry over' amount from 2009/10 to 2010/11 of \$100,000. A 'carry over' assumes that there would be an unexpended amount from one year to the next. For 2010/11, the amount was approximately \$63,000, not \$100,000.

For the 2011/12 Budget, the Library Resources base budget (\$872,000-\$100,000) has increased by 2.8% to \$793,600. If there is an unexpended amount from 2010/11, it will be treated as a 'carry over' during 2011/12. The purpose of this approach is to remove any 'smoke and mirrors' with reporting planned expenditure for Library Resources.

As to this being a 'decline in service', the population for the region is anticipated to increase by 1.8% (212,337 to 216,150) and the base Library Resources budget is to increase by 2.8%.

5. Total Salaries and Employee Leave Entitlement costs have increased by 8.49% or \$293,200 from 2010/11 to 2011/12. This reflects the anticipated RTRL staff transition cost to Lismore City Council's Salary System (5%), Award indexation from 1/7/11 (2.15%), provision for typical salary grade progressions (1%), and some additional staffing.

The transition cost of 5% is in stark contrast to Mr. Field's wild estimate of between 17- 24% made in June 2010.

The Casual Staff Salaries budget for 2011/12 is \$350,900. It correctly reflects the cost to replace permanent staff when they are on leave or casual staff positions. Casual Staff Salaries include mostly part time permanent staff working extra hours to replace other staff when they are on leave, or the employment of contract casual labour staff to replace other staff when they are on leave.

To 31 May 2011, approximately \$137,000 was spent on contract casual labour staff. The direct cost of employing contract casual labour is more expensive. On average, this would equate to a cost impact of approximately 13-14%. The majority of this cost is offset by not incurring indirect costs such as capped workers compensation insurance, advertising, interviewing, payroll, and general human resource administration requirements. Indirect costs are significant in the local government environment. The amount of contract casual labour used is being carefully managed by RTRL management with a view to reducing it where possible.

In regards to the replacement of permanent staff while they are on any leave, a blanket approach of replacing all was not adopted. This decision was reached after consulting with RTRL Management. It was evident that this was not necessary in all cases. As such, permanent staff replacement arrangements vary across the region depending on individual situations and management preferences.

6. The recent announcement of an amendment to the Library Act 1939 obviously opens the way for further discussions about delivery of library services to be held between the member councils - Lismore, Tweed, Ballina and Byron – however it does not signal that there will be immediate changes.

The substantive change is described in the explanatory note -

The object of this Bill is to amend the Library Act 1939 to enable 2 or more local councils to enter into arrangements for the provision, control and management of libraries and library services in any of the areas of the councils.

Based on a recommendation from the Richmond Tweed Regional Library Committee review of appropriate business models, Council resolved (16/10) in February 2010 that:

1. Council support the adoption of an administrative council model as the business model for the Richmond-Tweed Regional Library Service.

2. Lismore City Council offer its resources to perform the role of administrative Council under a new Regional Library Agreement.
3. Council authorise the General Manager to develop in conjunction with the General Managers of the other member councils the service levels to be incorporated into an Agreement for the provision of Library Services under the administrative council model with the management of staff under one organisation.

Byron and Tweed Council resolved similarly (except for point 2). Ballina Council noted the Committee's recommendation.

To effect the resolution, Ballina, Byron, Lismore and Tweed Councils are currently preparing a compliant new Regional Library Agreement (agreement) based on the State Library model with Lismore Council as the Administering (or responsible) Council for RTRL. The next version of the new agreement will be available for distribution to Councils this week and a further meeting scheduled.

If there is strong support for a change in direction as provided by the change in the Library Act 1939, it is expected that it would be raised at this meeting to assess support.

In summary, the claim that the Richmond Tweed Regional Library 2011/12 Budget is 'seriously misleading and will lower standards' is incorrect. In fact, it is considered a balance between the financial limitations imposed on councils by rate pegging (2.8%) and providing acceptable service levels to patrons. As indicated, Council contributions are to increase by 3.13% in 2011/12 and importantly, RTRL management is not aware of any complaints from patrons regarding service levels since 1 July 2010. This is testament to RTRL staff commitment to providing a quality library service within the limitations of the approved budget.