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National Library of Australia

AGENCY OVERVIEW, APPROPRIATIONS, BUDGET MEASURES SUMMARY

AGENCY OVERVIEW

The National Library of Australia is a statutory authority established under the *National Library Act 1960* (the Act).

The functions of the National Library are defined in the *Act*:

- To maintain and develop a national collection of library material, including a comprehensive collection of library material relating to Australia and the Australian people.
- To make library material in the national collection available.
- To make available such other services in relation to library matters and library material as the Council sees fit.
- To cooperate in library matters with authorities or persons, whether in Australia or elsewhere, concerned with library matters.

The Outcome for the National Library is related to Government cultural heritage and information access priorities.

APPROPRIATIONS

The total appropriation for the National Library in the 1999-2000 Budget is \$215.514m.

Table 1.1, on the following page, shows the total appropriations for the National Library for 1999-2000 by the one Government outcome, by price of output appropriation and by equity injection.

NATIONAL LIBRARY OF AUSTRALIA APPROPRIATIONS 1999-2000

Table 1.1 Appropriations (\$ 000)

OUTCOMES	ADMINISTERED EXPENSES				PRICE OF OUTPUTS					TOTAL APPROPS R	TOTAL ESTIMATED EXPENSES (K=J+F)
	Special Approps	Annual Approps		Total Admin Approps	Total Price of Outputs ?	Revenue from other sources Â•	Revenue from Government (Approps)				
		Bill 1	Bill 2 (SPP s & NAO's) Â•				Special	Annual Bill 1	Total		
(A)	(B)	(C)	(D=A+B+C)	(E)	(F)	(G)	(H=E-F-G)	(I=G+H)	(J=D+I)		
Outcome 1: Australians have access, through the National Library of Australia, to a comprehensive collection of Australian library material and to international documentary resources.	nil	nil	nil	nil	226,874	12,390	nil	214,484	214,484	214,484	50,754
								y94.5%			
Total	nil	nil	nil	nil	226,874	12,390	nil	214,484	214,484	214,484	50,754

Bill 2 Administered Capital	Nil
Bill 2 Departmental Equity Injections and Loans	1.030
TOTAL APPROPRIATIONS	215,514

Amounts in shading are included in Appropriation Bills.

RLinks from appropriations to budgeted financial statements include: To Budgeted Statement of Revenues and Expenses (see Table 3.1); and to Capital Budget (Tables 3.4 & 3.5)

Under the proposed Appropriation Structure, Bill 2 includes Specific Purpose Payments (SPP s), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans

Refer to Budgeted Statement of Revenue and Expense for application of agency revenue (see Table 3.1)

Other Revenue includes other revenue from Government (e.g. resources free of charge) and revenue from other sources (e.g. sales of goods and services by agencies)

Percentage figure indicates the percentage contribution of Total Departmental Appropriations to the Total Output Price, by outcome. The overall percentage for this agency is 94.54%

ADMINISTERED CAPITAL AND EQUITY INJECTIONS

The National Library will receive an equity injection of \$1.030m in 1999-2000 and the forward years, as indicated in Table 1.1, and as accounted for in the Capital Budget (see Tables 3.4 and 3.5), and Appropriation Bill Number 2, 1999-2000.

The equity injection will be used to purchase non-book collection material. Unlike other categories of collection material, non-book collection material is assessed as having a very long and indeterminate life, with service potential not being consumed in a material sense in a single reporting period. Consequently, these assets are not depreciated. Under the accrual budgeting framework, funding for additional assets of this nature is by the way of an equity injection. Further explanatory information on the equity injection may be found in Section 3 Budgeted Financial Statements, Note 4 Equity Injections.

The National Library has not been appropriated any administered capital or loans for 1999-2000 and the forward years.

SECTION 2

OUTCOMES AND OUTPUTS INFORMATION

OUTCOMES AND OUTPUTS

The map on the following page shows the relationship between the Government outcome and the contributing outputs for the National Library.

Financial detail for Outcome 1 by outputs appears in table 2.2.1 while non-financial information for Outcome 1 appears in table 2.3.1.

NATIONAL LIBRARY OF AUSTRALIA

OUTCOMES AND OUTPUTS

Note: Revenue from Government through appropriations contributes 94.54% to the total price of outputs for Outcome 1 for 1999-2000

OUTCOME 1	
Table 2.1.1: Relationship between old Program structure and new Outcome structure for Outcome 1	
PROGRAM MANAGEMENT BUDGETING	ACCRUAL BUDGETING
PROGRAM 1 An Australian-cultural environment that continues to: <ul style="list-style-type: none"> Encourage participation in, and access to, diverse cultural experiences; Promote creativity and excellence; Foster vigorous and sustainable cultural industries; and Foster the protection and preservation of Australia's cultural heritage. 	OUTCOME 1 Australians have access, through the National Library, to a comprehensive collection of Australian library material and to international documentary resources.

<p>Sub-program</p> <p>Sub program 1.7 National Library of Australia</p> <ul style="list-style-type: none"> Collecting and preserving Australian documentary materials of national significance, and ensuring those materials are known to and used by greater numbers of people; Promoting community understanding of the Library as a national cultural and information services institution, and of its collections and national services; and Maximising the ability of Australians, through the national system of libraries, to obtain the materials and information they need for their own and the nation s development. 	<p>Output</p> <p>Output 1.1, 1.2, 2.1, 2.2, 2.3, 3.1, 3.2</p>
<p>Appropriations for Program 1</p>	<p>Appropriations for Outcome 1</p>
<p>Sub-program 1.7</p> <p>National Library of Australia (NLA)</p> <p><i>Appropriation Bill No 1</i></p> <p>Div 160 National Library of Australia</p> <p>1: For expenditure under the <i>National Library Act 1960</i> (\$000) 34,982</p>	<p><i>Appropriation Bill No 1</i></p> <ul style="list-style-type: none"> Departmental outputs \$ 000 214,484
<p>TOTAL OUTLAYS (\$ 000) 34,982</p>	

OUTCOME 1

Australians have access, through the National Library of Australia, to a comprehensive collection of Australian library material and to international documentary resources.

Safeguarding the national collection of documentary materials, and ensuring access to global information resources are major aims of the Government. The main focus of the National Library of Australia is:

- To collect, organise and maintain, for current and future use, a comprehensive collection of Australian library material and a selection of non-Australian library material supporting the study of Australia and its place in the world.
- To provide access to and information services from its collection and other documentary resources, including through cultural activities.
- To provide services that support resource sharing to Australian libraries.

1999-00 BUDGET MEASURES AFFECTING OUTCOME 1

There are no Budget Measures affecting outcome 1.

MEASURES SINCE LAST BUDGET AFFECTING OUTCOME 1

There are no Measures since last Budget affecting Outcome 1.

RESOURCES FOR OUTCOME 1

Table 2.2.1. Shows how the 1998-99 appropriation and program structure translate to total resourcing for Outcome 1, including Total Administered Expenses, Revenue from Government (Appropriation) for Outputs, and the Total Price of Outputs. Table 2.3.1 also compares cash with accrual figures for 1998-99.

Table 2.2.1 Total Resources for Outcome 1 (\$ 000)

Outcome 1 Australians have access, through the National Library of Australia, to a comprehensive collection of Australian library material and to international documentary resources.

	Estimated Payments	Estimated Expenses	Estimated Expenses
Administered Expenses	1998-99 CASH	1998-99 ACCRUAL	1999-00
(Including third party outputs)	\$ 000	\$ 000	\$ 000
The NLA has no administered expenses.	nil	nil	nil
Total Administered Expenses	nil	nil	nil
Price of Agency Outputs			
Output Group 1		18,667	22,472
	14,637		
Subtotal Output Group 1	14,637	18,667	22,472
Output Group 2		21,280	194,016
	19,282		
Subtotal Output Group 2	19,282	21,280	194,016
Output Group 3		9,820	10,386
	8,897		
Subtotal Output Group 3	8,897	9,820	10,386
Revenue from Government (Appropriation) for Agency Outputs	34,982	34,982	214,484
	81.70%	70.29%	94.54%
			(11)
Revenue from other Sources	9,880	12,118	12,390
Total Price of Outputs	42,816	49,767	226,874
			(E1)
TOTAL FOR OUTCOME 1	42,816	49,767	226,874
(Total Price of Outputs and Admin Expenses)			
STAFF YEARS (NUMBER)	1998-99	1999-00	
	450	450	

CONTRIBUTION OF OUTPUTS TO OUTCOME 1

The National Library's outputs reflect the functions specified in the Act, current Government priorities relating to cultural heritage and information access, and the role of the Commonwealth in providing national leadership and library network infrastructures.

PERFORMANCE INFORMATION FOR OUTCOME 1**Table 2.3.1: Performance Information and Planned Level of Achievement, 1999-2000**

Effectiveness Overall Achievement of the Outcome - (Measures, indicators and targets used as appropriate)

- 85% of current Australian publications that are in scope for the Library's Collection Development Policy have been collected by the Library.
- 73% of the Library's collection, equivalent to 3,625,000 items, have been catalogued.
- 85% of reference services users are satisfied that they have their information needs met.
- 90% of requests for collection items through the Library's main reading room, and 75% of requests for collection items through inter-library loan, are met.
- 90% of public programs visitors/participants that are within target groups, indicate that they are better informed about and more positive toward the Library.
- 80% of key stakeholders rate the Library's resource sharing services as successful in improving access to information resources, and 90% of key stakeholders rate the collaborative projects and forums as successful in achieving this.

Performance Information for Administered Items (Including third party outputs)

Performance Information for Agency Outputs
Output Group 1 : The Collection

Output 1.1 Collection Development and Description

Quality:

- 98% of new items received, equivalent to 90 000 items, are acquired in accordance with the Library's Collection Development Policy.
- 95% of collection items, equivalent to 438 900 items, are checked in, catalogued or indexed within set standards and timeframes.

Quantity:

Total of 552,000 collection items acquired and/or processed, broken down as follows:

- 90 000 new collection items acquired.
- 360 000 serial issues checked in.
- 102,000 collection items catalogued and journal articles indexed on national bibliographic databases.

Price:

- \$33.88 per new collection item acquired and/or processed.

Performance Information for Agency Outputs
Output Group 1 : The Collection &continued

Output 1.2 Collection Maintenance	<p>Quality:</p> <ul style="list-style-type: none"> • 90%, equivalent to 19 440 square metres, of collection maintained in accordance with environmental and security standards. • 80%, equivalent to 500, of highly significant collection items identified as requiring treatment [625], that received treatment. <p>Quantity:</p> <ul style="list-style-type: none"> • 21,600 square metres of collection stored and maintained. • 60,000 collection items treated. <p>Price:</p> <ul style="list-style-type: none"> • \$174.44 per square metre of collection stored and maintained.
Performance Information for Agency Outputs	
Output Group 2 : Information Services	
Output 2.1 Reference Services	<p>Quality:</p> <ul style="list-style-type: none"> • 90% of primary users satisfied with reference services and facilities. • 98% of reference enquiries answered within service standards. <p>Quantity:</p> <ul style="list-style-type: none"> • 116 000 users provided with reference service. <p>Price:</p> <ul style="list-style-type: none"> • \$68.69 per user provided with reference service.
Output 2.2 Collection Delivery	<p>Quality:</p> <ul style="list-style-type: none"> • 90% of requestors satisfied with the Library s document delivery services, on site and through inter-library loans. • 95% of required collection items delivered within service standards. <p>Quantity:</p> <p>Total of 509,700 collection items delivered to Library users, broken down as follows:</p> <ul style="list-style-type: none"> • 504 700 collection items delivered in response to requests. • 5 000 collection items digitised for access through the Library s website. <p>Price:</p>

	<ul style="list-style-type: none"> • \$350.99 per collection item delivered to Library users. [Note unit prices for this sub output bear the cost of the Capital Use Charge for the Library's collections totaling \$158.648m or \$311.26 per unit. Without the charge the unit cost is \$39.73]
Output 2.3 Public Programs	<p>Quality:</p> <ul style="list-style-type: none"> • 90% of visitors to exhibitions and participants in public outreach activities within target groups satisfied with the activities and products. • 90% of host venues for exhibitions and 95% of retailers for publications are satisfied with products and services. • 80% of reviews of current Library trade publications reflect good standard of research and production. <p>Quantity:</p> <ul style="list-style-type: none"> • 80 000 exhibition visitors . • 53 400 participants in public outreach activities . • 80 new publications and merchandise items. <p>Price:</p> <ul style="list-style-type: none"> • \$25.52 per visitor to exhibitions. • \$31.06 per participant in public outreach activities. • \$43,037 per new publication/merchandise item.

Performance Information for Agency Outputs

Output Group 3 : Australian Library Network Services

Output 3.1 Resource Sharing Services	<p>Quality:</p> <ul style="list-style-type: none"> • Kinetica Search and Cataloguing Services delivered within contacted service levels. • 80% of key stakeholders groups are satisfied with the resource sharing services • 100% of off-line data contributions added to databases within 5 working days of receipt. <p>Quantity:</p> <ul style="list-style-type: none"> • 9 million searches on online databases. • Growth of 2 million holdings on online databases. <p>Price:</p> <ul style="list-style-type: none"> • \$1.02 per search on online databases.
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Output 3.2 Collaborative Library Projects	<p>Quality:</p> <ul style="list-style-type: none"> • 90% of key stakeholders are satisfied with the Library's collaborative projects and forums for the year. <p>Quantity:</p> <ul style="list-style-type: none"> • 10 key national infrastructure projects undertaken/ forums convened. <p>Price:</p> <ul style="list-style-type: none"> • \$116,800 per national infrastructure project/ forum.
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Table 2.3.1 above lists the performance information that the National Library will use to assess its achievement of Outcome 1 during 1999-2000. Performance information is provided for each of the three outputs on a sub-output basis. Information shown is both quantitative and qualitative.

Achievement of planned performance will be reported in the National Library of Australia's 1999-2000 Annual Report.

EVALUATIONS

No significant evaluations are planned for 1999-2000.

COMPETITIVE TENDERING AND CONTRACTING

In 1998-99, a review of stack maintenance and retrieval services was undertaken. As an outcome of this review, the National Library will undertake market testing of this function in 1999-2000. The annual expenditure is \$1.435m.

SECTION 3

BUDGETED FINANCIAL STATEMENTS

The following budgeted financial statements for the National Library of Australia are presented in this section. The budgeted financial statements will form the basis of the financial statements that will appear in the Library's 1999-2000 Annual Report, and form the basis for the input into the Whole of Government Accounts.

Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)

This statement provides a picture of the expected financial results for the National Library by identifying full accrual expenses and revenues.

Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)

Shows the expected financial position of the National Library.

Budgeted Cash Flow Statement

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

Shows all proposed capital expenditure funded either through the Budget as appropriation by equity injections or as loans, and/or appropriations for administered capital, or as funds from internal sources or as funds from other sources.

Non-financial Assets - Summary of Movement

This statement shows only the Budget year 1999-2000.

Table 3.1 Budgeted Statement of Revenues and Expenses

		ESTIMATED				
		ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
	Notes	1998-99	1999-2000	2000-01	2001-02	2002-03
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
NET COST OF SERVICES						
Operating Expenses						
Employees		23,932	25,441	25,258	25,358	25,115
Suppliers		20,700	19,405	19,152	19,151	18,896
Depreciation and amortisation		4,944	5,697	5,824	5,930	6,142
Grants		90	110	110	110	110
Other		101	101	50	50	50
Total operating expenses						
		49,767	50,754	50,394	50,599	50,313
Operating revenues from independent sources						
Sales of goods and services		8,886	9,131	9,057	9,057	9,057
Interest		240	175	175	175	175
Other revenue	1	2,992	3,084	2,975	2,975	2,975
Total revenue from independent sources						
		12,118	12,390	12,207	12,207	12,207
Net cost of services						
		37,649	38,364	38,187	38,392	38,106
Revenues from Government						
Revenues from Government						
		0	0	0	0	0
Ordinary Annual Appropriations	2	34,982	214,484	214,431	214,759	214,597
Total Revenues from Government						
		34,982	214,484	214,431	214,759	214,597

Surplus or (deficit) of revenues from Government over net cost of services		(2,667)	176,120	176,244	176,367	176,491
EQUITY INTEREST						
Accumulated surpluses at beginning of the reporting period		1,363,047	1,360,380	1,360,380	1,360,380	1,360,380
Capital Use Charge	3	0	(176,120)	(176,244)	(176,367)	(176,491)
Accumulated surpluses at the end of the reporting period		1,360,380	1,360,380	1,360,380	1,360,380	1,360,380

Table 3.2 Budgeted Statement of Assets and Liabilities

		ESTIMATED				
		ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
	Notes	1998-99	1999-2000	2000-01	2001-02	2002-03
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
PROVISION AND PAYABLES						
Employees		7,292	7,675	7,875	8,075	8,275
Suppliers		721	911	911	911	911
Other		220	237	237	237	237
Total provisions and payables		8,233	8,823	9,023	9,223	9,423
Total liabilities		8,233	8,823	9,023	9,223	9,423
EQUITY						
Reserves		107,288	107,288	107,288	107,288	107,288
Accumulated surpluses		1,360,380	1,360,380	1,360,380	1,360,380	1,360,380
Equity Injections	4	0	1,030	2,060	3,090	4,120

Total equity		1,467,668	1,468,698	1,469,728	1,470,758	1,471,788
Total liabilities and equity		1,475,901	1,477,521	1,478,751	1,479,981	1,481,211
FINANCIAL ASSETS						
Cash		2,401	3,253	4,035	4,923	6,023
Receivables		1,221	1,286	1,286	1,286	1,286
Total financial assets		3,622	4,539	5,321	6,209	7,309
NON-FINANCIAL ASSETS						
Land and buildings		136,793	136,171	135,473	134,699	133,849
Infrastructure, plant and equipment		1,327,820	1,330,151	1,332,396	1,334,588	1,336,646
Inventories		602	620	620	620	620
Intangibles		5,415	4,312	3,213	2,137	1,059
Other		1,649	1,728	1,728	1,728	1,728
Total non-financial assets		1,472,279	1,472,982	1,473,430	1,473,772	1,473,902
Total assets		1,475,901	1,477,521	1,478,751	1,479,981	1,481,211
Current liabilities		3,033	3,623	3,823	4,023	4,223
Non-current liabilities		5,200	5,200	5,200	5,200	5,200
Current assets		5,873	6,887	7,669	8,557	9,657
Non-current assets		1,470,028	1,470,634	1,471,082	1,471,424	1,471,554

Table 3.3 Budgeted Cash Flow Statement

	ESTIMATED				
	ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED

	Notes	1998-99	1999-2000	2000-01	2001-02	2002-03
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
OPERATING ACTIVITIES						
Cash received						
Appropriations	2	34,982	214,484	214,431	214,759	214,597
Sales of goods and services		8,686	9,083	9,057	9,057	9,057
Interest		240	175	175	175	175
Other		712	575	575	575	575
Total cash received		44,620	224,317	224,238	224,566	224,404
Cash Used						
Grants		(90)	(110)	(110)	(110)	(110)
Employees		(23,868)	(25,058)	(25,058)	(25,158)	(24,915)
Suppliers		(18,857)	(17,832)	(17,702)	(17,701)	(17,446)
Interest and other financing costs		(1)	0	0	0	0
Total cash used		(42,816)	(43,000)	(43,870)	(42,969)	(42,471)
Net cash from operations		1,804	181,317	181,368	181,597	181,933
INVESTING ACTIVITIES						
Cash received						
Appropriation Equity injection	4	0	1,030	1,030	1,030	1,030
Proceeds from the sale of property, plant and equipment		242	0	0	0	0
Total cash received		242	1,030	1,030	1,030	1,030
Cash used						

Purchase of intangibles & property, plant and equipment	5	(10,385)	(5,375)	(5,372)	(5,372)	(5,372)
Total cash used		(10,385)	(5,375)	(5,372)	(5,372)	(5,372)
Net cash from investing activities		(10,143)	(4,345)	(4,342)	(4,342)	(4,342)
FINANCING ACTIVITIES						
Cash used						
Repayment of debt		(7)	0	0	0	0
Capital Use Charge	3	0	(176,120)	(176,244)	(176,367)	(176,491)
Total cash used		(7)	(176,120)	(176,244)	(176,367)	(176,491)
Net cash from financing activities		(7)	(176,120)	(176,244)	(176,367)	(176,491)
Net increase /(reduction) in cash held		(8,346)	852	782	888	1,100
Add cash at 1 July	6	10,747	2,401	3,253	4,035	4,923
Cash at 30 June		2,401	3,253	4,035	4,923	6,023

Table 3.4 Capital Budget

CAPITAL APPROPRIATION		ESTIMATED				
		ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
	Notes	1998-99	1999-2000	2000-01	2001-02	2002-03
		\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
TOTAL EQUITY INJECTIONS	4	0	1,030	1,030	1,030	1,030
Total capital appropriations		0	1,030	1,030	1,030	1,030

Represented by:						
Purchase of non-current assets		0	1,030	1,030	1,030	1,030
Total		0	1,030	1,030	1,030	1,030
PURCHASE OF NON-CURRENT ASSETS						
Funded by Capital Appropriation		0	1,030	1,030	1,030	1,030
Funded internally by Agency Resources	5	11,085	5,273	5,242	5,242	5,242
Total		11,085	6,303	6,272	6,272	6,272

Table 3.5 Non-Financial assets Estimated summary of movement

Item	Land \$ 000	Buildings \$ 000	Total land and buildings \$ 000	Other infrastructure, plant and equipment \$ 000	Intangibles \$ 000	Total \$ 000
Gross Value						
as at 1 July 1999	7,600	133,094	140,694	1,338,902	6,055	1,485,651
Additions	0	1,500	1,500	4,728	75	6,303
Disposals	0	0	0	0	0	0
Other movements	0	0	0	0	0	0
As at 30 June 2000	7,600	134,594	142,194	1,343,630	6,130	1,491,954
Accumulated depreciation						
As at 1 July 1999	0	3,901	3,901	11,082	640	15,623
Charge for reporting period	0	2,122	2,122	2,397	1,178	5,697
Adjustment for disposals	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0
As at 30 June 2000	0	6,023	6,023	13,479	1,818	21,320
Net book value at 1 July 1999	7,600	129,193	136,793	1,327,820	5,415	1,470,028
Net book value at 30 June 2000	7,600	128,571	136,171	1,330,151	4,312	1,470,634

TOTAL ADDITIONS

Item	Land \$ 000	Buildings \$ 000	Total land and buildings \$ 000	Other infrastructure, plant and equipment \$ 000	Intangibles \$ 000	Total \$ 000
Appropriations	0	0	0	1,030	0	1,030
Self Funded	0	1,500	1,500	3,698	75	5,273
TOTAL	0	1,500	1,500	4,728	75	6,303

NOTES TO THE BUDGETED FINANCIAL STATEMENTS

The purpose of this section is to provide additional information on significant variances or other significant items, as required to effectively inform the reader. A summary of significant accounting policies may be found in the National Library's Annual Report. The National Library's estimates have been prepared in accordance with relevant Australian Accounting Standards and Accounting Guidance Releases issued by the Australian Accounting Research Foundation and having regard to the Statement of Accounting Concepts and the consensus views of the Urgent Issues Group.

Change to Accounting Policy

The only major change to accounting policy incorporated into the budgeted financial statements is the depreciation of the National Library's collection. The collection was recognised and brought to account in the 1997-98 financial statements. The depreciation policy adopted for the National Library's collection was to depreciate the collection over its useful life, which was estimated to be 100 years.

During 1998-99 the National Library sought advice from the Australian Valuation Office (AVO) on an appropriate depreciation policy having regard to the policies and practices employed in other Australian jurisdictions, the Australian Accounting Standards, the characteristics of the collections, and any other relevant matters. The AVO advised that the majority of the collections by value have very long and indeterminate useful lives and their service potential would not in any material sense be consumed during a single reporting period. The AVO recommended and the National Library accepted the advice that only the printed collection be depreciated using a useful life of 50 years. The balance would not be depreciated. The existing policy of expensing subscriptions (e.g. journals, magazines and newspapers) in the year of acquisition remains unaltered.

The change to the depreciation policy has the effect of reducing the depreciation expense associated with the collection from approximately \$13.3m to \$1.5m for the 1998-99 financial year. The change to the Library's depreciation policy is consistent with applicable Australian Accounting Standards and the Department of Finance and Administration advice as published in the document *Commonwealth Accrual Budgeting Guidelines*.

Funding for Acquisitions

Resourcing for Collections. The following table indicates the resourcing for the acquisition of collection material. It has been estimated that collection material to the value of \$2.509m will be received at no cost to the Library primarily through legal deposit arrangements.

Type	Amount	Source of Funding
Subscriptions (e.g. Journals, magazines and newspapers)	\$2.012m	Appropriations
Subscriptions (e.g. Journals, magazines and newspapers)	\$1.581m	Legal deposit / gratis
Book Collections	\$2.322m	Appropriations
Book Collections	\$0.928m	Legal deposit / gratis
Special Collections (e.g. Manuscripts, film & video, pictorial, oral history, map and music collections)	\$1.030m	Appropriations Equity Injections
Total Funding	\$7.873m	

Identified Variations

Significant variations within the budgeted financial statements are identified with a note and the following explanatory information is provided:

Note 1 Other Revenue

Other revenue includes the estimated value of resources received free of charge. The majority of resources received free of charge are represented by publications received at no cost to the National Library primarily through legal deposit arrangements (\$2.509m).

Note 2 Revenues from Government - Appropriations

Under the accrual budgeting framework, agencies are funded for the Capital Use Charge. This charge is levied on an entity's net departmental assets (i.e. assets controlled by the entity). It is designed to mirror the private sector concept of return on investment. The current rate is 12%, which comprises the long-term bond rate (6%) plus a margin for risk (6%). Consequently, in the 1999/2000 financial year the National Library will receive additional funding of \$176.12m in order to fund the Capital Use Charge.

Note 3 Capital Use Charge

As described in Note 2, the National Library is required under the accrual budgeting framework to pay the Commonwealth a Capital Use Charge. This charge is fully funded for an entity's net departmental assets as at 1 July and is levied on the entity's net departmental assets as at 30 June. The charge is funded through appropriations and is treated as a dividend to the Commonwealth.

Note 4 Equity Injections

Under the accrual budgeting framework, entities are funded for the replacement of assets through a process of depreciation. The depreciation expense forms part of the cost to provide services and the Commonwealth funds the entity for the net cost of services. As disclosed in the section Change to Accounting Policy, only a part of the National Library's collections is depreciated. The mechanism to receive funding under the accrual budgeting framework for collections that are not depreciated is through an Equity Injection.

Note 5 Purchase of Intangibles and Property, Plant & Equipment

The reduction in the purchase of intangibles and property, plant and equipment reflects the completion of the Kinetica Project and a reduction in building works. The Kinetica Project is a major project to replace the Australian Bibliographic Network. Further details of this project may be found in the National Library's 1997-98 annual report.

Note 6 Movement in Cash Held

The estimated reduction in cash held during the 1998-99 financial year is largely due to the National Library undertaking substantial capital projects as described in Note 5. It is projected that cash holdings will increase during the period 1999-2000 to 2002-03. This projection reflects the requirement to fund increasing employee liabilities and to provide the Library with the ability to fund major capital projects in the future.

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