



# Minutes (Unconfirmed) Draft Budget Meeting

## 20 July 2010

*Notice of an Budget Council Meeting*

*The next Draft Budget Meeting of the Shire of Coorow will be held on Wednesday 20 July 2010, at the Coorow District Hall from 10am.*

**Mark J Hook**

Chief Executive Officer



## **DISCLAIMER**

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of Shire of Coorow during the course of any meeting is not intended to be and is not taken as notice of approval from Shire of Coorow. The Shire of Coorow warns that anyone who has an application lodged with Shire of Coorow must obtain and only should rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Coorow in respect of the application.

Signed on behalf of Council

**Mark J Hook**  
**Chief Executive Officer**

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**1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS:**

The Deputy President, Cr Jan Waite, welcomed those present and opened the Meeting at 11.15am.

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:**

Present:

Councillor Moira Girando from 11.41am

President

Councillor Jan Waite

Deputy President

Councillor Bruce Jack

Councillor Michael Bothe

Councillor Gary George

Councillor Allan Williams

Mr M J Hook

Chief Executive Officer

Mr S D Billingham

Deputy Chief Executive Officer

Mr D R Hadden

Manager Regulatory Services

Mr K L Bean

Principal Works Supervisor

Apologises:

Cr Belinda McDonald

Leave of Absence:

Cr Darren McTaggart

**3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE:**

Nil

**4. PUBLIC QUESTION TIME:**

Nil

**5. APPLICATIONS FOR LEAVE OF ABSENCE:**

Nil

**6. PETITIONS/DEPUTATIONS/PRESENTATIONS:**

Nil

**7. CONFIRMATION OF MINUTES:**

*Resolution*

**2010/104**

*Moved* Cr Bothe

*Seconded* Cr Williams

*That the minutes from the 16 June 2010 Draft Budget Meeting be recorded as a true and correct record.*

**CARRIED 5/0**

## **8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION:**

At any Council meeting the person presiding may announce or raise any matter of interest or relevance to the business of Council or propose a change to the order of business.

Members may move that a change in order of business proposed by the person presiding not be accepted and if carried the change does not take place.

## **9. MATTERS FOR WHICH MEETING MAY BE CLOSED:**

For the convenience of members of the public Council may identify, by decision, early in the meeting any matter on the agenda to be discussed behind closed doors and that matter is to be deferred for consideration as the last item of the meeting.

Items for which the meeting will be closed include:

**Council changed the order for business to deal with Item 11.1 as the first Item of business**

***Resolution***   **2010/105**

***Moved*** Cr Waite

***Seconded*** Cr Bothe

*That Council changed the order for business to deal with Item 11.1 as the first Item of business*

***CARRIED*** 6/0

## **11. DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT:**

The Shire President Cr Girando arrived at the meeting at 11.15am during discussion of item 11.1 and assumed the chair at 11.45am.

Cr Girando adjourned the meeting at 1.02pm.

Cr Girando resumed the meeting at 1.20pm

Cr Jack left the meeting at 3.10pm

Cr Girando adjourned the meeting at 3.12pm

Cr Girando resumed the meeting at 3.16pm

Cr Jack returned to the meeting at 3.20pm

## 11.1 REVIEW OF DRAFT 2010/11 BUDGET

<b>AUTHOR</b>	Stuart Billingham
<b>DISCLOSURE OF INTEREST</b>	Nil
<b>DATE OF REPORT</b>	17 July 2010
<b>ATTACHMENT</b>	Draft Budget 2010/11
<b>FILE</b>	ADM0426

### **SUMMARY:**

Consideration of matters to be included in Council's 2010/11 Budget.

### **BACKGROUND:**

Council is to discuss Council's 2010/11 Draft Budget with a view to finalising the priority of those matters to be included in the 2010/11 Annual Budget document.

Council held a Draft Budget Meeting on the 16 June 2010 and the adjustments from this meeting have been incorporated in the new Draft 2010/11 Budget for consideration.

The information included in the 2010/11 Draft Budget will be fine tuned by the Executive Staff continue right up to formal adoption by Council at its Ordinary Meeting of Council on the 28 July 2010.

In reviewing the 2010/11 Draft Budget, Council should note:

#### **1. Consideration of the Draft Salaries & Wages Spread Sheet**

Please refer to the Draft Salaries & Wages Spread Sheet submitted as a separate attachment for the 2010/11 financial year.

### **NOTE: Allowance made for an additional outside worker at the Coast.**

#### **2. Consideration of the Draft 2010/11 Rate Model**

The Draft Rate Model for the 2010/11 Draft Budget has been prepared based on a 5% rate increase submitted as a separate attachment for the 2010/11 financial year.

#### **3. Consideration of the Draft 2010/11 Schedule of Fees and Charges**

The Draft 2010/11 Schedule of Fees and Charges for the 2010/11 Draft Budget as amended from workshop submitted as a separate attachment for the 2010/11 financial year.

#### **4. Consideration of the Draft 2010/11 10 year Plant Replacement Schedule**

The Draft 10 year Plant Replacement Schedule for the 2010/11 Draft Budget as amended from workshop submitted as a separate attachment for the 2010/11 financial year.

## **5. Shire of Coorow 5 Year Building Program**

Please refer to Shire of Coorow 5 year Building program for the 2010/11 Draft Budget as amended from workshop submitted as a separate attachment for the 2010/11 financial year.

## **6. Road and Major Capital Works Construction and Maintenance Program**

Please refer to Shire of Coorow Road Works program submitted as a separate attached.

## **7. Royalties for Regions projects 2010/11 allocation (R4R)**

Please refer to Royalties for Regions deferred 2009/10 allocation program submitted as a separate attachment for the 2010/11 financial year.

## **8. Regional and Local Community Infrastructure Program (RLCIP)**

Please refer to RLCIP allocation program submitted as a separate attachment for the 2010/11 financial year.

## **9. Reserves**

Please refer to Shire of Coorow Reserves Schedule submitted as a separate attached attachment for the 2010/11 financial year.

## **10. Loans**

Please refer to Shire of Coorow Loans Schedule submitted as a separate attached attachment for the 2010/11 financial year.

## **11. Rate Setting Statement and Accounting Schedules**

Please refer to Shire of Coorow Rate Setting Statement and Accounting Schedules submitted as a separate attached attachment for the 2010/11 financial year.

### **STATUTORY ENVIRONMENT:**

*Local Government Act 1995 and Local Government (Financial Management) Regulations 1996*

## **STRATEGIC IMPLICATIONS:**

The 2010/11 Budget covers the following goals within Council Strategic Plan.

### **GOAL 1 - LEADERSHIP**

Achieve positive community outcomes within a financially responsible framework through a process of innovation, consultation and decisive leadership.

### **GOAL 2 - SERVICES**

Ensure the community has access to quality facilities and services to allow a safe and vibrant lifestyle.

### **GOAL 3 - INFRASTRUCTURE**

Introduce, maintain and upgrade assets and infrastructure which meet community needs through a timely and cost effective process.

### **GOAL 4 - ECONOMY**

Support and promote a resilient local economy.

### **GOAL 5 - ENVIRONMENT**

Work to enhance, utilise and conserve natural resources.

## **POLICY IMPLICATIONS:**

Long Term Asset Management Plan, Shire of Coorow Plan for the Future. Fees and Charges

## **FINANCIAL IMPLICATIONS:**

Shire of Coorow 2010/11 Draft Budget



**VOTING REQUIREMENT:**

Simple Majority

**OFFICER RECOMENDATION:**

That Council presents the Draft Budget to the Ordinary Meeting of Council to be held on the 28<sup>th</sup> July 2010 with the following adjustments made at the 21<sup>st</sup> July Special Budget Meeting.

House Leeman	\$450,000
Transfer from Building Res	-\$100,000
Mezzanine floor Depot Coorow	\$35,000
Tyre Changer	\$22,000
Councillor Computers	\$10,000
President & Deputy President Allowance	\$15,000
Leeman Office Drafting Plans	\$30,000
Pound Leach Drain	\$2,500
Banner Poles	\$5,880
RCLIP Projects not funded	\$73,500
	\$0

**Resolution**                      **2010/106**

**Moved** Cr Bothe

**Seconded** Cr Williams

*That Council presents the Draft Budget to the Ordinary Meeting of Council to be held on the 28th July 2010 with the following adjustments made at the 20th July Special Budget Meeting.*

<b>House Leeman</b>	<b>\$450,000</b>
<b>Transfer from Building Reserve</b>	<b>-\$100,000</b>
<b>Mezzanine floor Depot Coorow</b>	<b>\$35,000</b>
<b>Pound Leach Drain</b>	<b>\$2,500</b>
<b>Banner Poles</b>	<b>\$5,880</b>
<b>Various RCLIP Projects not funded as per separate attachment RCLIP projects</b>	<b>\$73,500</b>
<b>Other Various minor amendments in the operating schedules to balance the Budget</b>	

**CARRIED 6/0**

## **10. REPORTS:**

### **10.1 CHIEF EXECUTIVE OFFICER'S REPORTS:**

#### **10.1.1 GRAVEL PUSHING TO FULL TENDER**

<b>AUTHOR</b>	Mark Hook
<b>DISCLOSURE OF INTEREST</b>	Nil
<b>DATE OF REPORT</b>	10 July 2010
<b>ATTACHMENT</b>	Nil
<b>FILE</b>	ADM0426

#### **SUMMARY:**

Council's executive has been requested look at the cost of placing Councils current gravel pushing requirements out to a full tender.

#### **BACKGROUND:**

The Chief Executive officer has been requested to look at the cost of the current situation of pushing gravel with Councils dozer against pushing of gravel being put out to tender.

The request received was for the Dozer gravel stockpiling for the Shire contracted on a yearly basis with a minimum annual BCM rate.

It has been stated that

*Other Shires have used this process in the past and have sold the Dozer from the Shire to a local with a contract for the gravel rate and volume with a general component for the year. The contract could have a 3 or 5 year guarantee of work. This would for a set price for gravel for the year with a set component for other work for the dozer with no maintenance and no operator wages. The savings would be in the wages and set price of the gravel with no surprises on maintenance and no replacement costs. If the Dozer leaves town for some unknown reason Council would be able to tender the price out.*

#### **COMMENT:**

The following tables are the amount of works undertaken by Councils Dozer for the five years 2004/05 to 2010/2011

<b>Year</b>	<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabilitation Hrs</b>
2005/06	38880	4500	515
2006/07	48445	15000	580
2007/08	44358	8500	633
2008/09	38916	10460	640
2010/2011	41,580	3820	655
<b>Total</b>	<b>212179</b>	<b>42280</b>	<b>3023</b>

**Cost for the year**

Year	Parts /Fuel	Wage	Total
2005/06	\$ 29,914.00	\$ 35,773.00	\$ 65,687.00
2006/07	\$ 52,238.00	\$ 48,701.00	\$ 100,939.00
2007/08	\$ 99,636.00	\$ 50,454.00	\$ 150,090.00
2008/09	\$ 31,866.00	\$ 54,061.00	\$ 85,927.00
2010/2011	\$ 65,884.00	\$ 58,043.00	\$ 123,927.00
<b>Total</b>	<b>\$ 279,538.00</b>	<b>\$ 247,032.00</b>	<b>\$ 526,570.00</b>
<b>5 Years</b>			
Total Gravel and Sand m3		254459	
Total Rehabilitation Hrs x 80 m3		241840	
Total m3		496299	

Average cost of gravel per cubic metre over the last five years = \$526,570 / 496299 = \$1.06 per m3 (Inclusive of travel charges)

If Council was to contract the pushing of Gravel based on the 2010/2011 usage of Councils Dozer for pushing gravel, sand and rehabilitation pushing the cost would be as follows.

(The following costs are based on quotes from Local Suppliers)

<b>D7 Dozer</b>			
Gravel/Sand M3	Rehabilitation Hrs	Transport charge	Total
\$1.10 m3	\$230.00 hr	\$4.80 per Km	
45,400	355	542	
\$49,940.00	\$81,650.00	\$2,601.60	\$ 134,191.60

If Council used the same table based on the five year average for Council to do the same works it would be

<b>D6 Dozer</b>			
Gravel/Sand M3	Rehabilitation Hrs	Transport charge	Total
\$1.10 m3	\$135 hr	Included in hourly Rate	
45,400	355		
\$49,940.00	\$47,925		\$ 97,865

Following is the total breakdown over the five years 2004/05 to 2010/2011

**2010/2011**

<b>Works</b>	<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabilitation Hrs</b>
Marchagee Buntine Rd	3,940		30
Coorow Green Head Rd	2,520	3520	40
Coorow Latham Rd	4,000		25
Coorow Green Head Rd patching	4400		60
Willis Rd resheeting	8300		50
Launer Rd resheeting	5200		35
North Miling Rd resheeting	2520		15
Rose Thomson Rd resheeting	5050		
Thomas St Kerbing	450	300	
Road Maintenance	5200		100
Coorow refuse site			40
Leeman Refuse site			260
<b>TOTAL</b>	<b>41,580</b>	<b>3820</b>	<b>655</b>

Cost of running the Dozer for the 2009/2010 year is as follows.

<b>Parts /Fuel</b>	<b>Wages</b>	<b>Total</b>
\$ 65,884.00	\$ 58,043.00	\$ 123,927.00

<b>2008/09</b>				
<b>Works</b>	<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabilitation Hrs</b>	
Marchagee Buntine Rd	4360		60	
Coorow Green Head Rd	4120		25	
Coorow Latham Rd	3256		10	
Willis Rd resheeting	8520		35	
Launer Rd resheeting	4500		40	
Gunyidi Wubin Rd Shoulder Graveling	3560		20	
Mamboobie Flood way	300		0	
Ruddock St Kerbing		160	35	
Coorow refuse site		4,300	65	
Leeman Refuse site		6,000	200	
Carger Rd	2500			
Road Maintenance	7800		150	
<b>TOTAL</b>	<b>38916</b>	<b>10460</b>	<b>640</b>	

<b>Parts /Fuel</b>	<b>Wage</b>	<b>Total</b>
\$31,866.00	\$54,061.00	\$85,927.00

**Minutes of the Draft Budget Meeting held Wednesday 20 July 2010**

**Note: These Minutes are yet to be confirmed**

<b>2007/08</b>			
<b>Works</b>	<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabilitation Hrs</b>
Coorow Green Head Rd	3,000	2,500	30
Coorow Latham Rd	10,200		45
Willis Rd resheeting	8,450		50
Launer Rd resheeting	4,100		25
Marchagee Track Graveling	6,700		35
Willcock Rd resheeting	2,788		60
Mamboobie Flood way	400		
Bristol st Kerbing	600		2
Commercial st Kerbing	600		4
Spain st Kerbing	600		2
Rowlands Rd Kerbing	420		
Coorow refuse site		4,000	100
Leeman Refuse site		2000	200
Road Maintenance	6500		80
<b>TOTAL</b>	<b>44358</b>	<b>8500</b>	<b>633</b>

<b>Parts /Fuel</b>	<b>Wage</b>	<b>Total</b>
\$99,636.00	\$50,454.00	\$150,090.00

<b>2006/07</b>		
<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabilitation Hrs</b>
6,500	5,000	75
6,625		
7,450		40
7,200		
6,570	10,000	60
500		
1500		
7100		40
5000		25
		60
		280
<b>48445</b>	<b>15000</b>	<b>580</b>

<b>Parts /Fuel</b>	<b>Wage</b>	<b>Total</b>
\$52,238.00	\$48,701.00	\$100,939.00

<b>2005/06</b>			
<b>Works</b>	<b>Gravel m3</b>	<b>Sand Fill m3</b>	<b>Rehabil itation Hrs</b>
Coorow Green Head Rd Widening & sealing 5 Km	6,850		70
Coorow Latham Rd Widening & sealing 5 Km	7,130		45
Launer Rd resheeting 5 Km	7,000		60
Pen Rd resheeting 3 Km	3,500		
Gunyidi Wubin Black spot funding	3,600		
Marchagee Buntine Flood way	800		
Road Maintenance	10,000		90
Coorow refuse site		2,000	50
Leeman Refuse site		2,500	200
<b>TOTAL</b>	<b>38880</b>	<b>4500</b>	<b>515</b>

<b>Parts /Fuel</b>	<b>Wage</b>	<b>Total</b>
\$29,914.00	\$35,773.00	\$65,687.00

Council can see that if it placed Councils current Dozer requirements out to full tender there would be no savings to Council operations but there would be a minor increase in costs to the Council overall.

Without going through a complete restructure of Councils outside workforce there appears to be no savings to Council by going to contract arrangements with local suppliers at this stage.

If Council is considering the option of putting its Dozer operations out to tender it needs to consider the size of its existing work force. This does not generally mean reducing the size of its workforce as they may be used for general maintenance jobs that are currently struggling to be fully undertaken due to time constraints.

If Council is aiming at reducing the current workforce numbers then it needs to consider the costs of redundancy packages in the 2010/11 Budget.

Some of the major issue going out to full contract is being able to get the contractors at the right time and at the right costs. It has been shown on a number occasions that the contractors come in at the right cost for the first few years then there cost go up considerable once you are tied into there arrangements.,

With the proposed amalgamations of the Shire of Coorow and Carnamah this would need to be an item that is agreed upon by both Councils as it will impinge on the social environment of both Communities.

Generally Councils are the one of the highest employers in small rural communities and if Council is looking at reducing staff numbers than the Social and Economic effects of a decision such as this needs to be fully looked at.

The Coorow town relies on the Shire Workforce for numbers for its school and the local stores rely on them also for patronage.

**STATUTORY ENVIRONMENT:**

*Local Government Act 1995*

**STRATEGIC IMPLICATIONS:**

Nil

**POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Nil

**VOTING REQUIREMENT:**

Simple Majority

**OFFICER RECOMMENDATION:**

That the Shire of Coorow continues to utilise its own Dozer for its gravel pushing and general rehabilitation works.

***Resolution***                      **2010/107**

***Moved*** Cr Bothe

***Seconded*** Cr Jack

*That the Shire of Coorow continues to utilise its own Dozer for its gravel pushing and general rehabilitation works.*

***CARRIED 4/2***

**10.1.2 ROAD WORKS PROGRAM INHOUSE OR CONTRACT**

**AUTHOR** Mark Hook  
**DISCLOSURE OF INTEREST** Nil  
**DATE OF REPORT** 02 July 2010  
**ATTACHMENT** Nil  
**FILE** ADM0426

**SUMMARY:**

Council is being requested to look at the way it currently undertakes its road works program between in house and full contract.

**BACKGROUND:**

The Chief Executive officer has been requested to prepare an Agenda item on putting a section or all of Councils major Regional Road Works program out to tender under full contracts.

As part of this request the Chief Executive Officer has been asked to look at the last ten years of Councils Road Programs.

**COMMENT:**

Attached is a spread sheet showing the actual expenditure and income for each road for the last ten years of Councils RRG Road Program.

If Council is considering placing the RRG component out to general contract then it would need to do undertake a 2010/11 budget adjustment of \$637,542.

This figure is the total cost of road works less the materials allowed in the 2010/11 budget, which is Total Road Works (\$935,146) less materials (\$297,604) leaving total fixed costs (\$637,542).

This is based on the following Regional Road Group projects in the budget.

Road/Job	Comment	Wages	O/Heads	Plant Op	Materials	TOTAL
<b>Coorow/Greenhead 4.5 To 6.5 Km</b>	<b>Reseal</b>	<b>49,280</b>	<b>39,424</b>	<b>75,290</b>	<b>65,356</b>	<b>229,350</b>
<b>Coorow/Lath 21.7to 22.7 Km</b>	<b>Widen Seal 7 Metre</b>	<b>52,800</b>	<b>42,240</b>	<b>72,500</b>	<b>66,256</b>	<b>233,796</b>
<b>Marchagee/Buntine 4.5 To 6.5 Km</b>	<b>Widen &amp;Seal</b>	<b>49,280</b>	<b>39,424</b>	<b>69,690</b>	<b>72,106</b>	<b>230,500</b>
<b>Pen Road</b>	<b>Black Spot Intersection Sealing</b>	<b>40,480</b>	<b>32,384</b>	<b>74,750</b>	<b>93,886</b>	<b>241,500</b>
		<b>191,840</b>	<b>153,472</b>	<b>292,230</b>	<b>297,604</b>	<b>935,146</b>



With in the Budget wages, Overheads and Plant Operation Costs are deemed fixed costs as this is the actual cost to Council to employ staff and run the current plant and equipment. The only way these cost items can be decreased is to decrease staff numbers or sell off existing plant.

If Council is considering the option of putting part of its road works construction and maintenance out to public tender then it needs to consider the size of its existing work force.

This may not mean reducing the size of its workforce as they may be used for general maintenance jobs that are currently struggling to be fully undertaken due to time constraints.

If Council is aiming at reducing the current workforce numbers then it needs to consider the costs of redundancy packages in the 2010/11 Budget as well.

Some of the major issues going out to full contract are being able to get contractors at the right time. Another area to consider is that council would have to prepare full design with full specifications which would be an added cost to the current way Councils undertakes its works program.

Main Roads WA placed there road works out to contract over the last ten years and from the lessons learnt by Main Roads this has not achieved great results for the overall asset preservation of their existing road network.

The Shires of Lake Grace and the Shire of Ravensthorpe also went to full contract and reduced the size of there staffing levels and it is my understanding that they are now replacing staff and machinery as going out to full contract has not worked due to the contractors chasing the larger mine contracts rather than the Local government contracts.

With the proposed amalgamations of the Shire of Coorow and Carnamah this needs to be an item that is agreed upon by both Councils as it impinges on the social environment of both Communities.

Generally Councils are one of the highest employers in small rural communities and if Council is looking at reducing staff numbers than the Social and Economic effects of a decision such as this needs to be fully looked at.

The Coorow town relies on the Shire Workforce for numbers for its school and the local stores rely on them also for patronage.

#### **STATUTORY ENVIRONMENT:**

Nil

#### **STRATEGIC IMPLICATIONS:**

There would be a number of Strategic Implications to the Shire of Coorow and its communities if council was to reduce its current outside workforce and go to full contract.

#### **POLICY IMPLICATIONS:**

Nil

#### **FINANCIAL IMPLICATIONS:**

By placing the RRG component out to general contract Council would need to undertake a 2010/11 budget adjustment of \$637,542.

This figure is the total cost of road works less the materials allowed in the 2010/11 budget, which is Total Road Works (\$935,146) less materials (\$297,604) leaving total fixed costs (\$637,542).

**PUBLIC CONSULTATION:**

Nil

**VOTING REQUIREMENT:**

Simple Majority

**OFFICER RECOMMENDATION:**

That the Shire of Coorow continue to maintain its current workforce and undertake the 2010/11 road works program in house.

***Resolution***                      **2010/108**

***Moved*** Cr Jack

***Seconded*** Cr Bothe

*That the Shire of Coorow continue to maintain its current workforce and undertake the 2010/11 road works program in house.*

***CARRIED 4/2***

**12. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN:**

Nil

**13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION:**

Nil

**14. MATTERS BEHIND CLOSED DOORS:**

Nil

**15. DATE OF NEXT MEETING:**

Wednesday 28 July 2010 at the Coorow District Hall, Coorow from 3pm.

**15. CLOSURE:**

The President, Cr Girando declared the Meeting closed at 5.25 pm