

Annual Reporting of SAMP and CSS Guidelines for Service Providers

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INTRODUCTION

Purpose of the Guideline

This guideline has been prepared to assist water and sewerage service providers to comply with the requirements of the *Water Act 2000* in relation to the preparation of annual reports on Strategic Asset Management Plans (SAMP) and Customer Service Standards (CSS).

The annual report for the SAMP and CSS is intended to:

- be a reference document for the Department of Natural Resources and Mines (NRM) – the Regulator – as well as for customers, in reviewing the performance of the service provider in relation to their SAMP and CSS; and
- provide the service provider with useful insights into its performance, the health and viability of its infrastructure and information for the review and audit of the SAMP and CSS; and
- provide a summary of actions taken by the service provider in implementing the SAMP and CSS.

Overview

Briefly, the *Water Act 2000* requires registered service providers undertake a number of tasks including:

- develop and issue CSS to all customers¹;
- develop a SAMP for approval by the regulator;
- keep Service Area Maps updated at least annually;
- complete an internal review of the performance of the CSS and SAMP regularly as set down by regulator;
- arrange an external audit of the SAMP and an audit report when required and in accordance with requirements set by the regulator; and
- prepare an Annual Report which includes information on the performance, review of the CSS and SAMP, amongst other matters and supply to the regulator.

LEGISLATIVE REQUIREMENTS

Minimum requirements for the SAMP and CSS annual reports are set out in the *Water Act 2000*. These requirements are discussed below. Sections of the Act dealing with the SAMP and CSS annual report have been reproduced in Appendix A for ease of access.

¹ To all customers who do not have a contract with the service provider.

ANNUAL REPORT REQUIREMENTS

General

For each financial year after a SAMP has been approved or a CSS has been submitted, a service provider must prepare an annual report to the regulator. These reports can be combined into one report.

The annual report must be given to the regulator within 120 business days after the end of the financial year. The maximum penalty for failure to comply is \$37,500 for an individual or \$187,500 for a corporation.

The annual report must be available for¹:

- inspection by the public during office hours on business days at the office of the service provider (s1009(3)). The service provider may also keep a copy of the annual report available for inspection at other places they consider appropriate (s1009(4)); and
- purchase on payment of a fee (s1009(5)). The fee must not be more than the reasonable cost of publishing the report (s1009(6)).

Exemptions

Small service providers are eligible to apply for an exemption from:

- SAMP requirements;
- CSS requirements; and
- SAMP and/or CSS annual reporting requirements (s434).

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

For further details on exemptions, refer to the department's *Guidelines for Granting Exemptions for: SAMP, CSS and Annual Reports*.

Annual Reports on the SAMP

An annual report on the SAMP must²:

- measure the service provider's performance for the financial year for the services for which the service provider is registered against the strategic asset management plan for the services;
- document actions taken to implement the SAMP including application of funds to support implementation of the SAMP;
- state the outcome of any reviews of the SAMP and how the service provider has addressed matters raised in the review; and
- contain a summary of the findings of and any recommendations stated in an audit report given to the regulator in the financial year to which the report relates³.

¹ Section 430(7) requires service providers to have a copy of the annual report available for inspection and purchase.

² Under section 430(4)(a) of the *Water Act 2000*.

³ The Act enables the regulator to require regular audits or spot audits of the SAMP.

Annual Reports on the CSS

An annual report on the CSS must¹:

- measure the service provider's performance for the financial year against the CSS; and
- state the outcome of the compulsory annual review of the CSS (s429(1)) and how the service provider has addressed matters raised in the review.

Annual Reports for Local Government Service Providers

Local government service providers can include the contents of a SAMP and CSS Annual Report in their Local Government Annual Report², if the local government gives a copy of that report to the regulator within 30 business days after the local government adopts the report³.

Dates for Submission of Annual Reports

The *Water Act 2000* and the *Local Government Act 1993* require annual reports to be submitted within a specified number of business days after the end of a financial year. The specific dates the reports are due will change each year.

Report	Timeframe under legislation	For example, date annual reports due for financial year ended 30 June 2004 ⁴
SAMP annual report	120 business days after the end of the financial year	16 December 2004
CSS annual report	120 business days after the end of the financial year	16 December 2004
Local government annual report (if incorporating SAMP and CSS annual report in the local government annual report)	Local government annual report to be adopted by local government Local government annual report to be submitted to the regulator 30 business days after adoption ⁵	By 30 November ⁶ 2004 14 January 2005

Further information on dates of submission for documents including SAMPS and CSS are contained in Appendix B.

¹ Under section 430(4)(b) of the *Water Act 2000*.

² Required under section 531 of the *Local Government Act 1993*.

³ Under section 430(6) of the *Water Act 2000*.

⁴ Note that the specific dates will change each year depending on the day on which 30 November falls.

⁵ Unless the Minister for Local Government allows a longer period for a government to comply under section 531 of the *Local Government Act 1993*.

⁶ Unless the Minister for Local Government allows a longer period for a government to comply under section 531 of the *Local Government Act 1993*.

BEST PRACTICE ANNUAL REPORTING

Planning and reporting cycle

Service providers need to develop a planning and report cycle which meets legislative and other demands (e.g. organisational demands). This cycle includes the early preparation and collection of data necessary to meet the mandatory reporting dates for SAMP and CSS annual reports.

Appendix C – Planning and Reporting Cycle provides an example of the cycle of planning and reporting a service provider may use to meet the requirements of the *Water Act 2000*.

Annual reporting template and sample

An annual reporting template has been developed by NR&M to assist service providers to comply with the *Water Act 2000*. The template (Appendix E – Annual Reporting Template) provides a guide for developing a consolidated SAMP and CSS annual report (including examples). For local government service providers, this may be incorporated into the local government annual report.

Key challenges in preparing the SAMP and CSS annual report

Key challenges to overcome when developing the SAMP and CSS annual reports are:

- Make sure that the information presented is accurate and obtained from reliable sources.
- Report on the performance against all standards listed in the SAMP and CSS (including the level of service standards, targets and actual achievements).
- If preparing a consolidated SAMP and CSS annual report, take care to avoid duplication of information.

Issues which should be included in the SAMP annual report

While the *Water Act 2000* sets down mandatory issues for inclusion in the SAMP annual report, there are a range of issues which should also be included for best practice purposes:

Legislative requirements	Best practice
<p><i>Measure the service provider's performance for the financial year for the services for which the service provider is registered against the strategic asset management plan for the services.</i></p>	<p>This includes:</p> <ul style="list-style-type: none">• an <u>overview of the registered services</u> provided by service provider and the associated infrastructure;• <u>"actual" levels of service</u> (this could be in excess of target standards set by service provider);• an appropriate <u>confidence grading</u> for the data reported (including an explanation for low confidence levels). The SAMP Guidelines (section 4.1.3) outline a method for assigning confidence gradings which include a "reliability band" and an "accuracy band"; <p>1. any statements <u>qualifying the data</u> reported. Accurate reporting on achieved levels of service can help identify strong, weak and variable aspects of the service. If there is a large deviation from the target service standard, this should be commented on. For example:</p> <ul style="list-style-type: none">– an extraordinary event that occurred that the standard did not account for (e.g. excess rainfall);– the service standards are unattainable and need to be reviewed;– the system has faults and requires work; or– the metering equipment or recording process is deficient.

Document actions taken to implement the SAMP including application of funds to support implementation of the SAMP.

This includes:

- actions that have been undertaken;
- status of actions (e.g. action to be undertaken in the future);
- reasons for failing to undertake a particular action nominated by the service provider in the reporting period;
- application of funds in accordance with the proposed financial arrangements for implementing the SAMP including:
 - funds spent in reporting year; and
 - proposed expenditure for at least the next five years.

State the outcome of any reviews of the SAMP and how the service provider has addressed matters raised in the review.

This includes:

- when the review was carried out;
- who was involved in the review;
- findings of the review;
- any changes made to the SAMP as a result of the review;
- reasons for these changes (or lack of changes); and
- approval status of the revised SAMP.

Contain a summary of the findings of and any recommendations stated in an audit report (regular and spot audit reports) given to the regulator in the financial year to which the report relates¹.

This includes:

- outcome of the audit;
- any recommendations of the audit;
- planned actions to implement changes; and
- reasons for not implementing recommendations.

¹ The Act enables the regulator to require regular audits or spot audits of the SAMP.

Issues which should be included in the CSS annual report

The *Water Act 2000* requires the CSS to be reviewed each year s429(1)

While the *Water Act 2000* outlines minimum requirements for annual reporting on the CSS, ideally further information should be included in the annual report as best practice:

Legislative requirements	Best practice
<i>Measure the service provider's performance for the financial year against the CSS (including identifying the level of service standards achieved during the year.</i>	<ul style="list-style-type: none">• <u>Performance of service standards:</u> <i>The level of service standards included in a CSS are expected to reflect those identified in a SAMP. Consequently, there is no need to report separately on CSS levels of service standards - all reporting on performance against level of service standards may be addressed in the SAMP annual report i.e. the data need only be reported once.</i>• <u>Process issues:</u> <i>Report the existence and/or implementation of appropriate processes for each of the required matters including:</i><ul style="list-style-type: none">– <i>service connections;</i>– <i>billing;</i>– <i>metering;</i>– <i>accounting;</i>– <i>customer consultation;</i>– <i>complaints;</i>– <i>dispute resolution; and</i>– <i>any other relevant process issues.</i>
<i>State the outcome of the annual review of the CSS including how issues raised in the review have been or will be addressed.</i>	<p>This includes:</p> <ul style="list-style-type: none">• when the review was carried out;• who was involved in the review;• findings of the review;• how the provider has addressed issues raised by the review• any changes made to the CSS as a result of the review¹;• reasons for these changes (or lack of changes); and• if changes are made, information about providing details of the changes to the regulator and customers.

¹ Note – due to the relationship between the CSS and SAMP requirements, a substantive change to the level of service component in a SAMP document, may also trigger a change to the provider's CSS for those services, and vice versa.

ABBREVIATIONS

NR&M Department of Natural Resources and Mines

CSS Customer Service Standards

OM&R Operations, Maintenance and Renewals

SAMP Strategic Asset Management Plans

OTHER USEFUL DOCUMENTS

The following documents may provide further information on specific issues discussed in this guideline:

- *Guidelines for Preparing Strategic Asset Management Plans;*
- *Guidelines for Preparing Customer Service Standards;*
- *Guidelines for Granting Exemptions for: Strategic Asset Management Plans, Customer Service Standards and Annual Reports.*

**APPENDIX A – LEGISLATIVE
REQUIREMENTS FOR SAMP AND CSS
ANNUAL REPORTS**

Water Act 2000 - Chapter 3 – Infrastructure and Service

PART 3 – SERVICE PROVIDER OBLIGATIONS

Division 3—Annual reports

430 Service provider to report annually

(1) The service provider must prepare, for each financial year after a strategic asset management plan or system leakage management plan has been approved, an annual report.

(2) The service provider must also prepare, for each financial year after a customer service standard has been given to the regulator, an annual report.

(3) A report mentioned in subsection (1) may be combined with a report mentioned in subsection (2).

(4) The report must—

- (a) for a report mentioned in subsection (1)—
 - (i) measure the service provider’s performance for the financial year for the services for which the service provider is registered against the strategic asset management plan and the system leakage management plan for the services; and
 - (ii) document the actions taken by the service provider to implement the plan including the application of funds to support implementation of the plan; and
 - (iii) state the outcome of any review of the plan and how the service provider has addressed matters raised in the review; and
 - (iv) contain a summary of the findings of and any recommendations stated in an audit report given to the regulator in the financial year to which the report relates; or
- (b) for a report mentioned in subsection (2)—
 - (i) measure the service provider’s performance for the financial year for the services for which the service provider is registered against the customer service standard for the services; and
 - (ii) state the outcome of any review of the standard and how the service provider has addressed matters raised in the review.

(5) The service provider must give a copy of the report to the regulator within 120 business days after the end of the financial year.

Maximum penalty—500 penalty units.

(6) Subsections (4) and (5) do not apply to a service provider that is—

- (a) a local government if-

- (i) the local government includes the information mentioned in subsection (4) in a report required under the *Local Government Act 1993*, section 531; and
- (ii) the local government gives a copy of the report to the regulator within 30 business days after the report is adopted; or
- (b) the chief executive if-
 - (i) the chief executive includes the information mentioned in subsection (4) in a report required under the *Financial Administration and Audit Act 1977*, section 39; and
 - (ii) the chief executive gives a copy of the report to the regulator within 30 business days after the report is given to the Minister.

(7) A copy of a report mentioned in subsection (4) or (6) must be available for inspection and purchase.

Division 5—Exemptions for small service providers

434 Small service providers may apply for exemption

- (1) A small service provider may apply to the regulator for an exemption from complying with
- (a) divisions 1 and 1B in relation to a strategic asset management plan; or
 - (b) division 2; or
 - (c) all or part of division 3 in relation to a strategic asset management plan.
- (2) The application must be in the approved form.

Note: The Water Act 2000 was amended by the Water and other Legislation Amendment Bill 2005. Any reference to System Loss Management Plans does not commence until 1 October 2005

Water Act 2000 - Chapter 8 – Miscellaneous

PART 5 – GENERAL PROVISIONS

1009 Public inspection and purchase of documents

- (3) A service provider must keep a copy of the following documents available for inspection by the public during office hours on business days at the office of the service provider—
- (a) each audit report prepared under section 417;

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- (b) each annual report prepared under section 430;
- (c) each map of a service area prepared under section 451.

(4) The service provider may also keep a copy of a document mentioned in subsection (3) available for inspection by the public at other places the service provider considers appropriate.

(5) On payment of a fee, a person may buy a copy of a document available for inspection under this section.

(6) The fee for the copy of the document must not be more than the reasonable cost of publishing the copy.

**APPENDIX B – STATUTORY REPORTING
AND DOCUMENTATION FOR THE SAMP, CSS
AND ANNUAL REPORT**

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Statutory Reporting and Documentation

Document	Legislation	Milestones	Content of document (legislative requirements only)	Availability
Statutory Planning Document as required by Water Act 2000				
Strategic Asset Management Plan (SAMP)	<i>Water Act 2000</i> (s408, s410 and s1061)	<p>Existing service providers - Submitted to Regulator:</p> <ul style="list-style-type: none"> ● 1 October 2002 (large service providers) ● 1 October 2003 (medium service providers) ● 1 October 2004 (small service providers) unless exempted <p>New service providers -</p> <ul style="list-style-type: none"> ● Submitted with 1 year of being registered <p>Updated every 2 to 5 years (as required by the regulator) and re-submitted to Regulator.</p>	<ul style="list-style-type: none"> ● Services and infrastructure details; ● Standards for service including CSS; ● Operations, maintenance and renewals strategy; ● Identify methodology to develop standards; ● Arrangements for financing implementation of SAMP; ● Have regard to best practice industry standard; and ● Be prepared in accordance with guidelines issued by the regulator 	To the Regulator and External Auditor
Customer Service Standards (CSS)	<i>Water Act 2000</i> (s424 and s1061)	<p>Existing service providers - Submitted to Regulator and distributed to all customers by:</p> <ul style="list-style-type: none"> ● 1 October 2002 (large service providers) ● 1 October 2003 (medium service providers) ● 1 October 2004 (small service providers) unless exempted <p>New service providers -</p> <ul style="list-style-type: none"> ● Submitted with 1 year of being registered <p>All service providers -</p> <ul style="list-style-type: none"> ● Reviewed every year (s429) 	<ul style="list-style-type: none"> ● Level of service to be provided; ● Process for: <ul style="list-style-type: none"> - service connections - billing - metering - accounting - customer consultation - complaints; and - dispute resolution; ● Any other matter stated in guidelines issued by the regulator. 	To the Regulator and a physical copy sent to each customer who does not have a contract with the service provider for the supply of registered services

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Document	Legislation	Milestones	Content of document (legislative requirements only)	Availability
Reporting Compliance as Required by the Water Act 2000 and Local Government Act 1993				
SAMP and CSS Annual Report Not included in local government annual report	<i>Water Act 2000</i> (s430)	<ul style="list-style-type: none"> ● Submitted to the Regulator within 120 business days after the end of the financial year 	<p>For SAMP:</p> <ul style="list-style-type: none"> ● Measure performance against SAMP; ● Actions taken and funding applied to implement Strategic Asset Management Plan; ● Outcomes of any review of SAMP and how service provider will address matters raised in the review; and ● Summary of audit findings and recommendations. <p>For CSS:</p> <ul style="list-style-type: none"> ❖ Measure performance against standards; and ❖ State outcome of any CSS review and how service provider will address matters raised in the review. 	Available for public purchase and inspection (s430(7))
SAMP and CSS Annual Report Included Local Government Annual Report (option for local government service providers)	<i>LGA (s531)</i> <i>Water Act 2000</i> (s430(6))	<ul style="list-style-type: none"> ● To be adopted by Council by 30 November after the end of the financial year (unless Minister grants extension) ● To be submitted to the Regulator within 30 business days of adoption 	<p>For SAMP:</p> <ul style="list-style-type: none"> ● Measure performance against SAMP; ● Actions taken and funding applied to implement Strategic Asset Management Plan; ● Outcomes of any review of SAMP and how service provider will address matters raised in the review; and ● Summary of audit findings and recommendations. <p>For CSS:</p> <ul style="list-style-type: none"> ❖ Measure performance against standards; and ❖ State outcome of any CSS review and how service provider will address matters raised in the review. <p><i>Note reporting requirements of LGA are not detailed here.</i></p> <ul style="list-style-type: none"> ● Verification of accuracy of performance data provided through the annual report; and ● Assessment of service provider's technical ability to comply with standards in the SAMP. 	Available for public purchase and inspection (s535)
External SAMP Audit Reports	<i>Water Act 2000</i> (s417)	<ul style="list-style-type: none"> ● Must be submitted to the regulator within 30 business days after its completion. ● External SAMP audit reports to be undertaken every 2 to 5 years, as specified by the Regulator. 		Available for public purchase and inspection (s417(3c))

APPENDIX C – PLANNING AND REPORTING CYCLE

Notes:

As part of their planning process, service providers need to develop a planning and reporting cycle which interlinks a number of elements. These include:

- Total Management Plan (TMP) and Business Plan;
- Annual Performance Plan (commercialized local government service providers only);
- Budget and financial statements;
- Capital Works Program; and
- Asset valuation.

Based on a typical cycle, the completion of a SAMP and CSS annual report may require the following documents to be completed by suggested deadlines:

Documents	<i>DEADLINE</i>
Annual valuation of assets	End of August
Annual review of SAMP and CSS	End of August Note – revised SAMP must be submitted to the regulator within 30 business days after the review ends. A revised CSS must also be submitted
First draft of annual report	End of September. For local government service providers, this will facilitate inclusion in the Councils' annual report if desired.

These deadlines become more critical if the SAMP is incorporated into a TMP.

Figure C1 outlines the typical development times required to prepare the SAMP and CSS annual reports. These are however only suggested timelines, with the exception of legislative deadlines for submission of reports (such as submission of the SAMP and CSS annual report).

**APPENDIX D - REVIEW OF ANNUAL REPORTING
RELATIONSHIPS**

Review of Annual Reporting Relationships

Figure D1 outlines some of the optional reporting relationships between the requirements of the Local Government Act and the Water Act 2000 for Annual Report preparation.

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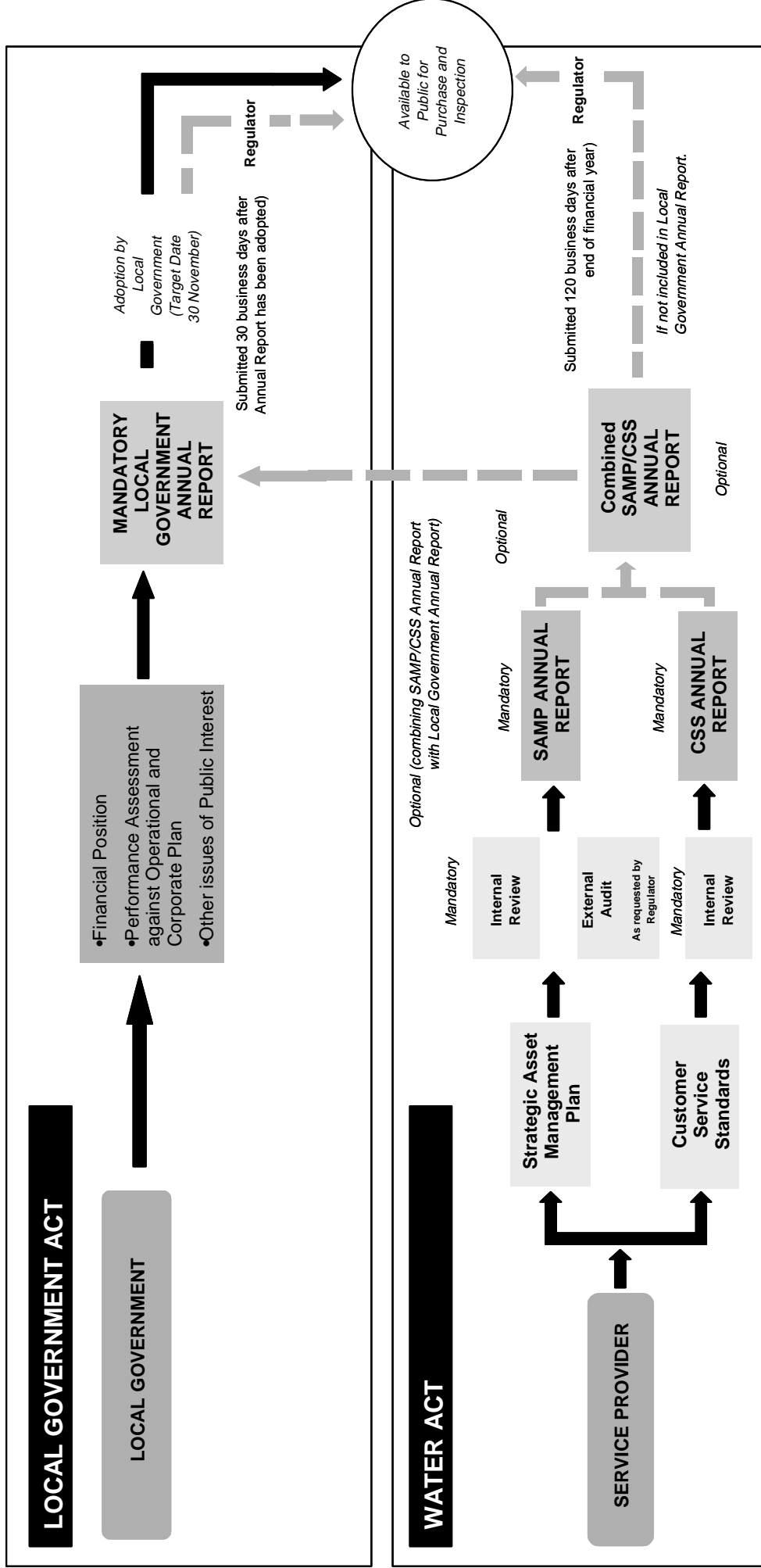


FIGURE D1 : Annual Reporting Relationships