

Guidelines for Granting Exemptions for Small Service Providers

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Prepared by:

Office of the Water Supply Regulator

Department of Environment and Resource Management

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1 Introduction

These guidelines are prepared pursuant to s. 147(3) of the *Water Supply (Safety and Reliability) Act 2008* (the Act) and issued by the regulator. The regulator is the Director-General of the Department of Environment and Resource Management (DERM). The Act can be accessed on the internet at <www.legislation.qld.gov.au>.

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

The Act requires a service provider to have an approved SAMP for ensuring continuity of supply of each of the service provider's registered services.

Service providers with an approved SAMP must regularly review the SAMP and state in their annual report the outcome of the review and how matters raised in the review have been addressed (s. 106(2) and (6)). The service provider must also arrange for regular audit reports about the SAMP to be prepared by a registered professional engineer and given to the regulator (s. 108(2)(a)).

Service providers with an approved SAMP are also required to submit a SAMP annual report to the regulator (s. 141).

The Act also requires that each service provider (who does not have a contract for supply of registered service(s) with all of its customers) must prepare a CSS for its registered services. A CSS ensures customers who do not have a contract with the service provider are informed about standards related to the supply of the registered service(s) (s. 115).

However, section 146 of the Act provides that small service providers may apply to the regulator for an exemption from complying with one or more of the following requirements of Chapter 2, Part 4, Divisions 1, 4, 5 and 9 of the Act.

- a. Division 1 (s. 70 to s. 77) covers the requirement of service providers to prepare and comply with a SAMP
- b. Division 4 (s. 105 to s. 112) requires service providers to regularly review and arrange for regular audit reports of the approved SAMP
- c. Division 5 (s. 113 to s. 120) requires service providers to prepare and comply with CSS
- d. Division 9 (s. 141 and s. 142) requires that service providers prepare an annual report about their SAMP.

If an exemption is granted for the preparation of a SAMP (Division 1), then the preparation of audit reports, reviews and annual reports relating to the SAMP (Divisions 4 and 9) are not required.

1.1 Guidelines—aim

These guidelines specify the decision-making criteria that the regulator will have regard to when 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.

2 Requirements of the Act

2.1 Service provider obligations

The Act 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 providers to:

<p>Prepare a SAMP for each registered service provided</p>	<p>The service provider must:</p> <ul style="list-style-type: none"> • document service standards as well as an operations, maintenance and renewals strategy for achieving those standards • prepare the SAMP in accordance with both the Act and guidelines issued by the regulator (Guidelines for Preparing Strategic Asset Management Plans, DERM)¹ • have the SAMP approved by the regulator • comply with an approved SAMP when supplying services to customers • regularly review and audit the SAMP in accordance with intervals set by the regulator.
<p>Have in place CSS for each registered service²</p>	<p>This requirement applies only where a service provider does not have a contract with all of its customers.</p> <p>The service provider must:</p> <ul style="list-style-type: none"> • document (a) the level of service to be provided to customers and (b) processes for customer interaction with the service provider (for example, with respect to billing, metering, accounts, complaints, etc.) • prepare the CSS in accordance with the Act and guidelines issued by the regulator (Guidelines for Preparing Customer Service Standards, DERM)¹ • give a copy of the CSS to the regulator and to all customers who are not supplied under contract—the regulator does not formally approve a CSS • review the CSS annually.
<p>Report annually to the regulator</p>	<p>Reporting is with respect to achievement against both the service provider’s SAMP and CSS—either a combined report, or separate reports may be provided.</p>

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 3) to include:

<p>For a retail water or sewerage service (for example, local governments)</p>	<p>Service providers with 1000 or less connections to a registered service</p>
<p>For an irrigation service</p>	<p>Service providers with:</p> <ul style="list-style-type: none"> • 100 or less users; or • volume throughput, in any of the last five financial years, of 10 000ML or less
<p>For a water service other than the above</p>	<p>Service providers with not more than 500 customers and that mainly provide drainage services or water for domestic purposes or for watering stock.</p>

¹ These guidelines are available on the DERM website: <www.derm.qld.gov.au>

² A combined CSS may be prepared which covers all registered services.

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 (including audit reports, reviews and annual reporting) and CSS requirements as follows:

- a new service provider must prepare and submit a SAMP to the regulator for approval within one year of being registered as a service provider
- conduct regular reviews of the approved SAMP at intervals, set by the regulator, of not less than one year
- conduct regular audits of the approved SAMP at intervals, set by the regulator, of not less than two years
- prepare an annual report for each financial year after a financial year in which a SAMP has been approved
- prepare a CSS and give a copy to the regulator and all customers who do not have a service contract, within one year of being registered as a service provider.

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 SAMP 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 as soon as possible.

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 one or more of the following requirements of Chapter 2, Part 4, Divisions 1, 4, 5 and 9 of the Act.

- a. Division 1 (s. 70 to s. 77) covers the requirement of service providers to prepare and comply with a SAMP.
- b. Division 4 (s. 105 to s. 112) requires service providers to regularly review and arrange for regular audit reports of the approved SAMP.
- c. Division 5 (s. 113 to s. 120) requires service providers to prepare and comply with CSS.
- d. Division 9 (s. 141 and s. 142) requires that service providers prepare an annual report about their SAMP.

Where an exemption is granted for Division 1, then the exemption will also apply to Divisions 4 and 9 (where they apply to a SAMP). Similarly, where an exemption is granted for Division 5 (CSS requirements) it will relate to all components—that is, preparation, distribution to customers and annual review.

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 SAMP CSS and Annual Report Exemption Application Form (the form), to the regulator (s. 146). 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 relates to. 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 (including audit reports, reviews and annual reporting) and CSS 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.

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 downloading from the DERM website: <www.derm.qld.gov.au>. There is currently 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. 147 an exemption must be granted (with or without conditions) if the regulator is satisfied that it is not reasonably practicable for the small service provider to comply with 1 or more of the provisions of Chapter 2, Part 4, Divisions 1, 4 (relating to SAMP), 5 and 9 (relating to SAMP) because the cost of complying 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 148 of the Act requires the regulator to give the service provider an information notice advising of the outcome of the exemption application. The Act requires information notices to:

- state the decision
- state the reasons for the decision
- state the name and address of any other person who was given the notice
- state that the person to whom the notice is given may apply for an internal review of the decision, within 30 business days after the notice is given
- state how to apply for the internal review
- include a copy of the relevant internal review provisions of the Act.

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 148 also requires the regulator, as soon as is practicable after granting an exemption, give notice of the exemption in the gazette. 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.

2.7 Rights of appeal

Any decision made by the regulator in regard to an exemption may be the subject of appeal (Chapter 7 of the Act).

In the first instance, the service provider may apply to the regulator for an internal review of a decision.

An application for internal review must be made within 30 business days after the day the service provider is given the information notice advising 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 WSR004 Internal review of decision application—a copy of which can be obtained from
 - Office of the Water Supply Regulator, Department of Environment and Resource Management, GPO Box 2454, Brisbane, Qld, 4001 or
 - by downloading it from the DERM website <www.derm.qld.gov.au>.
- accompanied by a statement of the grounds on which the service provider seeks the review of the decision
- supported by enough information to enable the reviewer to decide the application.

The reviewer must, within 10 business days after making a review decision, give the service provider and any person who was given notice of the original decision, a notice of the review decision.

If the service provider is not satisfied with the review decision, arbitration can be sought from the Queensland Competition Authority (QCA) (Chapter 7, Sections 524—529 of the Act).

The service provider may give the QCA a dispute notice applying for arbitration on the review decision. This notice must be given within 30 business days after the day that the service provider receives notice of the review decision. The dispute notice must state the name and address of the service provider, details of the 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.

An application for arbitration from the service provider does not stay the review decision. However, the service provider may immediately apply for a stay of the review decision to a court with jurisdiction to hear the proceeding.

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. However, 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 exemption can request a 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 (s. 149).

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 7 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 QCA (see Section 2.7 Rights of appeal).

3 Information required for an exemption application

3.1 General

An exemption from Divisions 1, 4, 5 or 9 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 four 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 3.5 respectively. The categories are:

- SAMP requirements (see Section 3.2)
- Review and audit of a SAMP requirements (see Section 3.3)
- CSS requirements (see Section 3.4)
- Annual Reporting requirements for SAMPs (see Section 3.5).

Because Divisions 1, 4 and 9 deal with the requirements of a SAMP, service providers applying for Division 1 exemption, should also apply for an exemption from the requirements of Divisions 4 and 9.

Unless otherwise stated in Sections 3.2 to 3.5, 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 for example, 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 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:

<ul style="list-style-type: none"> • better knowledge of the condition and performance of infrastructure to support maintenance and renewal decisions 	<ul style="list-style-type: none"> • better knowledge and understanding of costs and impacts of customer demand and service quality decisions
<ul style="list-style-type: none"> • improved risk management 	<ul style="list-style-type: none"> • optimisation of recurring operation and maintenance costs
<ul style="list-style-type: none"> • ability to target investment decisions 	<ul style="list-style-type: none"> • increased accountability to customers
<ul style="list-style-type: none"> • reduced frequency of events affecting quality and quantity 	<ul style="list-style-type: none"> • deferral of renewal/replacement of infrastructure
<ul style="list-style-type: none"> • reduced incidence of unplanned interruptions 	<ul style="list-style-type: none"> • 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 per cent.

The majority of the 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 the department. The SAMP exemption model 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	<ul style="list-style-type: none"> • determines the cost of a SAMP (including preparation, reviewing and auditing) using a 6 per cent real—that is, 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	<ul style="list-style-type: none"> • determines the benefit cost savings to operation, maintenance, administration and renewals/replacement expenditure over a 10-year period based on a 4 per cent 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.

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 10 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 and lined drains—cross-sectional area (m²) 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 small service provider exemption application form must accompany the above information.

There are two possible outcomes:

- where the SAMP costs are greater than the total benefits—generally an exemption will be granted
- where the SAMP costs are equal to or less than the total benefits—generally an exemption will 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 form. 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 per cent real—that is, inflation minus adjusted discount rate)
- use a 10-year time horizon
- 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—generally an exemption will be granted
- where the SAMP costs are equal to or less than the total benefits—generally an exemption will not be granted.

3.3 Review and audit reporting exemption information requirements for SAMP

If a small service provider applies for an exemption from undertaking a review and audit of their approved SAMP and has already been granted an exemption for a SAMP then the request for exemption from the review and audit requirements will also be granted.

The service provider must prepare a report that accompanies the form. The report must:

- specify all monetary costs involved in undertaking a review and audit of the SAMP, and development and implementation of the information systems needed to support the review and audit requirements
- specify any monetary benefits that would be realised from the SAMP review and audit requirements
- specify and justify the underlying values and assumptions assumed
- use a 10-year time horizon
- 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.

3.4 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, that is, billing, metering, accounting, customer consultation, complaints and dispute resolution.

The requirement applies only to providers who do not have contracts 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, for example, 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 for example, 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, for example, customer awareness and knowledge of the type and level of service they are receiving, and how they interact with the provider for example, billing, metering, complaints etc.
- service providers, for example, transparency, potentially enhanced community relations; minimisation of disputes and potential liability.

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, that is, cost per connection • 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>

3.4.1 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 per cent real—that is, inflation minus adjusted discount rate)
- use a 10-year time horizon
- 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 form.

3.5 Annual reporting exemption information requirements for SAMP

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 then the request for exemption from the annual reporting requirements will also be granted.

The service provider must prepare a report that accompanies the form. The report must:

- specify all monetary costs involved in SAMP 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 annual reporting requirements
- specify and justify the underlying values and assumptions assumed
- use a 10-year time horizon
- 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 10 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, such as 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 and 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 and 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 10-year capital works program 10-year 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	Collate and review documentation
	Site visit	Data collection
	Service and 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

SAMP requirement	Component	Activities
		Update 10-year capital works program Update 10-year 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	Collect and review information
	Site visit	Interview staff and review process and documents
	Report	Prepare and certify audit report

Appendix 2—Definitions

the Act—the *Water Supply (Safety and Reliability) Act 2008* and references to sections means sections of the Act.

Annual report—a report prepared by the service provider under section 141.

Applicant—the person(s)/entity applying for review.

Application—the application for review.

Approved form—the form for making an application for exemption for a small service provider, approved under s. 585.

Approved SAMP—a SAMP that has been approved by the regulator under s. 74.

Chief executive—the Director-General, Department of Environment and Resource Management.

CSS—customer service standards that are prepared to ensure customers who do not have a contract with the service provider for the supply of registered services are protected by standards relating to the supply.

CSS annual report—an annual report prepared under s. 141 about the service provider’s performance for the financial year for the services for which the service provider is registered against the CSS for the services; and the outcome of any review of the CSS and how the service provider has addressed matters raised in the review.

Department—the Department of Environment and Resource Management.

DERM—the Department of Environment and Resource Management.

Exemption application—an application for a small service provider exemption, under s. 146.

Exemption model—the computer based service provider exemption model or service provider (water authority) model referred to in these guidelines.

Guidelines—the Guidelines for Granting Exemptions for: Strategic Asset Management Plans, Customer Service Standards and Annual Reports, issued by the regulator.

Information notice—a formal notice of a decision made under the Act. The Act states when information notices must be sent. Information notices must include a copy of the relevant internal review provisions and state:

- the decision (Act requirement)
- the decision maker’s findings on material questions of fact (section 27B *Acts Interpretation Act 1954* requirement)
- the evidence on which those findings were based (section 27B *Acts Interpretation Act 1954* requirement)
- the reasons for the decision (Act requirement)
- the name and address of any other person who was given the notice (Act requirement)
- that the person to whom the notice is given may apply for an internal review of the decision, within 30 business days after the notice is given (Act requirement)
- how to apply for the internal review (Act requirement).

Interested person—a person who has been given an information notice or a compliance notice by the regulator or chief executive or an authorised officer appointed by the regulator or chief executive.

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

Original decision—a decision or action for which a notice was given under s. 510(1).

Properly made submission—a submission that:

- is made by a person invited to make the submission
- is in writing and is signed by each person who made the submission
- is received on or before the last day for the making of the submission
- states the name and address of each person who made the submission
- states the grounds of the submission and the facts and circumstances relied on in support of the grounds
- is received by the person stated in the notice inviting the submission.

QCA—Queensland Competition Authority.

Registered service—for a service provider, means a water or sewerage service for which the service provider is registered.

Regulator—the chief executive (Director-General), Department of Environment and Resource Management.

Retail water service—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 section 161 of the Act for either, or both, a retail water service, or sewerage service, to customers (that is, a service area declared under the Act), or taken to exist under s. 608 (a transitional provision that is relevant for water areas and sewerage areas that were declared to exist under the *Water Act 2000*).

Review—a review of an original decision mentioned in s. 510(1).

Review decision—a decision made under s. 514(1) or taken to have been made under s. 515(4). A decision to either:

- confirm an original decision
- amend the original decision
- substitute another decision for the original decision.

SAMP—each service provider must have an approved strategic asset management plan for ensuring continuity of supply of each of the service provider's registered services.

SAMP annual report—an annual report about an approved SAMP, prepared under s. 141.

SAMP review—a review of an approved SAMP to ensure the plan remains relevant having regard to best practice industry standards for the types of services provided by the service provider.

SAMP audit—is to verify the accuracy of performance data provided through the annual report and assess the service provider's technical ability to meet the standards identified in the plan.

Service provider—a water service provider or a sewerage service provider.

Sewerage service—

1. Sewerage service means—
 - a. sewage treatment; or
 - b. the collection and transmission of sewage through infrastructure; or
 - c. the disposal of sewage or effluent.
2. For chapter 2, part 3 of the Act, the term does not include a service supplied by infrastructure, if—
 - a. the infrastructure is used solely for mining purposes; or
 - b. the service is used only by
 - i. the owner of the infrastructure or the owner's guests or employees, including, for example, guests at a resort; or
 - ii. if the owner of the infrastructure is a body corporate for a community titles scheme under the *Body Corporate and Community Management Act 1997*—the occupants of lots in the scheme.

Small service provider—

- a. for a retail water service or sewerage service—a service provider with 1000 or less connections to a registered service; or
- b. for a drinking water service that is the reticulation of water and is not a retail water service - a service provider with 1000 or less connections to a registered service; or
- c. for an irrigation service—a service provider with—
 - i. 100 or less users; or
 - ii. a volume throughput, in any of the last five financial years, of 10 000 ML or less; or
- d. for a water service other than a water service mentioned in paragraph (a), (b) or (c), a service provider—
 - i. with not more than 500 customers; and
 - ii. that mainly provides drainage services or water for domestic purposes or for watering stock.

SP—a service provider.

SPE 01—the Small Service Provider SAMP, CSS and Annual Report Exemption Application Form, approved under section 585 of the Act.

Water service—

1. Water service means—
 - a. water harvesting or collection, including, for example, water storages, groundwater extraction or replenishment and river water extraction; or
 - b. the transmission of water; or
 - c. the reticulation of water; or
 - d. drainage, other than stormwater drainage; or
 - e. water treatment or recycling.
2. For chapter 2, part 3 of the Act, the term does not include a service supplied by infrastructure, if—
 - a. the infrastructure is used solely for mining purposes; or
 - b. the service is used only by—
 - i. the owner of the infrastructure or the owner's guests or employees, including, for example, guests at a resort, or
 - ii. if the owner of the infrastructure is a body corporate for a community titles scheme under the *Body Corporate and Community Management Act 1997*—the occupants of lots in the scheme.

Water service provider—a person registered under chapter 2, part 3 (of the Act), as a service provider for a water service.