

SOUTH WAIRARAPA DISTRICT COUNCIL

15 SEPTEMBER 2021

AGENDA ITEM A6

CESSATION OF OVERDUE FEES FOR ADULTS

Purpose of Report

To inform Councillors of the recommendations of the Wairarapa Library Service joint Councils' Committee decision to cease overdue fines for adults from 12th October 2021.

Recommendations

Officers recommend that the Council:

1. *Receive the 'Cessation of overdue fees for adults' Report.*
2. *Endorse the recommendation of the Joint Councils Committee Wairarapa Library Service to cease overdue fees on collection items from 12th October 2021.*
3. *Note that Carterton District Council ratified the Joint Council Committee decision at its September 2021 meeting.*

1. Executive Summary

The report recommending the cessation of adult overdue fees on collection items was submitted to the Wairarapa Library Service Joint Councils' Committee meeting in August 2021 and was endorsed at that meeting. It was subsequently ratified by Carterton District Council at their August 2021 meeting.

Wairarapa Library Service is a joint South Wairarapa, and Carterton District Councils shared service. As such all policy decisions need to be ratified by both councils before they are able to be implemented.

2. Background

Until relatively recently public libraries have been required to generate revenue to offset operational costs. As non-commercial entities, libraries implemented fines on overdues, and charges for some collection items (e.g., audio-visual material, latest bestsellers, magazines), services such as photocopying, printing, scanning, programmes, inter-library loans, and computer usage, and charges for the replacement of lost or damaged collection items.

Over the past few years, the international trend has been to remove barriers to access, use and equity. Overdue fines are seen as such an impediment. Over 600 public library systems are

now fines-free, including all of Ireland, and many across Canada, Australia, and the USA. In New Zealand Auckland City Libraries and Upper Hutt City Libraries have recently announced they are completely overdue fines-free.

Many other NZ libraries are partially fines-free (i.e., no fines on children's collection overdues) and currently developing business cases to be fully fines-free. The Association of Public Library Managers has a working group focussed on NZ public libraries being overdue fines-free by 2025.

In WLS, under current operating procedures, the following is true:

- More than 1 in 19¹ registered customers are debarred because they owe more than the library membership suspension amount of \$20². In addition, those owing fines are often reluctant to access the libraries' other services – computers, programmes, reading and study spaces.
- If the 435 customers who owed fines were welcomed back to the libraries and borrow items at the average per active customer over the 12 months, they would borrow over 16,965 items, a 9% increase in overall borrowing³.

3. Discussion

There are Several common arguments for overdue fines:

1. Fines encourage the return of items on time, increasing their circulation to other library members - This has been refuted by many libraries who have eliminated fines in recent years. In 2019 Chicago Public Library saw a 240% increase in book returns in the month after they ceased fines⁴. Salt Lake City Public Library saw overdues drop from 9% to 4% after fines were stopped. In Northern Colorado, the High Plains Library District experienced an increase in circulation and 95% of borrowed items were returned within one week of their original date. Work done by the City of Sydney showed higher return rates where there are no fines. In WLS the removal of children's overdue fees in 2019 saw a 10% increase in items being returned between 2020 and 2021. Removing barriers to usage should logically increase patronage and usage of the collections. Collection turnover is a LTP indicator for SWDC and represents quantitative return on investment into collection materials. A small USA study of seven major libraries showed two thirds increase in borrowing rates following the removal of overdue fines and 33% saw an increase in the number of new accounts opened at the libraries in the fiscal year following fine removal.

2. Fines supplement library operational budgets - At WLS fines make up 1% of the total operational cost per annum⁵. Yet their administration which includes personnel at the libraries and at Councils, and system requirements, is heavy.

3. Library membership - The current library membership form outlines conditions of acceptance and responsibility for both the customer and the library. Usage implies acceptance

¹ 5.06%

² The amounts owed can include overdue fines and charges for lost or damaged items.

³ 01/08/2020-31/07/2021: 186,668 issues/renewals to 4715 active borrowers. An average of 39 items per borrower. 435 debarred customers borrowing 39 items increases issues to 203,633, or by 9%.

⁴ <https://chicago.suntimes.com/news/2019/10/30/20940677/chicago-public-library-no-fines-book-returns-increase-lightfoot>

⁵ WLS revenue for 2020/21 was \$18,326.69. \$6,214.83 in total from overdues (SWDC - \$3,813.10. CDC - \$2,401.73).

of the terms, which include incurring charges for overdue items, therefore it's about ensuring social responsibility.

4. Social responsibility - A key argument for overdue fines has been it compels people to behave responsibly. This argument assumes people only behave responsibly in the face of punishment. Removing overdue fees does not mean removing all consequences for not returning library materials. Once an overdue item reaches 21 days after the due date it is considered lost. Until the item is returned, or the replacement fee paid, the customer is debarred. Upon the item's return the fee is waived and the customer can borrow from the library again. Arguably a library's role is not to teach civic responsibility. Equity of access to information is a fundamental principle of libraries. Equity of access doesn't dismiss the notion of responsibility, particularly regarding shared community resources. Instead, it prompts a weighing of the denying customers access to items against someone returning an item late. The outstanding monies owed for overdue fines is not a catalyst for returning items on time; rather it is often a reason for disengaging with the library.

There are more compelling reasons to remove overdue fines:

1. Perception of libraries - Libraries constantly work to change people's outdated perceptions. One such perception is that libraries are punitive in nature – places where if items are returned late there is a fine. For many people, shame or embarrassment is associated with such situations, and this translates to non-use of a core community resource.

2. Fees incur non-use - Anecdotally library staff hear many people say they haven't returned to the library because they owe money, or they don't use libraries because they always incur overdue fines.

3. Equity - Fines may seem fair to those who can afford to pay fees but can negatively impact those unable to pay including lower socio-economic, those who are not in employment and those struggling with the cost of living. For many the consequence of returning items late is cost-prohibitive even if the initial issuing is free.

4. The power of trust - Removing fines and trusting the community to return items which are part of a community resources is a powerful message from a council to its communities.

5. Improved relationships - As a Council service, libraries provide a direct link between communities and Council. Removal of overdue fines removes one point of tense interaction between council staff and the community.

6. Renewed appreciation of the libraries - Removing overdue fines will arguably encourage more people to use their local libraries, in turn updating their knowledge about the services and collections on offer to them.

7. Administrative overhead - The administration and technical component of fine collection and processing is not insignificant. The library management system is configured to manage items loaned, due dates, overdue notices, and cash management. Administrative costs to recover the fines include staff time in correspondence and conversation, updating customer records and postage costs where members have no email. Libraries send notifications to customers in their preferred format - paper, email, or SMS text. Paper and SMS Text messages incur costs. At the Council end, monies are reconciled within the financial system.

3.1 Implementation

WLS goes live with a new library management system on October 12th. It will be joining the collaboration of libraries known and SMART.

Preferably, if Council decides to implement a no overdue fines policy, it will come into effect from the launch of the new library management system because it removes the need for technical configuration and staff training and allows clear communication about all the benefits of a major change of operation and service delivery to be communicated.

The proposed approach to the transition is:

The cessation of overdues fines from 12th October 2021 is agreed.

Overdue fines incurred between now and the cessation date would still be payable.

Charges are still incurred for lost or damaged items. If lost items are not returned, and customers do not pay; they are blocked from borrowing until that is resolved.

Overdue fines incurred by library customers using other SMART library collection items are payable to those institutions. There are processes and procedures in place across SMART for payment and subsequent reconciliation of monies between the various institutions.

Other charges for services (e.g., copying, printing etc) continue.

In summary, overdue fines:

- create an unpopular barrier between the community accessing and using a community facility and service.
- hurt those that can least afford them.
- encourage people to keep materials longer if they can afford to and stop using the library if they can't.
- Create stress-filled interactions.
- Require staff time to manage.
- Having overdue fines-free libraries eliminates unnecessary barriers to service; and
- improves access for everyone.

3.2 Consultation

No consultation with communities has been undertaken. Libraries across New Zealand have been consulted via the Association of Public Library Manager's network.

The cessation of overdue fees was endorsed by Carterton District Council at its August 2021 meeting with the matters for decision not considered to be of significance under the Significance and Engagement Policy.

Local Authority decisions must heed reasonably practicable options for achievement and assess options in terms of their advantage and disadvantages⁶. Decision-making consideration to the views and preference of persons likely to be affected or have an

⁶ <https://www.legislation.govt.nz/act/public/2002/0084/167.0/DLM172320.html>

interest in a matter, will be given consideration⁷. Consultation is balanced against the extent to which the persons who may be affected or have an interest in the decision are known to the authority, and the nature and significance of the decision or matter⁸.

Overdue fees for adults are a user charge which is payable upon library borrowed items that are returned late. As such they are insecure revenue. The previous section summarises the impact overdue charges have on library use and service delivery. The proposed affected audience of this recommended change is adult library users. Identified audience it will affect is self-selecting and the indicative impact is positive.

As part of the Annual Plan process of 2019/20, SWDC consulted public about removing overdue fees. The option to do so was phrased as a reduction in all library charges, with the element of overdue fees for adults being placed amongst rental charges for specific collection items, charges for replacement library cards, and overdue fees for children and young adult library users. Overdue fees for adults were not specifically consulted on, and the Council opted to cease overdue fees for children and young adults.

The minutes of the 2019/20 consultation record that 10% of respondents (which equates to 10 people of the 105 people responders) believed a removal of overdue fees leads to people acting irresponsibly or could result in books not being available for a long time. Both points have been discussed comprehensively in the previous section.

3.3 Financial Considerations

Currently WLS has a total of 3,856 customers who have not used WLS for more than 12 months. Of these 3,184 (82%) are adults, with an average overdue fine is \$1.95.⁹

On average 23% of overdue¹⁰ fines charged each year are not paid. As of 30 June 2021, the total amount of overdue fines in WLS was \$11,098.50¹¹. Based on the 2020-2021 figures, the expected revenue from overdue fines for 1st Jul 2021 until 30 Jun 2022 is just over \$6,000.¹²

The average overdue fine amount accrued in the past three years has been \$9,530.81 per annum of which an average \$6,272.47 has been recovered¹³.

Fines have been seen as a sustainable source of additional operating revenue. But as digital collection use grows and becomes a larger percentage of materials borrowed, revenue potential decreases. In WLS, revenue from fines has decreased by 28% between 2015/16 and 2020/21¹⁴. This trend will likely continue as a move toward digital items increases.

⁷ <https://www.legislation.govt.nz/act/public/2002/0084/167.0/DLM172321.html>

⁸ <https://www.legislation.govt.nz/act/public/2002/0084/167.0/DLM172327.html>

⁹ Adults who have not used the libraries in the last 12 months owe a total of \$6,219.25

¹⁰ 2020-2021 \$8,705 charged for overdues. As at 2/8/21 \$2,073.80 is outstanding.

¹¹ \$7,605.50 - SWDC, \$3493.00 - CDC

¹² \$6214.83

¹³ At CDC borrowers who have been inactive for three years are deleted from the system with any outstanding debt

written off, a total of \$4528.29 (average \$1509.43/annum).

¹⁴ 2015-16 \$8,618.66. 2020-21 \$6,214.83.

At SWDC revenue from overdue fines is not specifically budgeted for, rather a revenue target of approximately \$6,000 is budgeted. Overdue fines would typically make up approximately \$2,000 to \$3,000 per annum.

Alternatives to eliminating fines:

Instead of going fine-free, WLS could incentivise a return of items. Libraries commonly use two methods:

1. Donations - The libraries could collect a variety of items for charity (e.g., Foodbank) in return for waiving customer fines. However, those unable to pay fines are unlikely to have disposable income, items, or opportunity to make donations. Additionally, it further embeds a perception of privilege over equity.
2. Temporary amnesty - Rather than eliminating overdue fines completely, WLS could provide a one-time or regular amnesty for the return of items and waiving of fees. If regular, some people will simply wait for the amnesty. WLS has run an amnesty previously. In 2018, a total of \$114 in fees was waived.

4. Conclusion

Ceasing overdue fines for adult library members is a low-impact practical way of increasing library usage and removing barriers to access.

SWDC endorsement of the Wairarapa Library Committee recommendation to cease overdue fees would enable the policy to come into effect.

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