

## MINUTES

<b>Meeting No</b>	33
<b>Meeting</b>	FNQ Regional Asset Management Group (RAMG)
<b>Date</b>	23 March 2018
<b>Time</b>	10:00am
<b>Venue</b>	Kingsford meeting room, Level 3, Cairns Regional Council

The meeting opened at 10:15am.

### 1. Attendance

Name	Organisation
Steve Albrecht	Cairns Regional Council
Chris Mitchell	Tablelands Regional Council
Justin Fischer	Cassowary Coast Regional Council
Lachlan Rankine	FNQROC
Kayla Hales	Mareeba Shire Council
Natasha Murray	Cairns Regional Council

### 2. Apologies

Name	Organisation
Jacqui Perkowicz	Mareeba Shire Council
Sam Wakeford	Mareeba Shire Council
Martin Cookson	Cook Shire Council
Garry Pickering	Croydon Shire Council
Jeff Bunt	Etheredge Shire Council
Dawn Lake	Yarrabah Aboriginal Shire Council
Kylie Hempel	Tablelands Regional Council(Technical Difficulties)
Sarah Shorey	Tablelands Regional Council
Cassie Twine	Tablelands Regional Council
Tony Hughes	Tablelands Regional Council
Michael Czarnecki	Cook Shire Council
Perry Clum	Mareeba Shire Council
Matthew Schembri	Hinchinbrook Shire Council
Jodie Harpin	Hinchinbrook Shire Council
Monica Acconero	Hinchinbrook Shire Council
Joel Elkhorne	Hinchinbrook Shire Council
Jason Hemingway	Cassowary Coast Regional Council
Michael Kriedemann	Douglas Shire Council
Simon Michie	Douglas Shire Council
Victor Mills	Wujal Wujal Aboriginal Shire Council
Mike Hayward	Carpentaria Shire Council
Helius Visser	Cairns Regional Council
Michael Ringer	Cairns Regional Council

### 3. Welcome

Lachlan welcomed attendees, thanked everyone for taking the time to attend the acknowledging those that had travelled to the meeting. It is acknowledged that the region was experiencing severe weather conditions.

**4. Acceptance of previous minutes – previous meeting No.32**

No objections raised.

**5. Actions from Previous Meeting No. No.32**

ACTION NO.	ACTION	OWNER	COMPLETE
31.3	RAMG members to populate Regional Asset Benchmark spreadsheet and return to FNQROC for collation prior to Friday 19 May 2017 meeting.	All/FNQROC	Complete
32.1	Darlene to send LGAQ Road and Transport Advisory Group notes to Asset Management Group.	Darlene Irvine	Complete
32.3	Workshop Regional Development manual and CP1 sections relevant to data requirements for donated assets at the next meeting 19 May 2017.	All/FNQROC	Complete

**6. LGAQ Presentation – The impacts of depreciation vs renewals annuity accounting for water and sewerage assets.**

Discussion held with Dr Janet Mack, currently completing a research project into the impacts of depreciation vs renewals annuity accounting on public sector entities. It was suggested that for many public sector entities including local government authorities, the condition and management of infrastructure assets is perceived as a primary indicator of performance. For this reason, the way that infrastructure assets are accounted for and reported on is of critical importance to the ongoing financial health of the organisation.

The project currently being undertaken is a comparative analysis approach to the financial and asset management of water assets with a particular focus on comparing traditional accounting depreciation with a renewals approach. Despite being currently prohibited for use under currently utilized accounting standards, it was noted that it provides an excellent framework for financial modelling as part of asset management plans.

The primary benefit of budgeting in this manner is the removal of significant variances in required funding for works over longer time horizons. The example presented was the upcoming ‘infrastructure cliff’ relating to the replacement of asbestos cement water mains.

It was noted the full paper is to be released on the 6<sup>th</sup> April 2018.

**Action Item 33.1:** LGAQ to provide research paper ‘The impacts of depreciation vs renewals annuity accounting for water and sewerage assets’ by Dr Janet Mack, on release.

## 7. Discussion – From Placement to Replacement – An assessment of Business Processes

Initially forum discussion centred on what the data requirements of local councils were requiring as part of the donated assets process (ie. pump curve information, user manuals etc) and how this could be captured and better managed through the life of asset and utilized to make better decisions at the time of asset renewal. It was subsequently recognized that the current process is suitable, but the issue lies with the adherence to that framework. Councils are providing 'works acceptance/on maintenance' for donated assets without the developer having fully provided the appropriate project documentation (*FNQROC Dev Manual CP1.25*), with the result being that the ultimate asset owner informally requesting/following up with the developer/engineer.

Query was raised if it was possible to request a bond for any un-submitted documents at the stage of works acceptance

**Action Item 33.2:** FNQROC to investigate alternatives to improve compliance with documentation requirements (*FNQROC Dev Manual CP1.25*).

## 8. Discussion – Road Assets - IRI (Roughness) intervention thresholds throughout the Region

Discussion was raised as a result of councils needing to identify a methodology or framework to assess road service standards and plan maintenance activities. Whilst it was agreed to distribute a research paper found specific to the topic, discussion identified that there was an overriding need for councils to consider the disparity between Service delivery benchmarks and how that is reflected or considered in Asset Management Plans. It was suggested that councils are performing works earlier as a result of service delivery standards, rather than what would be indicated by asset management plans or indicated residual asset life.

Tablelands regional council discussed the benefits they are utilising defect and asset management software 'confirm'.

**Action Item 33.3:** FNQROC to distribute research paper (*A strategic focus for road maintenance in Queensland Transport*).

## 9. Update on FNQROC Strategic Directions

Lachlan gave an update as to the strategic direction of FNQROC:

The FNQROC Strategic Operational Plan and budget was adopted by the Board 12 February 2018. This plan incorporates:

- The December 2016 discussion paper on regional issues and opportunities identified by all technical committees;
- The Boards adopted Strategic Economic Priorities (June 2017), and
- FNQROC's mission within our Charter being advocacy, collaboration and resource sharing.

FNQROC has 13 technical committees with a number of staff members attending more than one of these committees; it is recognised that this is a resource strain on a number of councils however they recognised the benefits of at minimum of meeting to share information, knowledge and experience. Projects undertaken on a regional basis need to ensure that it will have a real, and positive impact on councils which also means that staff are engaged in the delivery of these projects.

To this effect, it was requested that councils consider what might be of benefit to them and to raise these issues, so that it can be considered and where appropriate, progressed on a regional basis.

It was noted that there has been an operational split between the councils (eastern councils and western councils – with no council excluded from the other) to better attend to the difficulties experienced by respective councils.

## 10. General Business

### 10.1 Tablelands Regional Council

- Continuing uptake and development of the 'Confirm' defect and asset management software.
  - o Assessed on 21 overarching principles and has provision for defect logging.
  - o Data loggers regularly undertake damage surveys
  - o Have the ability to cost log to particular road blocks in 'Confirm' – allowing maintenance expenses to be tracked
  - o Works can be demonstrated spatially, allowing maintenance/works programming rationalisation to occur.
  - o Works/defects are subsequently risk scored, and works undertaken on that basis. It was noted that current process nominates a value of 6.5 as the nominated unacceptable risk threshold – with works occurring when funds available/works permissible. Next RAMG meeting scheduled to occur in TRC to get a better understanding around TRC's risk rating/thresholds by seeing examples.
  - o The benefits of this approach has been improved decision-making/transparency around discretionary and non-discretionary works being undertaken

**Action Item 33.4** FNQROC to distribute an introductory presentation on the TRC service model and management 'Confirm' defect and asset management software.

### 10.2 Cairns Regional Council

- o 'Internet of Things' project for wastewater monitoring of real time flows. Providing better understanding to utilisation and usage of assets. Further report to be provided when project is further advanced.

### 10.3 Cassowary Coast Regional Council

- o Wastewater Treatment Plan changes - Improved licencing conditions achieved, reducing the treatment volume of the plant. This has had considerable benefit to the depreciation consideration of the asset, invoking a circa 30% discount to depreciation values attached to the asset

- Rural Water Main (outside of designated service area) rationalisation programme currently being undertaken to improve long term sustainability of council.

#### 10.4 Mareeba Shire Council (Conference Call Technical Issues – Provided retrospectively)

- Similar issues as noted in item 7, there is difficulty in attaining all information (ie. as cons/operational and maintenance documentation) from developers in a timely fashion as part of the donated assets process, however MSC have seen an improvement, and an improvement in the timeliness of the responses to these requests.

### 11. Messages for FNQROC Board

1. Nil

### 12. Next meeting

Wednesday 25th July 2017 – To be held in Atherton (Tablelands Regional Council) – To be followed by a site visit to benchmark asset ratings between councils(Star System)

### 13. Meeting Closed 12.00pm

### 14. Actions from Meeting No. No.33

ACTION NO.	ACTION	OWNER
33.1	LGAQ to provide research paper 'The impacts of depreciation vs renewals annuity accounting for water and sewerage assets' by Dr Janet Mack, on release.	LGAQ/FNQROC
33.2	FNQROC to investigate alternatives to improve compliance with documentation requirements ( <i>FNQROC Dev Manual CP1.25</i> ).	FNQROC
33.3	FNQROC to distribute research paper ( <i>A strategic focus for road maintenance in Queensland Transport</i> ).	FNQROC
33.4	FNQROC to distribute an introductory presentation on the TRC service model and management 'Confirm' defect and asset management software.	FNQROC/TRC