

Guidelines for Granting Exemptions
for:

Strategic Asset Management Plans,
Customer Service Standards and
Annual Reports

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1 Introduction

The *Water Act 2000* (“the Act”) commenced on 13 September 2000 and has replaced certain provisions of the *Water Resources Act 1989*. The Act can be accessed on the Internet at <http://www.legislation.qld.gov.au>

Chapter 3 of the Act (“Infrastructure and Services”) establishes a new regulatory regime covering the provision of water and sewerage services. It applies to both public and private providers of services and is based on a system of registration of service providers (Chapter 3, Part 2, Division 1 – “Registration of Service Providers”). When a service provider is registered, it is advised for which services it is registered, and whether it is listed in the register as a small, medium or large service provider.

Service providers have a range of obligations under the *Water Act 2000*, including preparing, reviewing and annually reporting on strategic asset management plans and customer service standards for water and sewerage services. Small service providers can apply for exemptions from complying with these provisions of the Act.

1.1 Guidelines - aim

These guidelines specify decision-making criteria that the regulator (currently the Chief Executive of the Department of Natural Resources and Mines) will have regard to in deciding exemption applications.

These guidelines also outline how a small service provider can apply for an exemption and expand on the information that a service provider should supply in support of an exemption application.

These **guidelines will be reviewed in 5 years time** to ensure they remain appropriate for the purposes of the regulatory regime. The review will include consideration of the outcomes from both the exemption process and also compliance by service providers, generally, with the requirements of the new regulatory regime. It will also give particular consideration to evolving industry developments in regard to clear determination and quantification of benefits of asset management planning. Stakeholders will be consulted during the review process.

2 Requirements of *Water Act 2000*

2.1 Service provider obligations

Part 3 of Chapter 3 (“Service Provider Obligations”) requires service providers to take certain actions designed to ensure continuity of the services they supply to customers and protect the interests of customers. This includes requirements for all service providers¹ to:

Prepare a Strategic Asset Management Plan (SAMP) for each registered service provided²

- Documents service standards as well as an operations, maintenance and renewals strategy for achieving those standards
- Must be prepared in accordance with both the Act and guidelines issued by the regulator (“Guidelines for Preparing Strategic Asset Management Plans”, NR&M February 2002)³
- Must be approved by the regulator
- Service provider must comply with an approved SAMP when supplying services to customers
- Service providers must regularly review and audit the SAMP in accordance with intervals set by the regulator

Have in place Customer Service Standards (CSS) for each registered service⁴

- Documents (a) the level of service to be provided to customers; and (b) processes for customer interaction with the service provider (e.g. with respect to billing, metering, accounts, complaints etc)
- Requirement applies only where a service provider does **not** have a contract with all of its customers
- Must be prepared in accordance with the Act and guidelines issued by the regulator (“Guidelines for Preparing Customer Service Standards” – NR&M, February 2002)⁵
- A copy of the CSS must be given to the regulator and to all customers who are not supplied under contract. The regulator does not formally approve a CSS
- Service providers must review the CSS annually

Report annually to the regulator

- Reporting is with respect to achievement against both the service provider’s SAMP and its CSS. Either a combined report, or separate reports may be provided.

¹ A “service provider” is the owner of the infrastructure providing the service, not the operator of the infrastructure. So, responsibility for complying with requirements lies with the owner of the infrastructure.

² A “registered service” is either or both of a “water service” or “sewerage service”. A combined SAMP may be prepared which covers all registered services.

³ These guidelines are available on the NR&M Website, www.nrm.qld.gov.au/compliance/wic/guidelines_service.html

⁴ A combined CSS may be prepared which covers all registered services.

⁵ These guidelines are available on the NR&M Website, www.nrm.qld.gov.au/compliance/wic/guidelines_service.html



2.2 Who can apply for an exemption?

Only **small** service providers are eligible to apply for an exemption. These are defined in the Act (Schedule 4 – “Dictionary”) to include:

<i>For a retail water⁶ or sewerage⁷ service (e.g. local governments)</i>	Service providers with 1000 or less connections to a registered service
<i>For an irrigation service⁸</i>	Service providers with: <ul style="list-style-type: none"> • 100 or less users; or • a volume throughput, in any of the last five financial years, of 10,000ML or less
<i>For a water service other than the above</i>	Service providers with: <ul style="list-style-type: none"> • not more than 100 customers; and • that mainly provides drainage services or water for domestic purposes or for watering stock

2.3 When can a small service provider apply for an exemption?

A small service provider can apply, or reapply, for an exemption at any time.

The Act requires small service providers to comply with the SAMP, CSS and annual reporting requirements as follows:

- **New small service providers⁹** must prepare a SAMP for approval, and have a CSS in place, **within 1 year** of being registered as a service provider
- **Existing small service providers** (i.e. operating as of 1 October 2000) – transitional arrangements in the Act (s1061) apply. These arrangements extend the time for compliance i.e. existing small service providers must prepare a SAMP for approval and have a CSS in place **by 1 October 2004**.

⁶ A retail water service is a reticulated water service (not being an irrigation service, a bulk water service, or the supply of recycled water, in any area) in a **service area** for a water service. A **service area** is an area declared by a local government under s.449 for either, or both, a retail water service, or sewerage service, to customers (i.e. a service area declared under the *Water Act 2000*), or taken to exist under s.1063 (a transitional provision that is relevant for water areas and sewerage areas that were declared to exist under the *Sewerage and Water Supply Act 1949*).

⁷ A sewerage service is defined to mean any of the following (provided it is not a service supplied by infrastructure where the infrastructure is used solely for mining purposes, or, the only user of the service is the owner of the infrastructure or the owner’s guests or employees): sewage treatment, the collection and transmission of sewage through infrastructure or the disposal of sewage or effluent.

⁸ An irrigation service is defined as the supply of water or drainage services for irrigation of crops or pastures for commercial gain.

⁹ A service provider who commenced operation after 1 October 2000 (s410)

Small service providers are eligible to apply for an exemption **at any time** up until the deadline for compliance. However, service providers should be aware that some **lead time is necessary** for preparing SAMPs and CSS if an exemption application is unsuccessful. The lead time will vary depending on the individual circumstances of the service provider. For this reason, the regulator will be encouraging service providers to consider their compliance responsibilities and apply for any exemption, if desired, during the first half of 2003.

It is the service provider's responsibility to ensure that the Act's provisions, from which an exemption is being sought, can still be complied with, by the mandated dates, if an exemption is not granted.

2.4 What types of exemption can be applied for?

A small service provider may apply to the regulator for an exemption from complying with Divisions 1, 2 or 3, Chapter 3, Part 3 (s434).

Division 1 states the requirements for preparing, reviewing and auditing SAMPs

Division 2 states the requirements for preparing and reviewing CSS¹⁰

Division 3 states the annual reporting requirements for SAMPs and CSS

Where an exemption is granted for Division 1, 2 or 3, it will relate to **all** components of that division. For example, if an exemption is granted for Division 1, it will be for all SAMP components relating to preparation, review and auditing. Similarly, where an exemption is granted for Division 2 (CSS requirements) it will relate to **all** components i.e. preparation, distribution to customers and annual review. An exemption for Division 3 (Annual Reporting Requirements) will relate to **both** SAMPs and CSS.

A small service provider can apply for an exemption for the registered water service and/or the registered sewerage service. The service provider must state the registered service/s to which the exemption it is seeking applies.

2.5 How does a service provider apply for an exemption?

An application for an exemption **must** be submitted in the approved form, *SPE01 – Small Service Provider Exemption Application Form*, to the regulator (s434). All information requested in that form and in Section 3 of these guidelines must be supplied with the approved form.

The approved form has check boxes that allow the small service provider to choose which registered service the exemption application is for. By ticking both the water and sewerage check boxes a small service provider who is a registered water service provider and a registered sewerage service provider will be applying for an exemption for both registered services. Service providers may also choose to only tick the registered water service or the registered sewerage service in which case they will still have to prepare a SAMP, CSS and Annual Report for the service for which an exemption has not been applied. If the small service provider is only registered as a water service provider they should only tick the water check box.

¹⁰ The Act actually states that CSS are only required where the service provider does not have a "supply contract" with all its customers. However it is proposed to amend the Act so as to clarify that CSS are only required where the service provider does not have a "contract for the supply of registered services" with all its customers.

The cost of supplying any information required to be lodged with the exemption application is the service provider's responsibility. The approved form can be obtained by telephoning (07) 3227 6754 or by downloading from the NRM website. There is no fee for lodging an exemption application.

Section 4 of these guidelines outlines decision making criteria the regulator will have regard to when deciding exemption applications.

2.6 How is a decision made on an exemption application?

Under s.435 an exemption *must* be granted if the regulator is satisfied:

- It is not reasonably practicable for the service provider to comply with one or more of the provisions of the Act relating to:
 - Strategic Asset Management Plans;
 - Customer Service Standards;
 - Annual Reports;
- AND**
- This is because the costs of compliance would outweigh the benefits.

If the regulator is not satisfied of the above requirements, the regulator must refuse the application.

The regulator must have regard to these guidelines when deciding the application.

There is no prescribed time limit within which the regulator must decide upon an application.

Section 436 of the Act requires the regulator to give the service provider an **information notice** advising of the outcome of the application. The Act requires information notices to state:

- The decision;
- The reasons for the decision;
- That the person given the notice may appeal against the decision, or apply for arbitration, within 30 business days after the day the notice is given and how the person may appeal or apply for arbitration.

In the section of the information notice giving the reasons for the decision, the regulator must also set out the regulator's findings on material questions of fact and refer to the evidence or other material on which those findings were based. The *Acts Interpretation Act 1954* requires this additional information to be supplied in the information notice.

Section 436 also requires notice of any exemption granted to be published in the **gazette** by the regulator as soon as practicable after the exemption is granted. The notice must state, for each exemption granted:

- The small service provider it applies to;
- The registered service it applies to;
- The division of the Act it applies to;
- Any conditions attached to it;
- Any time limit on it.



2.7 Rights of appeal

Any decision made by the regulator in regard to an exemption may be the subject of appeal (Chapter 6 of the Act).

In the first instance, the service provider must apply to the regulator for an **internal review** of a decision about the exemption.

An application for internal review must usually be made within 30 business days of the day the service provider is given the information notice advising of the outcome of the exemption application. However the Act allows the reviewer to extend the time for applying for an internal review. The application for internal review must be:

- In the approved form (*Application for Internal Review of an Original Decision* – a copy of which can be obtained by telephoning 07 3227 6754); and
- Supported by enough information to enable the reviewer to decide the application.

If the service provider is not satisfied with the internal review decision, **arbitration** can be sought from the Queensland Competition Authority (Chapter 6, sections 891 – 896 of the Act)

The service provider may give the Queensland Competition Authority (QCA) a dispute notice applying for arbitration on the internal review decision. This notice must be given within 30 business days after the day that the service provider receives notice of the internal review decision. The dispute notice must state the name and address of the service provider, details of the internal review decision and the grounds on which arbitration is sought. The service provider is also required to give a copy of the dispute notice to the regulator.

The QCA must give the service provider and the regulator a notice acknowledging receipt of the dispute notice. The service provider may withdraw the dispute notice at any time before the QCA makes its determination.

The QCA must make a written determination on the dispute and must provide reasons for its determination. The QCA is not required to make a determination if it considers that the dispute notice was vexatious or the subject matter of the dispute is trivial, misconceived or lacking in substance.

Only the service provider who applied for the small service provider exemption can request an **internal review** and **arbitration** for the decision about the exemption. For example, a service provider's customer cannot undertake these actions.

2.8 Exemption can be cancelled or amended

A service provider must immediately give the regulator notice if the circumstances under which an exemption was given change, for example, if the service provider ceases to be a small service provider (s437).

The regulator may also amend or cancel the exemption, without receiving notification from the service provider, if the regulator becomes aware of a change in the circumstances under which the exemption was given, such as the service provider no longer being a small service provider because of an increase in size or amalgamation with another service provider/s.

If an exemption is changed or cancelled, the regulator must give the service provider an **information notice** about the change or cancellation.

The regulator must also publish notice of any change or cancellation in the gazette, as soon as practicable.

Under the review, appeal and arbitration provisions in Chapter 6 of the Act the service provider can apply to the regulator for an **internal review** of the decision about the change or cancellation of the exemption and obtain a **review decision**. If the service provider is not satisfied with the review decision, **arbitration** can be sought from the Queensland Competition Authority (see Section 2.7 Rights of appeal).

3 Information required for an exemption application

3.1 General

An exemption from Division 1, 2 or 3 will be granted if the regulator is satisfied it is not reasonably practicable for the small service provider to comply with these requirements because the costs of compliance would outweigh the benefits.

The regulator will usually look at, among other things, the benefits to the service provider, its customers, and the community generally when deciding whether an exemption will be granted.

All exemption applications will fall into one of three categories. The information that should be submitted in support of an exemption application, and the decision making criteria the regulator will have regard to, for each of these categories are outlined in Sections 3.2 to 3.4 respectively. The categories are:

- Strategic Asset Management Plan (SAMP) requirements (see Section 3.2);
- Customer Service Standards (CSS) requirements (see Section 3.3);
- Annual Reporting requirements for SAMPs and CSS (see Section 3.4).

Because Division 3 deals with the Annual Reporting requirements for both SAMPs and CSS, service providers applying for either a Division 1 or 2 exemption (or both), should also apply for an exemption from Division 3 requirements.

Unless otherwise stated in Sections 3.2 to 3.4, as a minimum, the service provider will need to supply a report to the regulator that:

- States the Division/s for which an exemption(s) is being sought and why it isn't reasonably practical for the service provider to comply with the relevant provisions of the Act;
- Provides details of the benefits and costs, both of a qualitative and quantitative e.g. monetary nature, which the following people or organisations would experience if the exemption was granted:
 - The service provider's customers;
 - The service provider;
 - Organisations providing funding support (or anticipated to provide such support) to the service provider, in respect of the services for which an exemption is being sought;
 - The general community.

Such a report must be attached to the approved form, *SPE01 - Small Service Provider Exemption Application Form*, for making an application for an exemption (see Section 2.5 "How does a service provider apply for an exemption?").

3.2 SAMP exemption information requirements

It is generally accepted within the water industry that service providers will accrue considerable benefits, particularly cost savings, when a comprehensive asset management process (such as that required by the SAMP requirements) is implemented. Such benefits may be short or long term and include, for example:

- | | |
|--|--|
| • Better knowledge of the condition and performance of infrastructure to support maintenance and renewal decisions | • Better knowledge and understanding of costs and impacts of customer demand and service quality decisions |
| • Improved risk management | • Optimisation of recurring Operation and Maintenance costs |
| • Ability to target investment decisions | • Increased accountability to customers |
| • Reduced frequency of events affecting quality and quantity | • Deferral of renewal/replacement of infrastructure |
| • Reduced incidence of unplanned interruptions | • Appropriate and efficient maintenance scheduling |

Comprehensive asset management planning practices arising from a SAMP can be expected to reduce such expenditure by, on average, 4%.

The major monetary cost is the preparation, review and auditing of the SAMP.

Appendix 1 describes in detail the breakdown of activities that all service providers would undertake in fulfilling SAMP requirements.

When preparing supporting information for the exemption application, the service provider can either:

- Adopt default values and methodology for the cost/benefit analysis; **or**
- Supply its own estimate of the monetary **costs** and **benefits** involved.

3.2.1 Small service providers using default values and methodology

Small service providers may choose to adopt the default values and methodology that has been developed by NR&M. The SAMP Exemption Model¹¹ is a computer program developed by the Regulator. It is based on a Microsoft Excel spreadsheet and undertakes a cost/benefit analysis for preparing, reviewing and auditing a SAMP.

Two versions of the model have been developed. The first is for use by local governments/ councils, whilst the second is aimed specifically at water authorities.

The exemption model is designed such that a small service provider is required to insert the minimum amount of data into the model for it to perform the cost/benefit analysis. It does, however, require that the service provider has done the necessary preparatory work in order to compile the required entry data.

The models have two components, a cost component and a benefit component that undertake the following:

Cost component

- Determines the cost of a SAMP (including preparation, reviewing and auditing) using a 6% real i.e. inflation adjusted, discount rate over a 10 year period
- SAMP default costs are used
- The analysis can be tailored to suit individual service providers according to the number of schemes, connections and location of a service provider

Benefits component

- Determines the benefit cost savings to operation, maintenance, administration and renewals/replacement expenditure over a 10 year period based on a 4% saving on current expenditure each year for 10 years
- Either projected renewals/replacement expenditure or a proxy renewals/replacement annuity can be used

Cost component

The cost component requires the small service provider to enter the following information:

- Name of the small service provider
- Total number of water supply schemes
- Total number of sewerage schemes
- Total number of water supply connections
- The distance the service provider is from the nearest regional city/town having a population of greater than 50,000 persons

¹¹ The SAMP Exemption Model is available free of charge from NR&M and will be forwarded on CD to all registered small service providers. The model includes a **User Manual** that explains the default values and methodology and gives step-by-step instructions for inputting data into the model. The spreadsheet, once all the above information has been entered into the correct cells, will calculate (a) the cost of preparation, review and auditing of the strategic asset management plan and (b) the benefit cost i.e. 4% of projected operation, maintenance, administration and renewals costs.

Benefits component

The benefits component requires **all** small service providers to enter projected “actual” operation, maintenance and administration expenditure in the exemption model regardless of whether they choose to use actual renewal/replacement costs or the proxy renewal/replacement annuity.

The small service provider must also enter:

EITHER

- the projected “actual” renewals expenditure for each of the next ten years;

OR

- the following data which the model will use to calculate a proxy renewal/replacement annuity:

(a) under the local government model:

- Written Down Current Cost of all assets
- Annual Depreciation for all assets
- Current Replacement Cost for all assets

Each of these will need to be broken down separately for water supply and sewerage assets.

(b) under the water authority model, the small service provider requires the following information on their infrastructure (note: not all small service providers will have all of this infrastructure):

- Pipelines – diameter and length
- Levees – bank height and length
- Weirs – height and length
- Pumping Stations – kilowatt rating of motors
- Unlined & lined drains – cross-sectional area (sq m) and length
- Storages – volume in ML
- Reservoirs – storage capacity in ML
- Bores – type and depth
- Culverts – width and length
- Telemetry – number of remote telemetry units
- Roads – type and length

The model also requires the costs for the supply and installation in current dollars and an estimate of the remaining life for each type of infrastructure. The service provider can choose to enter their own costs for the infrastructure or use the default costs programmed into the model. The model also provides a default useful life for the infrastructure.

The service provider must provide a print out of the figures entered into the model together with a report that specifies the non-monetary costs and benefits associated with granting the exemption from the following perspectives:

- The service provider's customers;
- The service provider;
- Organisations providing funding support (or anticipated to provide such support) to the service provider in respect of the services for which an exemption is being sought;
- The general community.

The service provider's report should also outline why it is not practicable for the provider to comply with the Act's provisions.

A completed exemption application form (SPE01) must accompany the above information.

There are two possible outcomes:

- Where the SAMP costs are **greater** than the total benefits – an exemption will generally be granted, and
- Where the SAMP costs are **equal to or less** than the total benefits – an exemption will generally not be granted.

3.2.2 Small service providers undertaking their own cost/benefit analysis

When a small service provider undertakes its own cost/benefit analysis, it **must** provide a report that accompanies a completed exemption application form (SPE01). The report must:

- Specify all monetary costs involved in the preparation, review and auditing of the SAMP including the development and implementation of performance monitoring systems;
- Specify any monetary benefits that would be realised from a SAMP;
- Specify and justify the underlying values and assumptions assumed;
- Take the time value of expenditure into account (this can be achieved by using a 6% real i.e. inflation - adjusted discount rate);
- Use a ten year time horizon; and
- Outline why it is not practicable for the provider to comply with the Act's provisions.

The service provider's report should also specify the non-monetary costs and benefits associated with granting the exemption, from the following perspectives:

- The service provider's customers;
- The service provider;
- Organisations providing funding support (or anticipated to provide such support) to the service provider in respect of the services for which an exemption is being sought;
- The general community.

There are two possible outcomes:

- Where the SAMP costs are **greater** than the total benefits – an exemption will generally be granted, and
- Where the SAMP costs are **equal to or less** than the total benefits – an exemption will generally not be granted.

3.3 CSS exemption information requirements

The Act requires certain service providers to have in place a CSS which documents (a) the level of service to be provided to customers; and (b) processes for customer interaction with the provider, i.e. billing, metering, accounting, customer consultation, complaints and dispute resolution.

The requirement applies **only** to providers who do **not** have contracts¹² with all their customers. Where a service provider has contracts with some customers, then it **must either** prepare a CSS for those customers that do not have a service contract **or** apply for an exemption.

Many service providers already have mechanisms in place which deal with CSS issues. For those that do not have such mechanisms, the **cost** of compliance with CSS requirements is **not** expected to be significant:

- Level of service component – service providers may choose to develop qualitative statements instead of quantitative standards (see Section 2.5.2 of *Guidelines for Preparing Customer Service Standards*)
- Process issues component – the Act only requires the CSS describe the process that is in place for set aspects of customer interaction, e.g. billing, metering etc. There are **no** minimum standards prescribed for these processes – they are for the service provider to determine. As such, costs would generally only arise where such processes are not formalised, or are not in existence.
- Dissemination to customers – distribution of the CSS to individual customers perhaps comprises the primary cost. However, mechanisms may be utilised which minimise this cost e.g. sending out information with a rates notice.

There will be benefits however they are not clearly quantifiable in a manner similar to SAMP benefits. Benefits are typically qualitative and relate both to:

- Customers, e.g. customer awareness and knowledge of the type and level of service they are receiving, and how they interact with the provider e.g. billing, metering, complaints etc; and
- Service providers, e.g. transparency, potentially enhanced community relations; minimisation of disputes and potential liability.

¹² The Act actually states that CSS are only required where the service provider does not have a “supply contract” with all its customers. However it is proposed to amend the Act so as to clarify that CSS are only required where the service provider does not have a “contract for the supply of registered services” with all its customers.

The methodology for CSS has two steps.

Step 1	CSS are not required where a service provider has contracts for supply of services with all its customers.
Step 2	<p>If Step 1 does not apply the service provider may provide an analysis to the regulator of the potential costs/benefits of compliance compared to both:</p> <ul style="list-style-type: none"> • the number of connections supplied, i.e. cost per connection; and • the total revenue accrued from supply of the service <p>The regulator would, on a case by case basis, determine whether such costs/benefits were unreasonable.</p>

3.3.1 Supporting information requirements

Step 1 – all customers have a contract for the supply of services.

The service provider must provide sufficient evidence, such as a rates/charges policy document, that it has a contract for the supply of services between it and all its customers. Individual customer service contracts are not required to be submitted to the regulator.

Step 2 – analysis of compliance costs.

Where the service provider undertakes to provide an analysis of potential costs/benefits of compliance, the report must:

- Specify all monetary costs involved in the preparation and review of the CSS;
- Specify any monetary benefits that would be realised from a CSS;
- Specify and justify the underlying values and assumptions assumed;
- Take the time value of expenditure into account (this can be achieved by using a 6% real i.e. inflation - adjusted discount rate);
- Use a ten year time horizon; and
- Outline why it is not practicable for the provider to comply with the Act's provisions.

The service provider's report should also specify the non-monetary costs and benefits associated with granting the exemption, from the following perspectives:

- The service provider's customers;
- The service provider;
- Organisations providing funding support (or anticipated to provide such support) to the service provider in respect of the services for which an exemption is being sought;
- The general community.

Note that the monetary costs and benefits must be compared to both the number of connections supplied (cost per connection) and the total revenue accrued from supply of the service.

The information requirements outlined in Step 2 **must** be submitted with a completed exemption application form (SPE01).

3.4 Annual reporting exemption information requirements for SAMPs and CSS

The major benefit from the annual reporting requirements associated with a SAMP is the provision of timely information to the service provider on whether the plan is working in the manner intended. If the desired outcome is not being achieved, modifications to the plan may be necessary.

If a small service provider applies for an exemption from annual reporting arrangements and has already been granted an exemption for a SAMP or a CSS then the request for exemption from the annual reporting requirements will also be granted.

The service provider **must** prepare a report that accompanies the exemption application form (SPE01). The report must:

- Specify all monetary costs involved in SAMP and CSS annual reporting, and development and implementation of the information systems needed to support the annual reporting requirements;
- Specify any monetary benefits that would be realised from SAMP and CSS annual reporting requirements;
- Specify and justify the underlying values and assumptions assumed;
- Use a ten year time horizon; and
- Outline why it is not practicable for the provider to comply with the Act's provisions.

The service provider's report should also specify the non-monetary costs and benefits associated with granting the exemption, from the following perspectives:

- The service provider's customers;
- The service provider;
- Organisations providing funding support (or anticipated to provide such support) to the service provider in respect of the services for which an exemption is being sought;
- The general community.

4 Granting an exemption

In deciding whether to grant an exemption, the regulator will consider whether the requirements of the Act and these guidelines have been addressed, that is, cost/benefit considerations for the service provider.

The exemption will usually be granted for five years for retail water and sewerage service providers, and ten years for irrigation, drainage and stock and domestic service providers, unless the regulator considers the circumstances of the provider are likely to change within those periods. The difference in exemption duration reflects the differences in the nature and complexity of the systems, and the likely rate of change, i.e. growth.

If the service provider considers the regulator should use a different decision making criterion, or period for exemption to those contained in these guidelines, then the proposed approach and justification for it, should be contained in the service provider's report supporting the exemption request.

The regulator can impose additional conditions on any exemption depending upon the circumstances of each case. As a minimum, consideration will be given to requiring the service provider to notify the regulator within 20 business days if it ceases to be a small service provider.

Appendix 1

Breakdown of SAMP activities

SAMP requirement	Component	Activities
Develop SAMP	Preparation	Collect/review available data
	Site Visit	Additional data collection (including condition assessment)
	Service & system overview	Data analysis and presentation Schematics
	Level of service (LOS) standards and performance indicators (PIs)	Collate available information Develop standards Document methodology Set up systems to record LOS standards and PIs (including template for annual reports)
	Operations, Maintenance & Renewals (OM&R) strategy	Develop asset register Analyse asset performance/condition assessment Develop Operations Management Plan Documented procedures Operational schedules Develop Maintenance Management Plan Documented procedures Maintenance schedules Documented process for performance monitoring Asset replacement cost profile 10yr capital works program 10yr OM&R Action Plan (including template for annual reports) Collate information into document
	Financial	Basic financial model (including template for annual report)
	Finalise documentation	Finalise documentation based on client feedback
	Present documentation	Presentation to Council/Board
	Review SAMP	Review
Site visit		Data collection
Service & system overview		Update
LOS and PIs		Review and update
OM&R Strategy		Update register (based on asset condition/performance assessment) Analyse asset performance/condition assessment Review and update operations related information Review and update maintenance related information Refine asset replacement cost profile Update 10yr capital works program Update 10yr OM&R Action Plan
Financial		Update basic financial model
Finalise documentation		Finalise documentation based on client feedback
Present documentation		Presentation to Council/Board
Audit		Review
	Site visit	Interview staff and review process and documents
	Report	Prepare and certify audit report





Queensland
Government
Natural Resources
and Mines

DEPARTMENT OF NATURAL RESOURCES AND MINES

EXEMPTION GUIDELINES

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