



29 January 2009

The Hon Sue Ellery

**STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS
SUBCOMMITTEE INQUIRY INTO PUBLIC SECTOR EXPENDITURE**

Thank you for your letter of 18 December 2008 inviting the Library Board of Western Australia to provide a written submission on the matters referred to in the terms of reference for the Inquiry into Public Sector Expenditure. The Board wishes to provide comment on one particular aspect of the three percent efficiency dividend.

The dividend is calculated on the State Library's *Total Cost of Service* which includes grants, fee for service payments and private sector donations and sponsorships paid to the Library. The budget provision for non-government revenue for 2008-09 is \$1,868,000. The required savings resulting from the inclusion of this revenue for a full year is \$56,040. However, savings cannot be realised from these budget items.

The three percent efficiency dividend is required to be realised from the State Library's recurrent funding only. The effect of the calculation based on Total Cost of service is that a further \$28,020 has to be found, from 1 January to 30 June 2009, from budget items like salaries and wages, in addition to the three percent which has to be applied there anyway.

For the Arts sector, private sector sponsorships and donations are immensely important and we are unable to reduce commitments to sponsors. The Library cannot reduce services to the Indian Ocean Territories for the \$275,000 grant received from the Commonwealth, for example. When Rio Tinto provides \$157,000 sponsorship for the Better Beginnings Family Literacy Program, the Library is committed to spending it all on the Program, which means that the \$4,710 efficiency dividend has to be realised somewhere else. Recurrent funding thus has to wear more than a three percent dividend.

The exclusion of sponsorships, donations and commissioned activity from the calculation base for the three percent would avoid this inadvertent impact on government services.

Yours sincerely



Dr Margaret Nowak
Chairman, Finance Committee
Library Board of Western Australia

State Library of Western Australia
Alexander Library Building

Perth Cultural Centre, Perth, Western Australia 6000

Telephone (08) 9427 3328 Facsimile (08) 9427 3336 info@slwa.wa.gov.au www.slwa.wa.gov.au