

Alternative manufacturers may offer similar machines at slightly reduced cost. The Shire of Yilgarn WA recently tendered for a 12 foot grader with prices of \$363,000 for a Volvo G930 VHP; \$390,000 for a Volvo G940 VHP; \$382,000 for a John Deere 770G (2009 model); and a John Deere 770GP (joystick controls and 2009 model) at \$408,000. These prices indicate relative parity of purchase price.

Second-hand Machines

There are many second hand graders available on the market.

A grader undertaking production work will accumulate between 1200 and 1600 operating hours per year. A machine accumulating 1000 hours per year would be slightly under-utilised. Typical production life for a grader would be 12,000 hours over 8 to 10 years. Beyond these hours maintenance costs and un-reliability issues increase.

Taking current market price and applying a depreciation rate of 10% using the diminishing method provides indicative market value for a grader that is accumulating 1000 to 1200 hours per year. The rate of 10% is fair in accordance with existing market conditions.

		Annual Depreciation (dim method)		
		10%	10%	10%
Purchase Price (2010)		360,000	380,000	400,000
1	2009	324,000	342,000	360,000
2	2008	291,600	307,800	324,000
3	2007	262,440	277,020	291,600
4	2006	236,196	249,318	262,440
5	2005	212,576	224,386	236,196
6	2004	191,319	201,948	212,576
7	2003	172,187	181,753	191,319
8	2002	154,968	163,578	172,187
9	2001	139,471	147,220	154,968
10	2000	125,524	132,498	139,471
11	1999	112,972	119,248	125,524
12	1998	101,675	107,323	112,972

It would be advisable where purchasing a second-hand machine that operating hours would be no more than 5000 hours. The age of the machine is less important other than for reasons of future re-sale. Purchase price for a high hour machine should be lower than the age depreciation table above and vice versa for a low hour machine.

The table below shows the cost of depreciation per operating hour based on different levels of use. The less the machine is used the higher the hourly cost. As the machine ages the depreciation cost per hour diminishes.

Year	Hours	\$/hr	Hours	\$/hr	Hours	\$/hr	Hours	\$/hr
1	1200	30.00	1000	36.00	750	48.00	500	72.00
2	2400	28.65	2000	34.38	1500	45.84	1000	68.76

3	3600	27.38	3000	32.86	2250	43.81	1500	65.71
4	4800	26.19	4000	31.43	3000	41.90	2000	62.85
5	6000	25.06	5000	30.08	3750	40.10	2500	60.15
6	7200	24.01	6000	28.81	4500	38.41	3000	57.62
7	8400	23.01	7000	27.61	5250	36.82	3500	55.23
8	9600	22.07	8000	26.49	6000	35.32	4000	52.97
9	10800	21.19	9000	25.43	6750	33.90	4500	50.85
10	12000	20.35	10000	24.42	7500	32.56	5000	48.85
11	13200	19.56	11000	23.48	8250	31.30	5500	46.96
12	14400	18.82	12000	22.58	9000	30.11	6000	45.17

Tabled below are representative sample of second-hand graders with a range of ages and operating hours. The sample has focussed on the Caterpillar 12H and 140H range. All have 12 foot mouldboards and are of similar power and weight.

MAKE	MODEL	HOURS	YEAR	PRICE	SUITABLE	COMMENT
Caterpillar	12G	21000	1985	\$ 71,500	No	High hours old machine
Caterpillar	12G	15000	1993	\$ 99,000	No	High hours old machine
Caterpillar	12H	6086	2002	\$115,500	Possibly	Medium hours dependant on condition
Caterpillar	140H	11814	1998	\$121,000	No	Hours too high
Caterpillar	12H	11500	2002	\$130,900	No	Hours too high
Caterpillar	12H	7900	2004	\$176,000	Possibly	Medium hours dependant on condition
Caterpillar	140H	11100	2006	\$176,000	No	Hours too high
Caterpillar	140H	5900	2003	\$231,000	No	Priced above depreciated value
Caterpillar	12H	4202	2007	\$242,000	Yes	Hours match age, good value
Caterpillar	140H	3880	2004	\$258,000	No	Priced above depreciated value
Caterpillar	12H	1700	2007	\$269,500	Yes	Low hours for age at depreciated value
Caterpillar	12H	950	2007	\$302,000	No	Very low hours, price above depreciated value
Caterpillar	12H	920	2007	\$302,500	No	Very low hours, price above depreciated value
Caterpillar	140H	2500	2006	\$308,000	No	Low hours for age, price above depreciated value
Caterpillar	12H	677	2007	\$308,000	No	Very low hours, price above depreciated value
Caterpillar	140H	1237	2007	\$313,500	No	Very low hours, price above depreciated value
Caterpillar	140H	1096	2007	\$313,500	No	Very low hours, price above depreciated value
Caterpillar	140H	1831	2007	\$335,000	No	Very low hours, price above depreciated value

ISSUES, CONSEQUENCES AND OPTIONS

Cost Benefit Analysis

Option 1 Purchase of New or Second-hand Grader

The purchase of a grader for TiTree is principally to enable more frequent grading of the Nturiya road. This road is 17km in length. Current practice has been to borrow the Laramba grader – walking the grader from Laramba to TiTree, a distance of about 180km. In the last 12 month period the road has been graded 6 times, a total distance of 102km. Having a grader permanently at TiTree would allow the road to be graded monthly ie 12 times per year (204km) or perhaps fortnightly equalling 408km. Having the grader locally would also allow a range of other incidental use to be made of it.

A grader will cover about 25km per day making 4 passes. Assuming that each grading of the Nturiya Road is 6 hours work, monthly grading would be 72 hours per year and fortnightly grading would be 144 hours per year. Adding incidental work this might increase total hours to 200 per year. This is a very low annual usage.

Operating costs are made up of fuel and oil, tyre wear, cutting edge replacement, and servicing costs. Fuel consumption will range from 18 to 22 litres per hour costing about \$40 per hour. Servicing costs will add about \$6 to \$8 per hour with tyres and cutting edges adding a further \$6 per hour. In total this amounts to about \$55 per hour.

Fixed costs include registration and insurance. Depreciation varies according to annual machine use but as per the table above an annual amount of about 10% of capital value is typical. For a new grader this would be about \$36,000 per year. For a good second-hand grader this would be about \$24,000.

The cost of servicing the capital cost of the machine at interest only adds a further cost. A conservative rate of 8% has been applied.

Tabled below are the costs of grading based on fortnightly grading of the Nturiya road. Grading at this period would generally be considered to be over-servicing.

COSTS FOR FORTNIGHTLY SERVICE SCHEDULE

NEW GRADER			
Interest on loan	400000	8%	32000
Wage Cost	50	200	10000
Operating costs	55	200	11000
Fixed costs	1	800	800
Depreciation (new grader)	1	36000	36000
ANNUAL COST			\$89,800
Cost per hour	89800	100	\$898
Cost per kilometre	89800	400	\$225
SECOND-HAND GRADER			
Interest on loan	240000	8%	19200
Wage Costs	50	200	10000
Operating costs	55	200	11000

Fixed costs	1	800	800
Depreciation (new grader)	1	24000	24000
ANNUAL COST			\$65,000
Cost per hour	65000	100	\$650
Cost per kilometre	65000	400	\$163

Current commercial rates for maintenance grading are about \$250 per kilometre. These costs, which are high due to low utilisation of the grader, are still viable against commercial rates.

The total cost per year is still \$65,000 using a second-hand grader. These total costs can be reduced by reverting to monthly grading but this has a small impact with a cost reduction of 23% (\$15000) for 50% reduction in service. Note that the unit costs raise to nearly double the rate. At this period of service a second-hand grader is at break-even with an external provider while a new grader is considerably more expensive.

COSTS FOR MONTHLY SERVICE SCHEDULE

NEW GRADER			
Interest on loan	400000	8%	32000
Wage Cost	50	50	2500
Operating costs	55	50	2750
Fixed costs	1	800	800
Depreciation	1	36000	36000
ANNUAL COST			\$74,050
Cost per hour	74050	50	\$1,481
Cost per kilometre	74050	200	\$370
SECOND-HAND GRADER			
Interest on loan	240000	8%	19200
Wage Costs	50	50	2500
Operating costs	55	50	2750
Fixed costs	1	800	800
Depreciation	1	24000	24000
ANNUAL COST			\$49,250
Cost per hour	49250	50	\$985
Cost per kilometre	49250	200	\$246

Option 2 Utilise External Contractor at Commercial Rates

ANNUAL COST

Distance	No of Services	Rate	Amount
17	6	250	\$25,500
17	9	250	\$38,250
17	12	250	\$51,000
17	26	250	\$110,500

At a monthly service interval commercial rates are similar to the costs of operating a second-hand grader.

Option 3 Walking the Grader from Laramba

If the grader from Laramba is walked to TiTree the mobilisation (return) cost is about \$800. This figure is calculated on equal operating costs with those above but reduced costs associated with servicing the capital component and half the annual depreciation costs assigned given that the grader would still operate out of Laramba.

LARAMBA GRADER			
Interest on loan	120000	0%	0
Wage Costs	50	50	2500
Operating costs	55	50	2750
Fixed costs	1	800	800
Depreciation	0.5	12000	6000
ANNUAL COST			\$12,000
Cost per hour	12000	50	\$240
Cost per kilometre	12000	200	\$60

COST PER SERVICE

Kilometres	320
Speed (km/hr)	40
Time (hr)	8
Cost/hr	\$100
Mobilisation	\$800
Grading distance	17
Grading rate	\$59/hr
Grading Cost	\$1,000
Total Cost	\$1,800

ANNUAL COSTS

No of Services	Rate	Amount
6	1800	\$10,800
9	1800	\$16,200
12	1800	\$21,600

This option results in costs about half that of commercial rates and of purchasing a good second-hand grader.

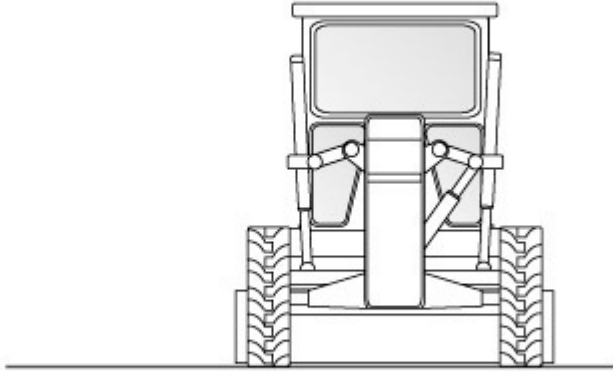
Option 4 - Relocate Laramba Grader to TiTree & Share Yuelamu Grader between Yuelamu & Laramba

This option offers the best cost benefit (with mobilisation savings between Laramba and TiTree of between \$4,800 and \$9,600 per year) as the Yuelamu grader can be used to grade local access roads between Yuelamu and Laramba. A period spent in each community before reversing the maintenance grading run allows other local work to be undertaken.

OVERALL COST SAVING: Based on 12 services per year this option saves **\$9,600**.

Option 5 - Relocate Lajamanu Grader to TiTree

The grader based at Lajamanu has not undertaken any road maintenance work in the past year and is not being adequately utilised. Wulain Resource Agency has heavy earth moving equipment and can undertake local road maintenance, particularly to outstations. This grader could be relocated to TiTree. The one-off cost of relocation would be about **\$8,000**.



ATTACHMENTS:

There are no attachments for this report.

FINANCE COMMITTEE REPORTS

ITEM NUMBER 14.1**TITLE** Finance Committee Report**REFERENCE** \10 - CORPORATE
SERVICES\GOVERNANCE AND
ADMINISTRATION\5.5.2.1 COUNCIL
MEETINGS\2010\2010 - 04 ORDINARY SHIRE
COUNCIL MEETING 4TH AUGUST YUENDUMU -
63805**AUTHOR** Roydon Robertson, Chief Executive Officer**RECOMMENDATION:** 1. That the Finance Committee Report be received and the actions contained therein adopted.

2. That the debtors totalling \$126,528.53 as detailed in the 'Summary of Debtor Write Off' be written off.

SUMMARY: This report is a summary of the last Finance Committee meeting.**BACKGROUND**

The Finance Committee meets in the months in which Council does not meet and monitors Council's finances on behalf of Council.

ISSUES, CONSEQUENCES AND OPTIONS

No further comment needed.

ATTACHMENTS:

- 1 Attachment- Minutes Finance Committee Meeting_July.doc
- 2 Attachment- Debtor Write Off_July 2010.pdf

MINUTES OF THE FINANCE COMMITTEE MEETING HELD IN THE COUNCIL CHAMBERS COMMENCING AT 10:00 AM, THURSDAY 1 JULY 2010

Present:

Shire President Norbert Patrick, Cr. James Glenn, Cr. Bruce Finter, Chief Executive Officer Roydon Robertson, Acting Director Corporate and Community Services Allan White and Finance Manager Muhammad Waqas.

1. Actual income and expenditure of the Council for the period 1 July 2009 to 29 June 2010.

Actual income and expenditure report of the Council for the period 1 July 2009 to 29 June 2010 was received by the Committee. The finance manager explained to the Committee that the Council has a surplus of \$7,729,511.211 for the period ending 29 June 2010.

The Committee was told that the Council has total revenue of \$30,528,936.76 while the budgeted revenue for the same period was \$29,894,211.00. Out of the total amount, the Council has Grant Income of \$26,432,453.43 while the budgeted grant income for the same period was \$25,119,574.00.

The Committee was informed that the Council has total expenditure of \$22,799,425.55 while the budgeted expenditure for the same period was \$29,551,048.00. Employees' salaries, on-costs and other related expenses total \$13,709,696.15. Materials and contracts related costs total is \$6,768,327.52. The budgeted Employees' and Materials and contracts costs were \$17,396,228.00 and \$11,737,864.00.

The Committee was further informed that the Surplus amount is before recording unexpended grants liability and excludes non-cash expenses like Depreciation/Impairment and Provisions like Annual Leave and Long Service Leave and other year end adjustments. These will be recorded at year end and will reflect in the financial statements of the Council. Recording of these transactions will bring down the surplus amount significantly.

2. Details of all cash and investments held by the Council as at 28 June 2010

The report of cash and investment held by the Council as on 28 June 2010 was received by the Committee. The Committee was informed that as at 28 June, the Council has total bank deposits of \$8,036,714.98 and total investments of \$6,637,987.59. The Committee was given break up of bank deposits as under:

Operating Account	\$916,194.06
Trust Account	\$1,850,317.56

ICC Account \$5,270,203.66

Total **\$8,036,714.98**

Sr. No.	Bank	Principal \$	Rate of Interest	Maturity Date
1	SUNCORP	2,055,491.18	5.63%	14-07-2010
2	SUNCORP	1,541,071.75	5.63%	21-07-2010
3	SUNCORP	1,520,712.33	5.63%	11-07-2010
4	WESTPAC	1,520,712.33	5.64%	10-08-2010
Total		6,637,987.59		

3. Aged analysis as at 29 June 2010 of debts owed to the Council

Debtors aged analysis as at 29 June 2010 was received by the Committee. The Committee was told that the Council has receivables of \$1,146,650.56 as at 29 June 2010. Department of Employment, Education and Workplace Relations is the biggest debtor with receivable amount of \$256,988.48. This entire amount relates to grant funding. Power and Water Alice Springs is the second biggest debtors with receivable amount of \$226,227.07.

4. Insurance arrangement for financial year 2010-11

The Committee was informed insurance proposal for the financial year 2010-11 has been lodged with the insurance brokers Jardine Lloyd Thompson. The Council expects to receive advice in regards to insurance costs next month which it expects to be within budgetary limits at this point of time.

5. Outstanding debtors taken over from predecessor communities

The Committee received further report on the debtors taken over from the predecessor communities was presented. The committee was informed that the Council has made its efforts in order to collect these debtors without much success. Some of these debtors date back the financial year 2007. These debtors were provided with copies of invoices and the finance section is sending monthly statements to these debtors.

The committee after analysing the report has made further recommendations to the Council.

RECOMMENDATIONS TO COUNCIL

1. The committee recommends that all the debtors, taken over from the predecessor communities, up to the amount of \$2,000 or where entity is

non-existent be written off. The committee further recommends writing off the amounts incorrectly brought to account by the former Councils.

Moved: Cr. Glenn James
Seconded: Cr. Bruce Finter

2. That the Finance Committee Report be received and the actions contained therein adopted.

Moved: Cr. Glenn James
Seconded: Cr. Bruce Finter

Cr. Norbert Patrick
Chairperson

SUMMARY OF DEBTOR WRITE OFF

Account No - Description	Amount	Outstanding Amount	Comments
00098 Warlpiri Media Association	3,569.20	1,834.65	Less than \$2,000
00106 Yuendumu Women's Centre	1,222.00	1,222.00	Less than \$2,000
00189 Indigenous Leadership Development Group	1,266.50	1,266.50	Less than \$2,000
00200 Gilbert Earth Movers	1,225.00	1,225.00	Less than \$2,000
00095 Tangentyere Council	56,462.41	46,068.09	Grant redirected
00003 Department of Employment Education and Workplace Relations	37,518.06	35,818.06	Grant not receivable
00186 Remote Area Construction	4,070.00	4,070.00	Entity wound up
00017 Australia Post - Mail Contracts - Australia Post Shared Servi	9,875.80	8,090.13	Aust. Post claim all paid - Incorrect amount
00188 Katherine Vetinary Clinic	4,707.00	4,707.00	Accommodation - Part of service
00154 Warmayaka Art and Cultural Aboriginal Corporation	3,324.41	3,324.41	Art centre closed.
00126 Sundry Debtors	10,506.00	10,506.00	Balancing figure; Incorrect amount
00199 Industry Education Networking	8,746.69	8,396.69	Relates to year 2006

TOTAL WRITE OFF AMOUNT

126,528.53

GENERAL BUSINESS

ITEM NUMBER 16.1
TITLE Accommodation and breakfast for Councillors
REFERENCE \10 - CORPORATE SERVICES\GOVERNANCE AND ADMINISTRATION\5.5.2.1 COUNCIL MEETINGS\2010\2010 - 04 ORDINARY SHIRE COUNCIL MEETING 4TH AUGUST YUENDUMU - 64156
AUTHOR Deb Simon, Executive Officer



RECOMMENDATION:
That Council have a choice of accommodation

SUMMARY: Councillors are requesting a change in accommodation.

BACKGROUND

Councillors have asked for a change of accommodation when coming into town for Council Meetings.

Councillors are saying that All Seasons Oasis are no longer suitable for them to stay and are asking for a choice of accommodation.

ISSUES, CONSEQUENCES AND OPTIONS

Central Desert Shire have negotiated a good deal with All Seasons Oasis for the Shire President to accommodate him on short notice at any time, even if fully booked they will accommodate the President no questions asked. Another issue is that the All Seasons Oasis is within walking distance for Councillors to the Shire Building.

There are 6 new recommendations but do not offer the same deal as All Seasons Oasis and are a great deal more in price.

ATTACHMENTS:

- 1 Attachment email accommodadionrates for councillors .pdf
- 2 councillors accommodation rates.pdf

Deborah Simon

From: Alice Springs Airport Motel [bookings@airportmotelas.com.au]
Sent: Monday, 26 July 2010 11:59 AM
To: Deborah Simon
Subject: Accomodation Pricing

Good Morning Deborah,

Here are the pricings for our rooms and continental breakfasts, as per our conversation this morning.

Premium rooms (Corporate rate) \$85.00 per night (up to three people per room)
Continental Breakfast \$8.00 per person.

Regards

Steven & Karen
Alice Springs Airport Motel
115 Gap Rd
ALICE SPRINGS 0870
(Ph) 08 89526611
(Fax) 08 89528312
info@airportmotelas.com.au

*TODD TAVERN
NO Breakfast — \$70.00 p.n.*

*Aurora Resort in the Mall.
B+B \$127.00 p.n.
basic Room.*

*Alice Motor Inn
27 Undoolya Rd
Alice Springs
\$80.00 with Breakfast in the kitchen.*

*Dep tomat
at Gregory Street & Hartley Street
\$150.00 p.n. with Breakfast.*

26/07/2010

*Alice Springs Resort
(Chifley 34 Scott Tce)*

Deborah Simon

From: ASR Reservations [reservations.alicesprings@chifleyhotels.com]
Sent: Monday, 26 July 2010 11:13 AM
To: Deborah Simon

Good Morning Deborah,

As discussed on the phone we can give you a rate of \$123.00 for bed & breakfast per guest. If there was to be an extra guest staying in the room the rate would go up by \$5.00. As this is the price for a full buffet breakfast.

Our cancellation policy is 72 hours prior to arrival.

Also when a booking is made with us we will require the purchase order to be sent through prior to the guests arrival by either email or fax.

If you have any other questions do not hesitate to ask.
Thank you for choosing Chifley Alice Springs Resort.

Kind Regards

Mel Alexander
Reservations

Chifley Alice Springs Resort | 34 Scott Tce | NT 0870
t: 08 8951 4582 | f: 08 8951 4551 | e: reservations.alicesprings@chifleyhotels.com

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26/07/2010



BOOKING TERMS & CONDITIONS

GENERAL

All bookings are subject to availability and are not confirmed until official written confirmation has been provided by the Diplomat Alice Springs.

The Diplomat Alice Springs strives to provide a relaxing, enjoyable environment for all our guests. The property reserves the right, at our complete discretion, to cancel a guest booking due to guests being disruptive to the property or others, causing damage or for what is deemed by us as disruptive or inappropriate behavior. In such an event the guest will be responsible for full payment of the entire original booking plus any incidentals.

LEGAL INFORMATION

All guests must sign a registration card as a condition of stay. The signing of this registration card confirms the guest agrees to the following:

1. You confirm that your liability for this account is not waived and agree to be held personally responsible in the event that the indicated person(s), company or association fails to pay for any part of the charges incurred during your stay.
2. You agree to provide a current credit card upon check in as security against any loss, destruction or damage caused during your stay, if you do not have a credit card you agree to provide \$500 cash as such security.
3. You authorise Outback Qld Pty Ltd to charge your credit card as provided, or withhold up to \$500 of your cash security, for the amount incurred for any loss, destruction or damaged caused by you during your stay. Including but not limited to any loss of revenue in the event that we are unable to resell your room.
4. You acknowledge that Outback Qld Pty Ltd is not liable for the loss, destruction or damage of your belongings unless that loss, destruction or damage is caused by its negligence.
5. You acknowledge that your room is strictly non-smoking and that Outback Qld Pty Ltd may, at its complete discretion, charge you \$200 cleaning fee if its representatives believe smoking has occurred in your room.