

Shire of Kojonup Briefing Session – 20 September 2016

Record of Meeting – **(9:05am – 2:20pm)**

Attendance: Shire President: Cr R. Fleay and Councillors: Sexton, Mathwin, Radford, Pedler (from 10:20am), Hobbs, Warland (from 10:40am) & Pritchard

Officers: FO (9:00am – 10:00am), EA (9:05am – 10:35am), CEO (from 11:05am), MRS (11:25am – 1:00pm), MCS (1:00pm – 2:15pm),

Guests: Mark Bourhill – GHD (1:00pm – 1:35pm)

Apologies: Jane Kowald (L/NRMO), Heather Marland (SFO) & Rob Cowie (RAO)

DECLARATIONS OF INTEREST

Nil

CONCEPT/AGENDA FORUM

Time Slot	Item	Response / Action
9:05am – 10:00am	MCS to coordinate iPad Training with Councillors assisted by EA & FO	The EA & FO coordinated training with Councillors in the absence of the MCS. Councillors reviewed the use of 'Siri' and were run through some handy tips and shortcuts for navigating their way around the iPad. Councillors were then directed to set up Drop Box accounts with the Drop Box app they had previously installed. Councillors were given an exercise to take a PDF received as an attachment from an email and 'share' it via Drop Box with the other Councillors. This activity will be concluded at the next Council Briefing Session (4 October 2016).
10:00am – 10:25am	EA to update Councillors on new 'Declarations of Interest' form and review Declarations process	The EA circulated a copy of the newly designed 'Declarations of Interest' form to each Councillor and those staff members on committees who attended. She also circulated a copy of the Department of Local Government & Communities 'Operational Guidelines for Disclosure of Financial Interests at Meetings' to Councillors & Staff. The EA ran through the new layout of the form with Councillors and discussed the summary information designed to assist Councillors with making their declarations and also Committee Members. Under the <i>Local Government Act 1995</i> and the <i>Local Government (Administration) 1996</i>

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		<p>& <i>(Rules of Conduct) Regulations 2007</i> both are subject to submitting Declarations.</p> <p>Declarations of Gifts for Councillors & Staff were also briefly discussed. The EA will work on compiling an information pack for Committee Members to assist them in their role.</p> <p>Cr Mathwin & Pritchard requested that an electronic list of Council's Decisions (as kept on the G Drive dating back to 2004) be made available to Councillors. The EA to arrange.</p>
11:05am – 11.30am	CEO to provide an update to Council	<p>CEO updated Councillors on the following:</p> <ul style="list-style-type: none"> • Sports Complex – access road, car parking and Nature Playground • Black Cockatoo Café • Great Southern Housing Initiative – Staff Housing application by Kojonup consisting of 3 – 4x2 houses and 3 – 1x1 units. Total building component \$2.1 million with Council contribution being 1/3 which includes land value.
11:30am - 12:40pm	Manager Regulatory Services to update Council on Swimming Pool, OH&S and R. Watson's block at Industrial Estate	<p>Kevin O'Halloran Memorial Swimming Pool Jen Spriggs has signed a contract for management of the pool for the upcoming season. The pool opening date will be either Saturday, 29 October or the following Saturday, 5 November, depending on the results of water samples. The Shire of Gnowangerup has approached us regarding pool staff resource sharing arrangements but the request was declined due to us not having the flexibility with our own pool roster to assist them on this occasion.</p> <p>Russell Watson, Potential Contaminated Site, Asbestos In accordance with Department of Health (DOH) Guidelines for management of small scale, low risk soil asbestos contamination, Council's EHO arranged for 9 test holes to be excavated on the area of suspected asbestos contamination on Mr Watson's industrial lot. Mr Watson used his own excavator to dig the holes to a depth of approximately 1.0 metre to natural ground level. No evidence of ACM (asbestos containing material) was observed and after consultation with the DOH who were provided with a written summary and photographic evidence of the excavated test holes, the site was deemed to be not contaminated with asbestos. However Mr Watson is required to obtain retrospective Council approval for the fill material introduced to his</p>

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		<p>industrial lot and the nature of some of the fill may limit the extent of future development of the lot in the unstable areas.</p> <p>Richard Wittenoom, Consultant Civil Engineer Richard Wittenoom has been engaged to develop tender documentation for the new water pipeline from the Water Corporation town dam to The Kodja Place and Apex Park. He is also designing a water management plan to better manage stormwater issues on the Eastern side of the Black Cockatoo Café and The Kodja Place and is also addressing disabled parking and access issues in this area of the precinct. Richard is also developing options for stormwater management adjacent to the entrance to the landfill site off Albany Highway, including diversion of stormwater away from a cattle grid to alleviate silting of the grid which is a recurring problem during winter months.</p> <p>Shane Chambers, VROC Resource Shared Environmental Health Officer (EHO) The recent retirement of the Shire of Plantagenet’s (EHO) has resulted in some uncertainty as to whether the position is to be replaced and if not, how this may impact on the role of the VROC resource shared EHO who may be expected to manage the additional workload which will arise if a replacement EHO is not recruited.</p> <p>This will impact on the current resource sharing arrangement that we and the Shire of Broomehill/Tambellup have with the Shire of Plantagenet who are the host Council for Shane’s position. If the position becomes untenable for Shane the CEO and I are keen to discuss employment options for Shane including us becoming the host Council for the VROC shared EHO position or employing him outright, whereby we retain his services and have the option of resource sharing him with various local governments in addition to the VROC partners, as appropriate.</p>
1:00pm - 1:35pm	Mark Bourhill – GHD (National Asset Management Assessment Framework and Asset Condition Rating Project Training Project)	Mark Bourhill conducted basic asset management training with Councillors and discussed with Councillors the results of Kojonup’s National Asset Management Assessment Framework. See Attachment One & Attachment Two

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1:35pm – 2:15pm	Manager Corporate Services – Financial Variations	The MCS reviewed Council Policy 2.1.6 with the Councillors. See Attachment Three. The following was discussed: <ul style="list-style-type: none">• Variance to be reported quarterly• Variance to be based on year-to-date budget figures; and• A variance of 10% be set.
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COUNCILLOR Q & A

2:15pm – 2.20pm	Councillor Updates <i>Opportunity for Councillors to outline meetings attended, discussions had or queries received for Councillor and Officer information.</i>	Cr Mathwin: Patterson Curse growing in Julian Hanna's block in Pensioner Road and along verge needs to be mowed or sprayed asap.
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10:35am Morning Tea

12:40pm Lunch

Info Bulletin	Circulated	Councillors to review and ask questions out of session or at the next briefing session. A copy of any question, and the response will be circulated to all Councillors for information.
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Rick Mitchell-Collins
Chief Executive Officer



Government of **Western Australia**
Department of **Local Government and Communities**

Our Ref: 303-14#02 E1602480

Mr Rick Mitchell-Collins
Chief Executive Officer
Shire of Kojonup
PO Box 163
KOJONUP WA 6395

Dear Rick

NATIONAL ASSET MANAGEMENT ASSESSMENT FRAMEWORK AND ASSET CONDITION AND RATING PROJECT – CONFIRMATION OF PARTICIPATION

Further to recent telephone contact with you, the Department of Local Government and Communities is pleased to confirm the participation of your local government, the Shire of Kojonup, in Round 4 of the National Asset Management Assessment Framework (NAMAF) and Asset Condition Rating Project (ACRP).

As you know, the NAMAF and ACRP project was introduced in 2014 to assist country local governments in balancing demands for a wider range of community services, an ageing infrastructure and revenue constraints.

Although progress was being made with the implementation of asset management, ongoing assessment of local government asset management planning by the Department highlighted the need to improve the accuracy of asset condition and useful life data.

The project was therefore established as an asset management support program for country local governments, funded by Royalties for Regions Country Local Government funding.

Next steps for the project

- The Department has established a Panel of asset management training consultants for the project and will engage one of these contractors to work with you and your staff to:

Gordon Stephenson House
140 William Street Perth WA 6000
GPO Box R1250 Perth WA 6844

Tel: (08) 6551 8700 Fax: (08) 6552 1555 Freecall: 1800 620 511 (Country only)
Email: info@dlgc.wa.gov.au Website: www.dlgc.wa.gov.au

- undertake the NAMAf online self-assessment;
 - assess and rate the condition and useful-life of one of your local government's critical asset classes; and
 - assist your staff to establish processes that will allow them to undertake future asset condition assessments and make updates to your local government's asset management plans and long term financial plan.
- In engaging the contractor, the Department will seek your input as to which of the available consultants from the Panel you see as most able to meet your needs. The Department will also consider value for money and the contractor's capacity to work with you to undertake the project within a reasonable timeframe.
 - Once engaged, the contractor will contact your nominated officer to discuss and plan how you will work together on the project.
 - The Department recommends that, at the commencement of the project, you and your contractor make arrangements for Phase 1 and Phase 2 to be scheduled within a six month period.

This will allow for the assessment and rating processes to be undertaken and follow up training, mentoring and guidance to be provided, while maintaining the momentum and progress of the project.

To maximise outcomes from the project, the aim would be to complete the project with your consultant within twelve months. Follow up actions by your local government, such as updating asset management plans, may continue after this time.

- This project promotes knowledge and skills transfer between your contractor and your staff. So that your local government can gain maximum benefit from the project, identify staff across your organisation whose work is key to asset management and long term financial planning and plan their availability to work on the project.
- The NAMAf is an online assessment tool developed by the Institute of Public Works Engineering Australia as a consortium partner of the Australian Centre of Excellence for Local Government, with input from, and the support of, the States, the Northern Territory and local government associations.

The Department has provided each local government with a secure page on the NAMAf portal: <http://www.naf.acelg.org.au/> . Your local government's user name and password to access the tool are ShireofKojonup and jy8r4ju.

If nominated staff have not used the online NAMAf self-assessment tool, they may like to familiarise themselves with it. This will give them an indication of the scope of the first Phase of the project and assist them to make the most of their work with the contractor.

- The Department will liaise with you and your contractor to ensure that the project is progressing appropriately and to assist with any queries which may arise.
- At various stages of the project, your contractor will provide a draft report for you to consider and confirm. The report will then be forwarded to the Department for consideration and confirmation that the next stage can be undertaken. I encourage you to use these opportunities to discuss and seek further information or input from your contractor.
- However, please note that the consultants are limited to the provision of services that are within the scope of the project. Contract requirements of the consultants are set out in Attachment 1.
- You may also be asked to provide feedback on the project and the work of your contractor.

Commencement of the project

Thirty nine country local governments have been participating in Rounds 1, 2 and 3 of the project to date and I am delighted that you will be a participant in this next Round.

It is anticipated that preliminary steps in Round 4 of the project will be taken through January 2016, with Phase One commencing from February 2016 and when timely for your local government and contractor.

An officer from the Department will contact you again shortly regarding a proposed contractor. In the meantime, if you have any queries, please contact Virginia Scott, telephone 6552 1442, email Virginia.Scott@dlgc.wa.gov.au; or Allan Veal, telephone 6551 8403, email Allan.Veal@dlgc.wa.gov.au.

The Department looks forward to working with you and your contractor to enable you to gain full benefit from this project.

Yours sincerely



Scott Hollingworth
Executive Director
Community Building and Services

29 January 2016

CONTRACT REQUIREMENT OF CONSULTANTS**Phase One – National Asset Management Assessment Framework**

This Phase involves the provision of support to Country Local Governments (CLGs) to assist them in carrying out an assessment of their current asset and financial management processes, in line with the national consistent measures set out in the National Assessment Framework for Asset Management (NAMAF).

(a) work with the CLG to:

- (i) *provide training on the NAF for asset management including but not limited to:*
 - (A) *the purpose and benefits of NAF;*
 - (B) *the process for undertaking the on-line self-assessment;*
 - (C) *interpretations of results and outputs of the on-line self-assessment; and*
 - (D) *processes for updating Asset Management Plans (AMPs) and Asset Management Improvement Plans (AMIPs) based on NAF self-assessment outputs;*
- (ii) *provide guidance, support and mentoring in undertaking an asset management self-assessment utilising the NAF on-line tool;*
- (iii) *provide asset maturity data; and*
- (iv) *develop protocols to link NAF output data to updates of AMPs and Asset Management Improvement Plans.*

(b) *complete a progress report template (as provided by the Customer) deliverable to the DLGC within two (2) weeks of completion of Phase One, describing the conduct of Phase One through providing information including but not limited to:*



- (i) *the number of hours of training undertaken;*
- (ii) *the number of CLG personnel trained;*
- (iii) *any issues identified; and*
- (iv) *any other information as requested by the DLGC.*

Phase Two – Asset Condition and Rating

Phase Two involves provision of support to CLGs to assist them in assessing and rating the condition of one class of their infrastructure assets.



- (a) before commencing work on Phase Two, complete the Phase Two approach template which must include but not be limited to:
 - (i) specifying the asset condition rating, register or valuation issues identified through Phase One to be addressed by Phase Two; and
 - (ii) outlining the proposed approach, timeframes and cost for meeting the objectives of Phase Two;
- (b) seek the written authorisation of DLGC before commencing Phase Two
- (c) work with the CLG to:
 - (i) provide training on:
 - (A) *asset condition assessment including but not limited to:*
 - (I) *methodologies and implementation, including but not limited to how to:*
 - (II) *develop asset condition assessment processes; and*
 - (III) *undertake asset condition assessments;*
 - (B) *updating AMPs following asset condition assessment including but not limited to how to:*
 - (I) *calculate asset maintenance and renewal costs based on asset condition and useful-life data;*
 - (II) *articulating asset condition methodologies within asset management plans;*
 - (III) *integrating asset condition reports rating methodologies with asset maintenance and renewal processes; and*
 - (IV) *updating the long term Financial Plans following condition assessment.*
 - (ii) provide guidance, support and mentoring relating to:
 - (A) *asset condition assessment processes/protocols for asset classes developed;*

- (B) *processes for linking outcomes of condition assessments with maintenance regimes;*
 - (C) *processes for condition assessments to direct maintenance and renewal planning;*
 - (D) *undertake asset condition ratings on one asset class with the lowest level of confidence in asset condition data;*
 - (E) *updating AMPs including but not limited to:*
 - (I) *asset condition assessment process / protocols;*
 - (II) *updated asset conditions ratings and useful-life data;*
 - (III) *updated ten (10) year financial projections for asset maintenance and renewal; and*
 - (IV) *updated asset gap projections;*
 - (F) *updating Long Term Financial Plans including but not limited to*
 - (I) *updated ten (10) year financial projections for asset maintenance and renewal; and*
 - (II) *updated ratios required under Regulation 50 of the Local Government (Financial Management) Regulations 1996;*
- (iii) *to develop protocols for linking the outcomes of condition assessments with maintenance regimes, and updates of AMPs and LTFPs;*
- (d) *complete a final report detailing the conduct of Phase Two through providing information including but not limited to:*
- (i) *the number of hours of training undertaken;*
 - (ii) *the number of CLG personnel trained;*
 - (iii) *any issues identified; and*
 - (iv) *any other information as requested by the DLGC.*



Asset Management Awareness

Presenter: Mark Bourhill



What is Asset Management ?

A way of managing a business (Business Model):

- ✓ A set of management practices
- ✓ Applied to all infrastructure assets (at all organization levels)
- ✓ To minimise total lifecycle cost
- ✓ Within an environment of limited resources
- ✓ To deliver service levels customers desire / regulators require
- ✓ At an acceptable level of business risk to the organization.

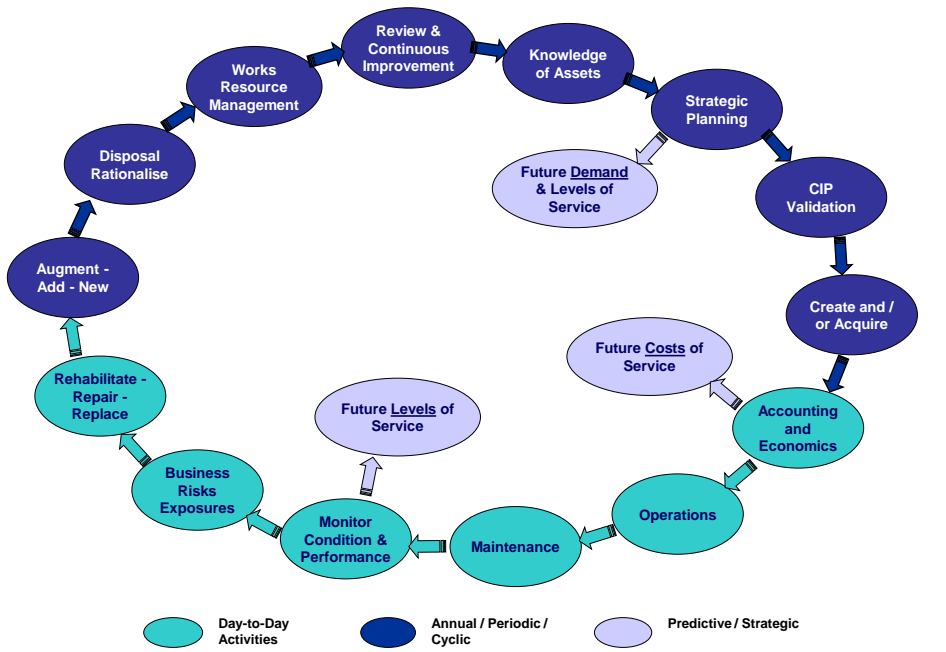
Effectiveness & Asset Management

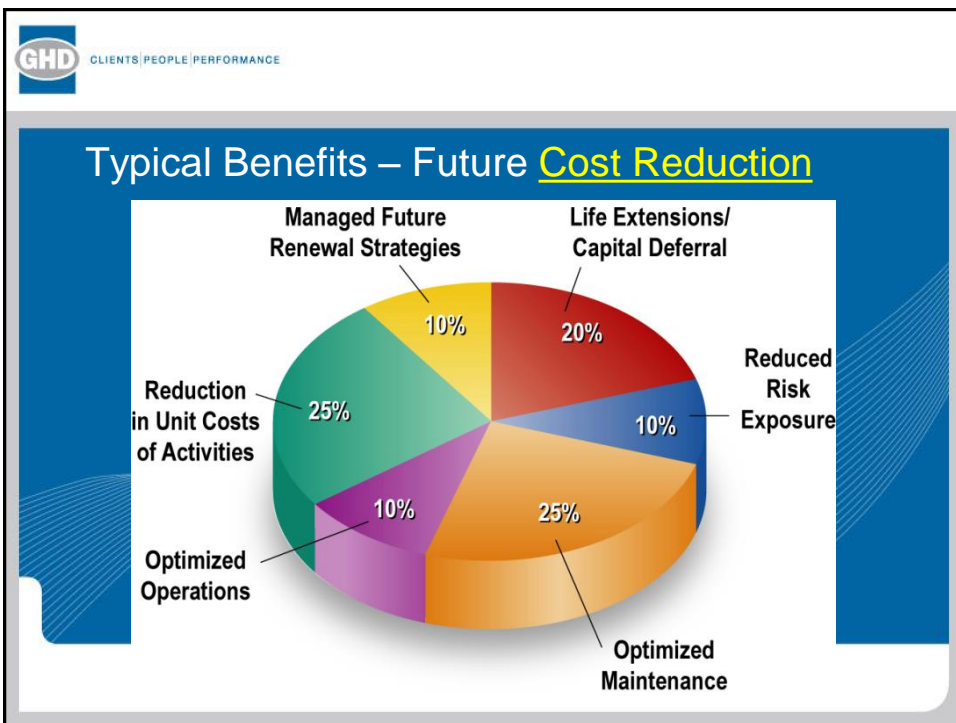
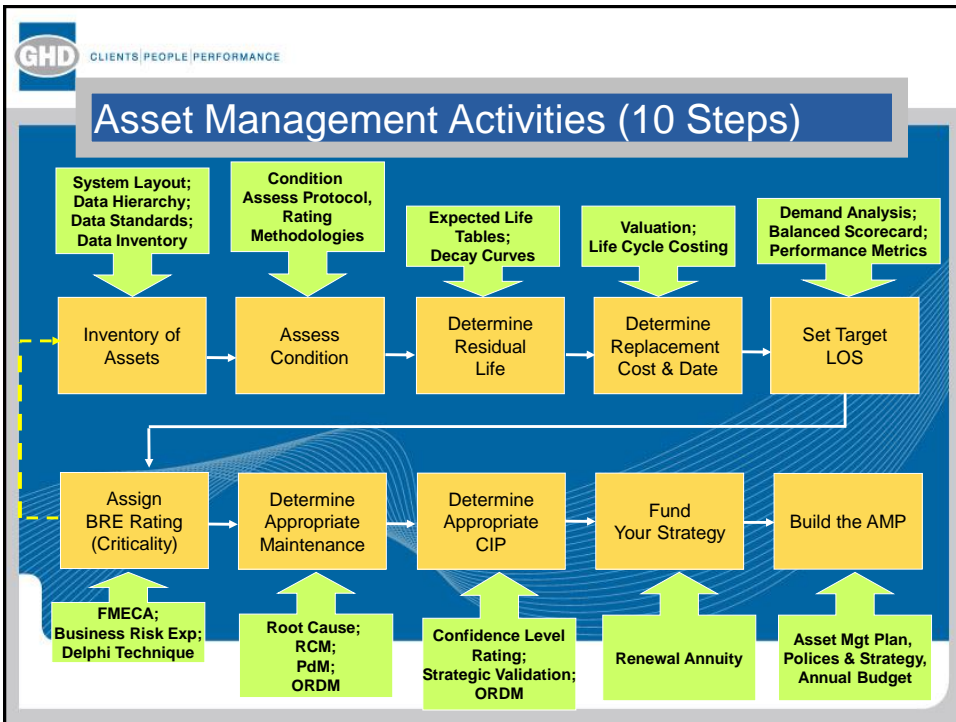
Effectiveness

**Making the Right Decisions
Doing the Right Tasks
On the Right Assets**

- The Right Capital Projects;
- The Right Maintenance Plan:
- At the Right Time;
- At the Right Cost (Lowest life cycle cost strategies);
- For the Right Reasons;
- Performed on the Right Assets:
- Then carry out the work identified efficiently

Asset Lifecycle Processes & Practices

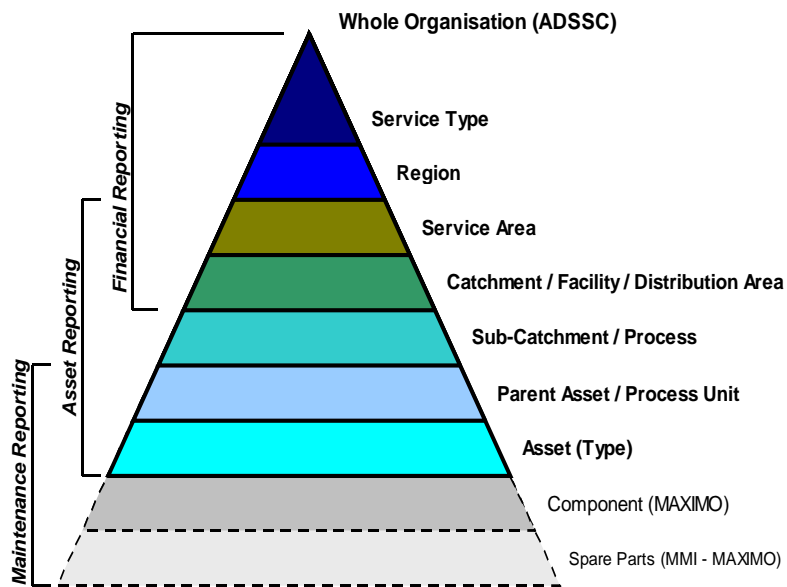






The Asset Register

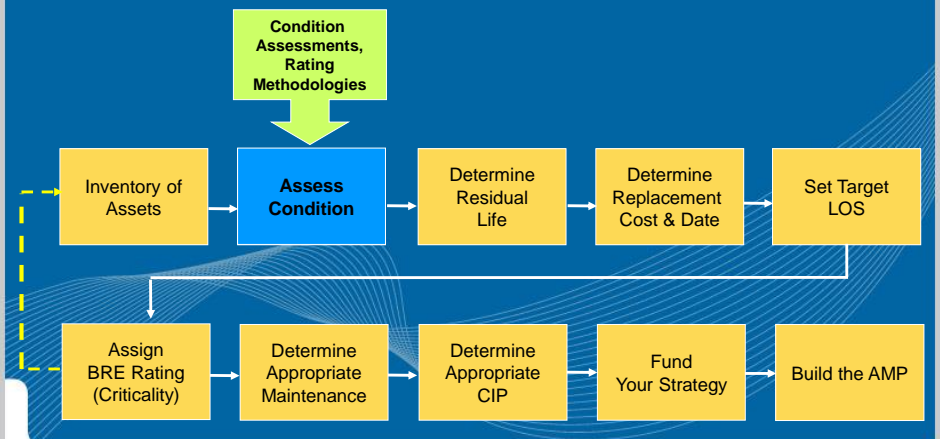
1. What is an Asset Register ?
2. Maintaining the Asset Register
3. Using the Asset Register



The Asset Register

- ✓ Asset Inventory (ID, Name, Purpose)
- ✓ Asset Location (Physical, Relative to other assets)
- ✓ Asset Management Data (Asset Type, Condition, Life Limit, etc)
- ✓ Financial Attributes (Total Value, Current Value, Annual Cost)
- ✓ Physical Attributes (Size, Shape, Material, etc.)
- ✓ Functional Attributes (Power, Capacity, etc.)

Asset Management Activities (10 Steps)





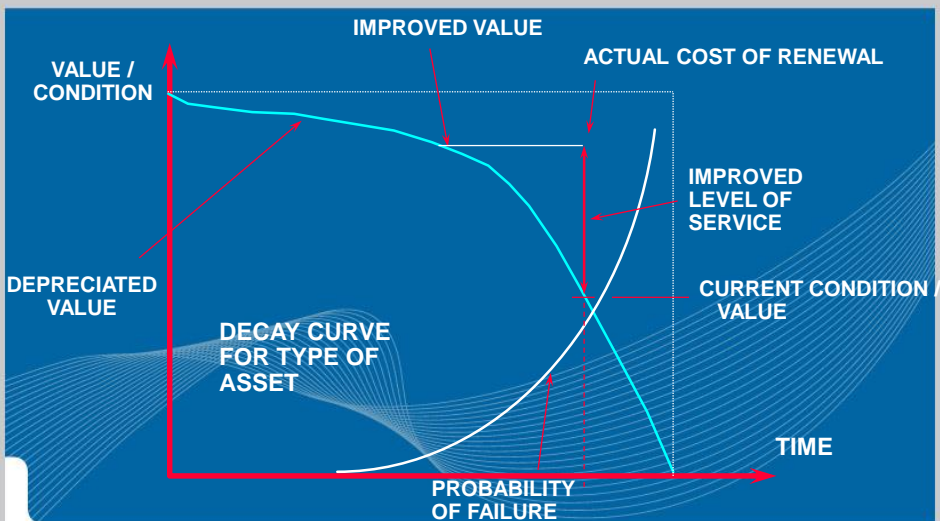
Asset Performance Failure Modes

Four Primary Failure Modes

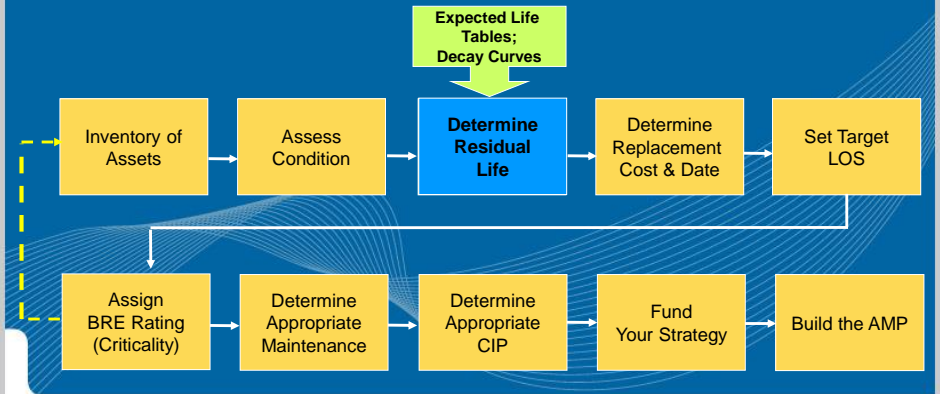
- ❑ **Physical Mortality**- Asset deterioration, falls below acceptable standards
- ❑ **Capacity** – Demand exceeds design
- ❑ **Level of Service** – Requirements exceed design capability
- ❑ **Financial Efficiency** – Cost exceeds operational effectiveness



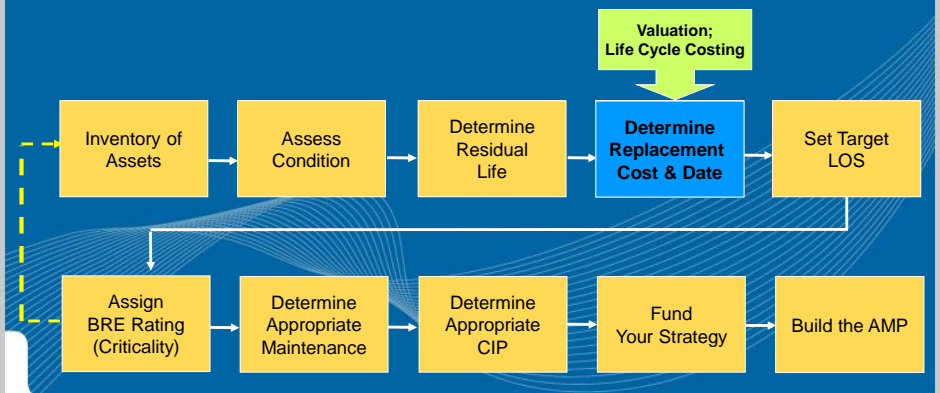
Probability of Failure Model



Asset Management Activities (10 Steps)



Asset Management Activities (10 Steps)





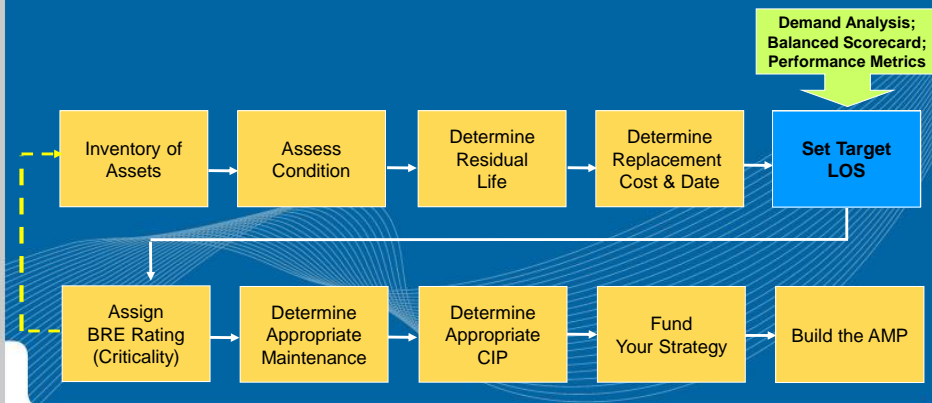
Useful Life

- Industry Publications and Manufacturers
- Condition information over time
- Anecdotal Experience
- Fair Valuations

- Use condition to set remaining useful life of installation / purchase / construction information is not available.



Asset Management Activities (10 Steps)





Levels of Service

- Defines what is provided and to what standard or level
- Must be measurable and recordable
- Trending over time
- Actions when KPI targets are not achieved
- Examples:

Level of Service

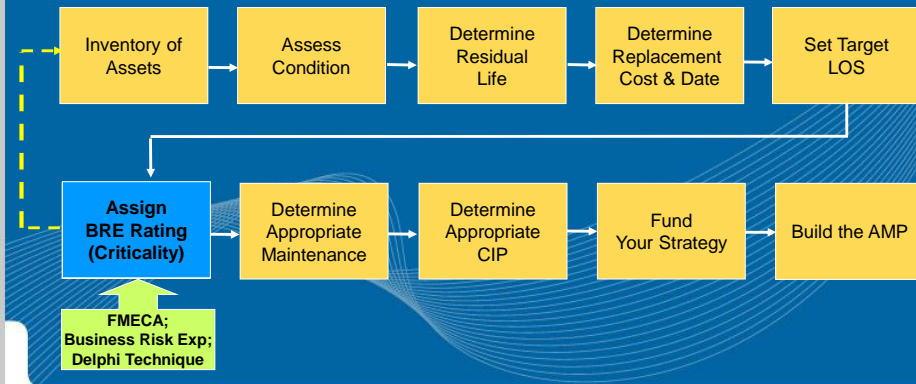
Footpaths	
Accessible	Disability access to all public buildings
Available	Size, capacity caters for demand
Fit for Purpose	Meets the requirements of users
Safe	Meets public building and health regulations



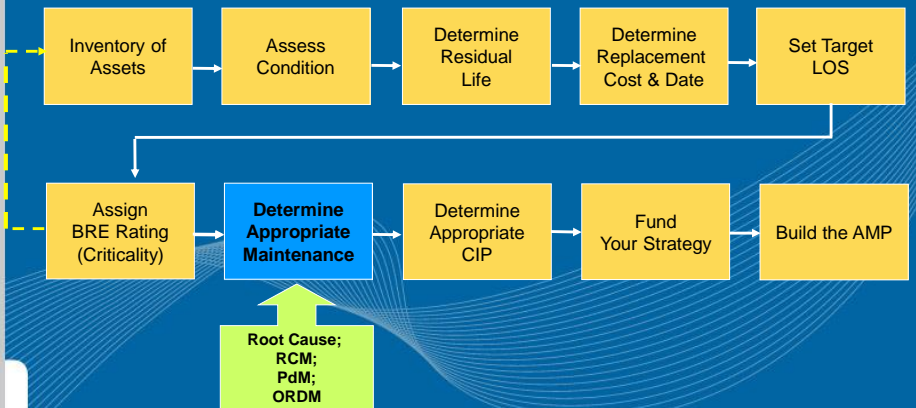
LoS Examples

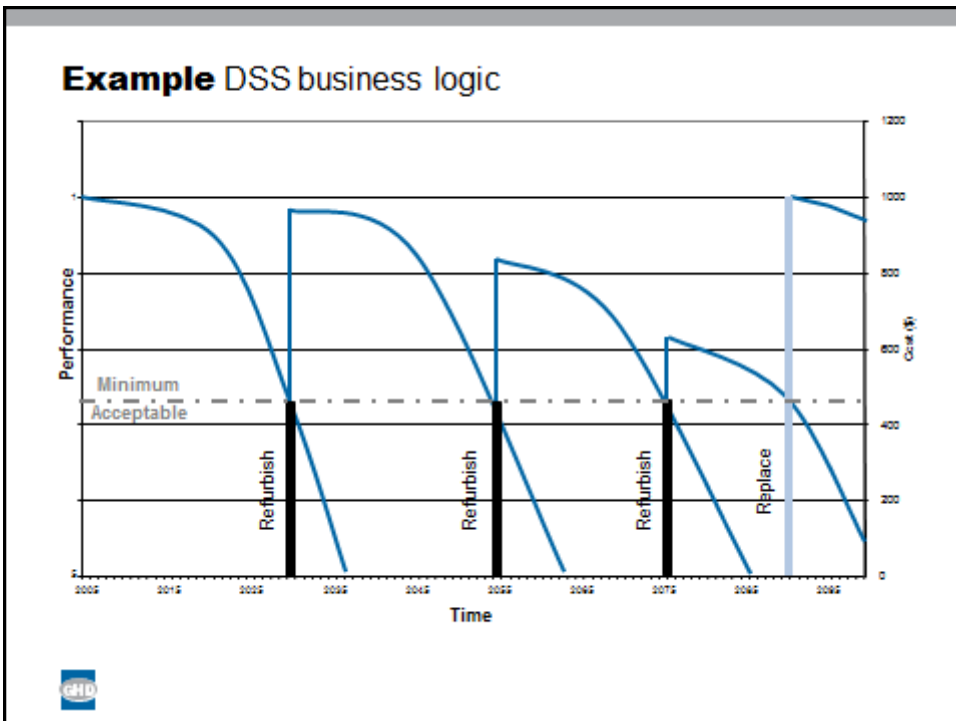
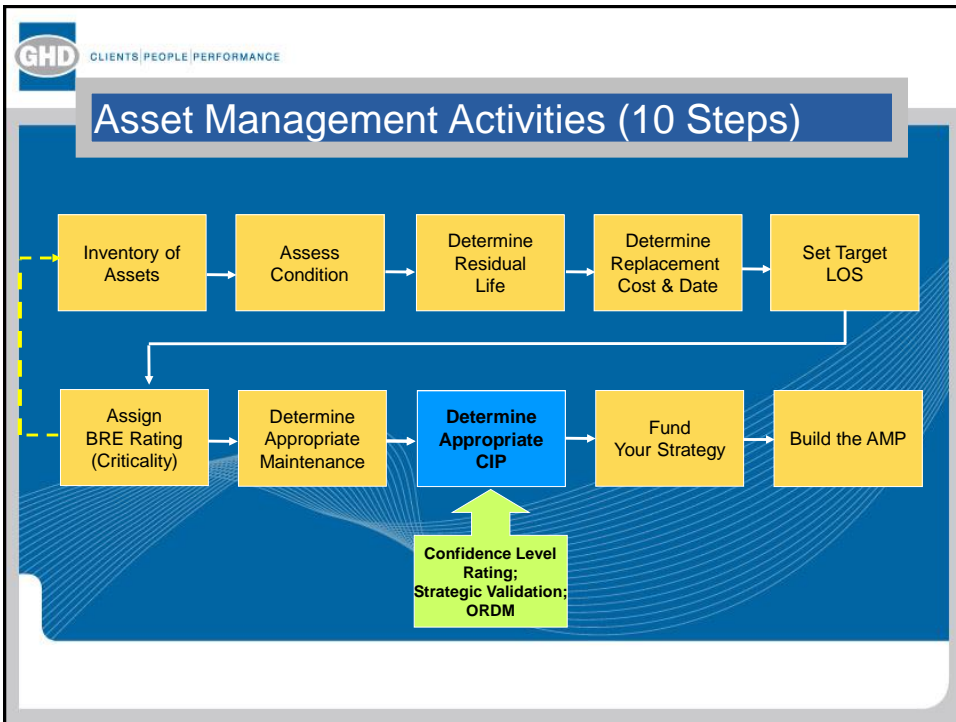
	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY / OPERATIONAL LEVELS OF SERVICE				
Quality	Well maintained and suitable road network Ride-ability and visibility Adequate road width for traffic demands	User satisfaction measurement survey	Customer requests < 25 per year	30 customer requests. Unsealed road grading was the main issue.
Function	Road network meets user requirements Provide a fully accessible network	Assessment of Suitability for Purpose	No of reports per annum of inaccessibility due to lack of maintenance < 10	0 requests
Safety	Provide a safe network	Number of injury / accidents	Nil / Per Year	0 caused by road condition or design

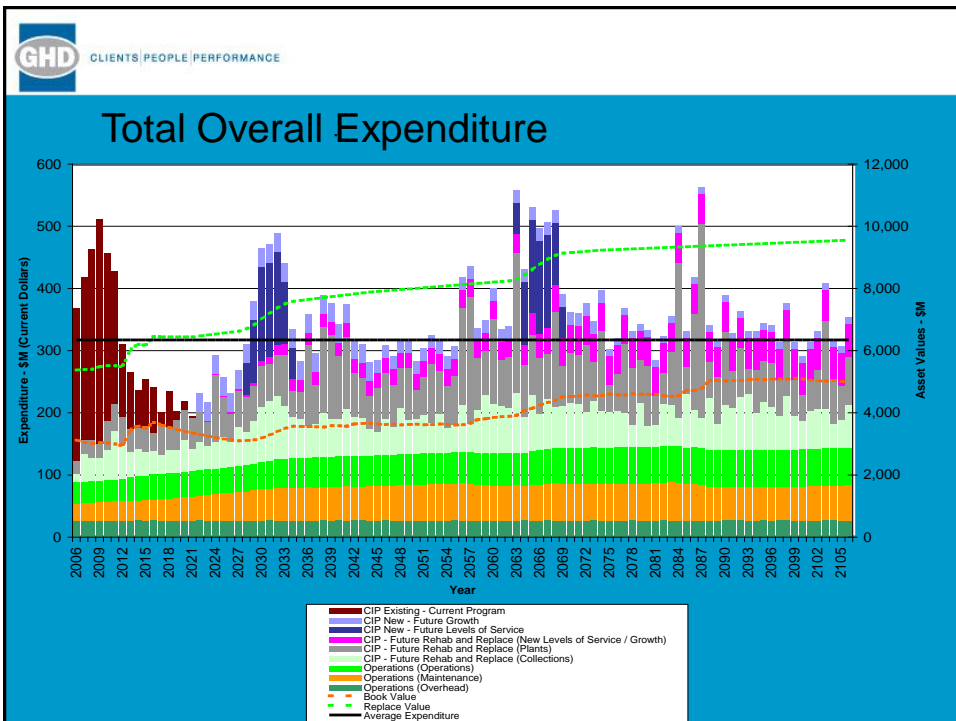
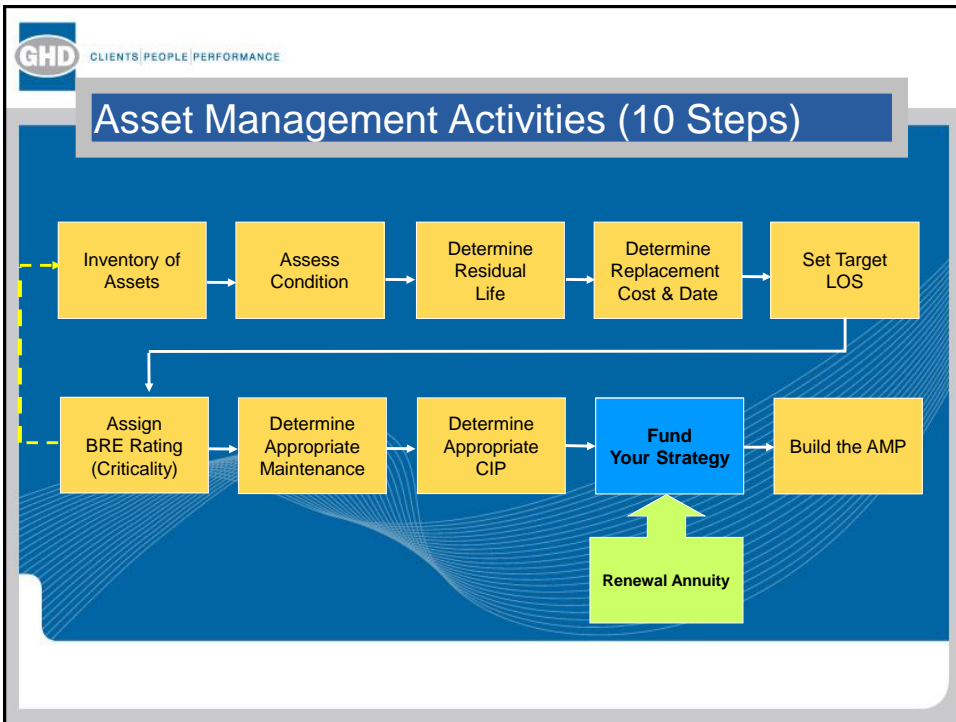
Asset Management Activities (10 Steps)

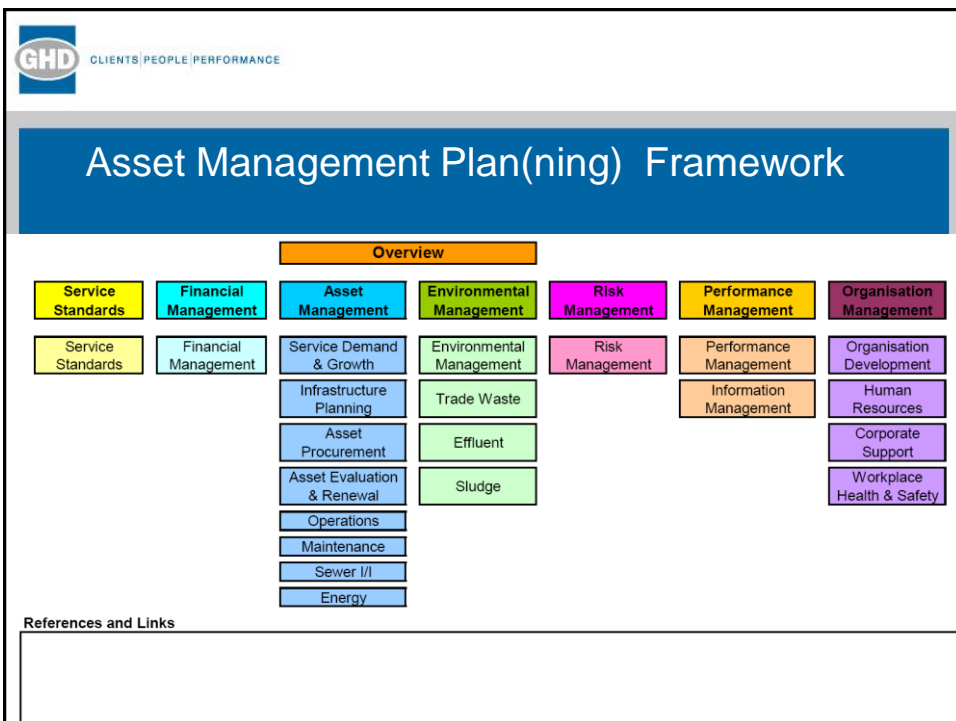
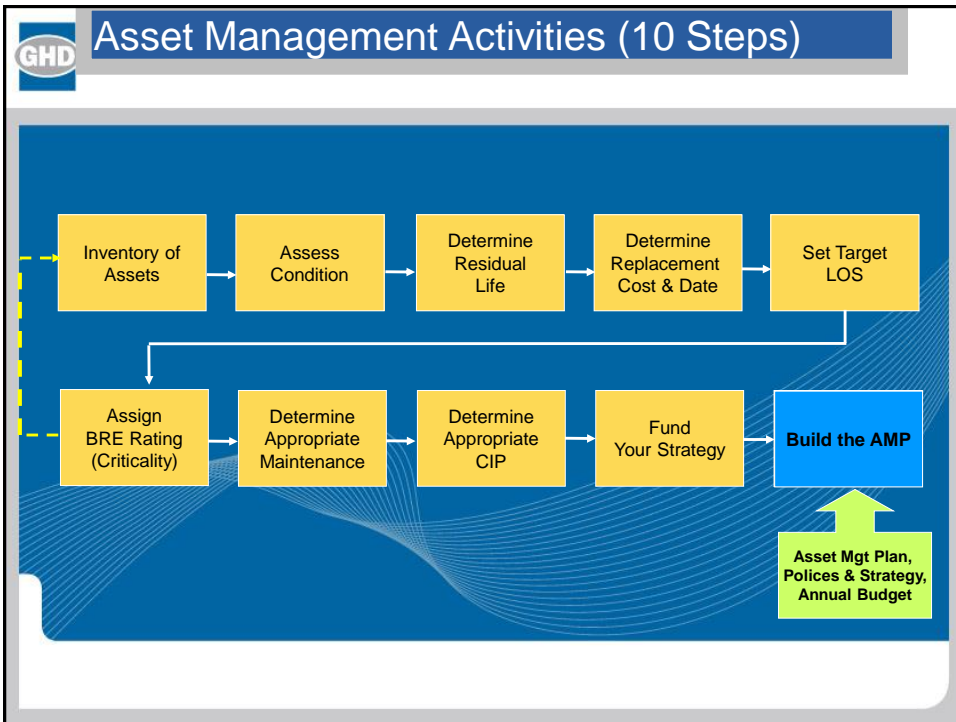


Asset Management Activities (10 Steps)











National Asset Management Assessment Framework



NAMAF Purpose

The Local Government and Planning Ministers' Council, comprising Federal and State local government Ministers and the Australian Local Government Association (ALGA) initiated national frameworks designed to transform local government's capacity in:

- long-term financial sustainability
- asset management
- community engagement
- workforce planning



Assessment Elements

- The elements are:
 1. Strategic longer-term plan
 2. Budget
 3. Annual Report
 4. Asset management policy
 5. Asset management strategy
 6. Asset management plans
 7. Governances and management
 8. Defining levels of service
 9. Data and systems
 10. Skills and processes
 11. Evaluation



Strategic Longer Term Plan

ID # 1234
Core Target 3
Score 2.3

Characteristic	Achievement
Council has adopted a Strategic Plan (planning horizon of at least 5 years) that incorporates a vision, strategic outcomes, mission, values and service outcomes that Council wants to achieve. The measure benchmarks may vary depending on relevant State/Territory requirements.	Complete
The development of the Strategic Plan included elected member participation and was informed by community consultation and includes strategic objectives that address social, environmental, economic and civic leadership issues identified by the community.	Complete
The Strategic Longer Term Plan incorporates priorities and performance measures and indicates how they will be monitored and measured.	Complete
Council has a sustainable LTPP covering the period of the Strategic Plan (at least 5 years) supporting the implementation of its Strategic Plan. The measure benchmarks may vary depending on relevant State/Territory requirements.	Partially Complete
The Long Term Financial Plan has been prepared based on the measure requirements and strategic objectives detailed in Council's Long Term Plan and Asset Management Plans.	Well Progressed
The Strategic Long Term Plan and Long Term Financial Plans incorporate review processes in accordance with relevant state requirements.	Well Progressed
Observations	
Core Maturity Assessment: Well Progressed	

Every subject area can only score a maximum of 3 points.

Each question can be answered as either: Not Started, Partially Complete, Well Progressed or Complete.

Enter the Core Maturity Assessment by using the Score as a guide.

To generate a final score, it is suggested that:

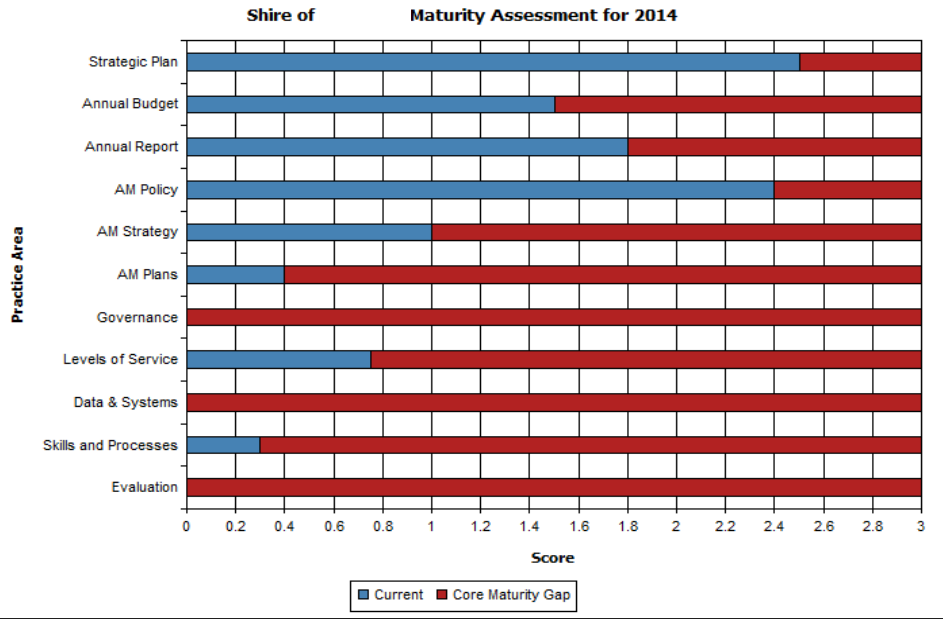
- For each question, 0 points are scored for 'Not Started', 1 for 'Partially Complete', 2 for 'Well Progressed' and 3 for 'Complete'.
- The points are then added up (14 in this example).
- Divide the achieved points by the total maximum achievable.
- Multiply the percentage by the core target (3) to generate a final score.
- Enter the Core Maturity Assessment.

This example:

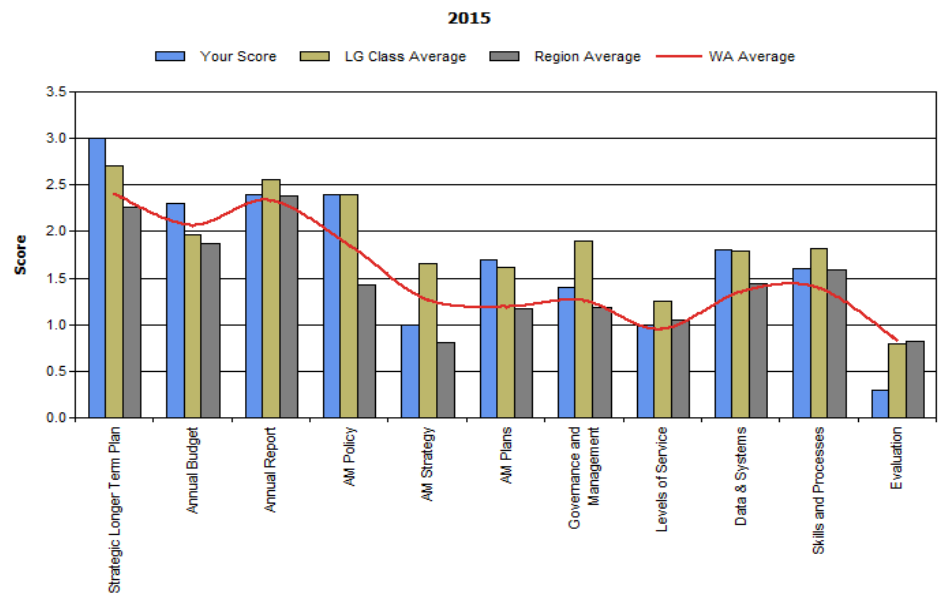
- 14 (score) / 18 (max. achievable) x 3 = 2.3



Results



Results





NAMAF Outcomes

- Identified improvements were needed in:
 - Asset Registers
 - Condition Assessments
 - Planned Maintenance Cost Capture
 - Lifecycle cost capture and forecasting



Why Invest in Asset Management

- Understand Future Operations, Maintenance and Renewals liabilities
- Make the right decisions at the right time
- Understand what services are provided by council and the measurement of performance delivery
- Tightening of government funding – sweating assets and tightening of grants processes.



Lifecycle Costs – Typical LGA

- New Value – 37%
- Renewals – 25%
- Maintenance – 21%
- Operations - 17%

- Total O&M (38%) > New Capital Cost (37%)

- Calculated using net present values over 50 years.



Council Policy 2.1.6

MATERIAL VARIANCES



For the purposes of identifying “material variances” under Local Government (Financial Management) Regulation 34, the following material variance shall be considered to be adopted annually by Council:

“That Council set a level of above 8%, or a minimum of \$1,000, as its adopted level of Material Variance to be used for its statements of financial activity.”

Providing however that this remains as a guide only with staff free to additionally identify or comment on greater variances and where other factors warrant.

Currently...



Operating Expenditure

General Purpose Funding	\$143,694	\$131,692	\$126,824	88%
Governance	\$707,177	\$648,054	\$554,978	78%
Law, Order, Public Safety	\$287,511	\$263,439	\$245,331	85%
Health	\$159,668	\$146,289	\$103,558	65%
Education and Welfare	\$16,481	\$15,048	\$12,799	78%
Housing	\$1,802,664	\$1,652,332	\$1,674,880	93%
Community Amenities	\$502,785	\$456,577	\$452,039	90%
Recreation & Culture	\$971,905	\$890,527	\$853,963	88%
Transport	\$3,321,821	\$3,044,822	\$2,702,223	81%
Economic Services	\$1,008,941	\$924,704	\$804,364	80%
Other Property and Services	\$64,856	\$59,312	\$117,825	182%
Finance & Borrowings	\$23,798	\$21,802	\$12,644	53%
	\$9,011,310	\$8,254,598	\$7,661,427	85%

Monthly Budgets

- 2015/2016 – Reports on “variances” such as:
 - Insurance
 - Rates
 - Swimming Pool
 - Road Construction
- 2016/2017 – Monthly budgets created for these and other items
- Has created a bit of an issue...

Operating Expenditure				
General Purpose Funding	\$132,097	\$67,888	\$59,517	45%
Governance	\$587,197	\$145,492	\$198,511	34%
Law, Order, Public Safety	\$294,005	\$48,982	\$43,942	15%
Health	\$170,763	\$28,446	\$12,716	7%
Education and Welfare	\$17,770	\$2,948	\$3,895	22%
Housing	\$1,864,524	\$339,886	\$252,455	14%
Community Amenities	\$652,486	\$108,684	\$65,312	10%
Recreation & Culture	\$993,849	\$153,048	\$80,238	8%
Transport	\$3,210,117	\$534,968	\$375,268	12%
Economic Services	\$1,594,774	\$265,722	\$181,216	11%
Other Property and Services	\$68,370	\$11,362	(\$12,895)	-19%
Finance & Borrowings	\$18,704	\$3,114	\$0	0%
	\$9,604,656	\$1,710,540	\$1,260,174	13%

Options

1. No change
2. Change to percentage of YTD Budget
 - goal then becomes 100%
 - Bigger variation would be required (Or larger \$\$ variation)
 - A couple of days could make a big difference
3. Mixture of both??
 - Leaves it up to MCS
 - What is purpose of reporting (not to minimise variations)
4. Other ideas???