



DELIVERING MANAGEMENT INFORMATION FROM THE REGULATORY PERFORMANCE MEASUREMENT SYSTEM

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Contents

- Introduction to the RPMS
- Understanding performance measurement & indicators
- Data collection methodology
- Results of the data analysis (system reports)
- Conclusions & Recommendations



Rationale



water & environment

Department:
Water and Environmental Affairs
REPUBLIC OF SOUTH AFRICA

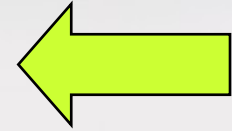


Mandate to regulate local government as WSAs

Regulatory strategy (NWSRS) says: "Measure/Reveal Performance!"



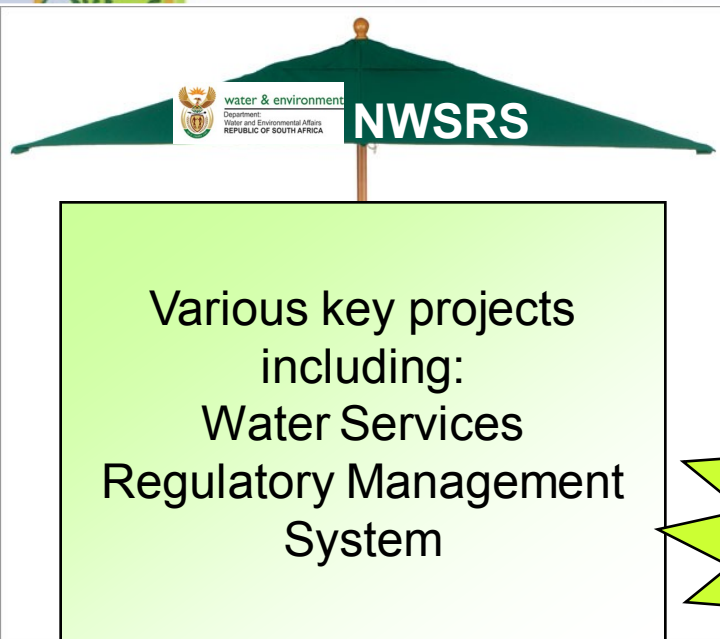
HOW?



If you cannot *measure* an activity, you cannot *control* it. If you cannot control it, you cannot *manage* it. Without dependable measurements, intelligent *decisions* cannot be made.



RPMS context



- 1: Access to water supply
- 2: Access to sanitation supply
- 3: Access to FBW
- 4: Access to FBS
- 5: Drinking water quality
- 6: Wastewater quality
- 7: Customer services standards
- 8: Institutional effectiveness
- 9: Financial performance
- 10: Strategic asset management
- 11: Water use efficiency



Objectives of the RPMS



- Purpose:
 - To systematically and uniformly assess WSA compliance to national norms and standards in each of the identified performance areas,
 - To highlight non-complying WSAs &
 - To manage the consequences of non compliance
- Objectives:
 - Improve business practise
 - To improve compliance with **national standards and norms**
 - To ensure DWA's regulatory processes are standardised and uniform (Regulator has to be transparent, consistent and predictable)
 - To ensure that data is collected is verifiable, accurate & useful to other processes, and
 - WSAs RECEIVE STRATEGIC FEEDBACK on data provided.



What is the Regulatory Performance Measurement System?




*A simple **tool** to be used by the **Regulator** to **measure performance** against key performance indicators and to **determine performance trends** with the intention of promoting best practice in the sector*





Understanding performance measurement

Definition: the process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals or standards



Performance measurement system

Definition: formal, regular, rigorous system of data collection and usage that provides measures in changes in effectiveness and efficiency to illustrate the relative performance of an entity over time



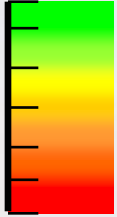
Using indicators in the RPMS

Regulation: the activity of managing the consequences of non-compliance
↓
Objectively, uniformly and transparently

Indicators indicate
↓
Indicators point to a problem and establish a trend by simplifying measures. RPMS is not a system for detailed data or reports

Indicators cover broad areas of water services business
↓
Broken down into weighted components to reflect performance on critical issues in each broad area

Compliance measured against a standard and performance on a performance scale
↓
Application of national (& international) norms & standards



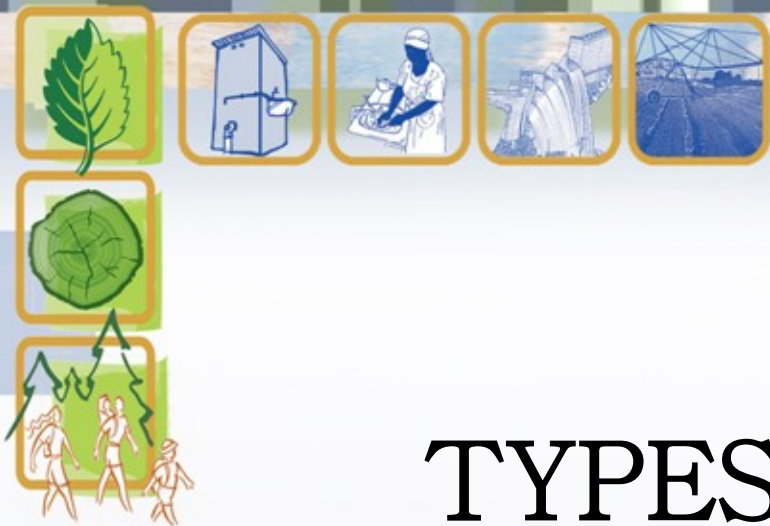


Methodology

- Data is based on the Legislative reporting framework
- Only credible and verifiable data is needed for the system
- Automated data channels are in place for KPI 1 – 6, data for KPI 7 – 11 is sourced directly from municipalities

DATA COLLECTION PROCESS

- 07/08 Municipal Financial year data was collected in 5 provinces (*Gauteng; WC; FS; NC & Limpopo*)
- 08/09 data to be collected from August 2009.



TYPES OF REPORTS

for the benefit of the WSAs

- System Dash board
- Compliance Assessment report
- Performance Assessment report



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Water Services Regulatory Management System - (WSRMS)

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Related Information

Level: National

KPI Dashboard

Key Performance Indicators	Translated KPI Score	Required score	Compliance	Trend & Target
KPI 1: Access to water supply [Overall KPI compliance score]	3.987	3		
KPI 2: Access to sanitation [Overall KPI compliance score]	3.061	3		
KPI 3: Free Basic Water [Overall KPI compliance score]	3.474	3		
KPI 4: Free Basic Sanitation [Overall KPI compliance score]	No data	3		
KPI 5: Drinking Water Quality [Overall KPI compliance score]	0.020	4.5		
KPI 6: Wastewater quality [Overall KPI compliance score]	0.991	3		
KPI 7: Customer service standards [Overall KPI compliance score]	2.375	2.5		
KPI 8: Institutional effectiveness [Overall KPI compliance score]	1.995	3.5		
KPI 9: Financial performance [Overall KPI compliance score]	0.678	4		
KPI 10: Strategic asset management [Overall KPI compliance score]	2.502	3		
KPI 11: Water use efficiency [Overall KPI compliance score]	2.000	3		

Announcements

Call Centre Toll Free Line
0800 200 200

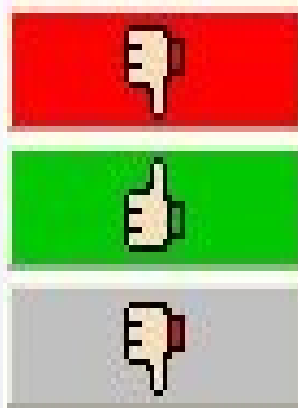
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Compliance Assessment measure

Non compliance
based on data
provided



Compliance based
on data provided

Non-compliance
with no data
provided



Setsoto LM – Compliance assessment

KPI No.	KPI Name	Component No.	Component Name	Component score comparison		Compliance	Compliance score
7	Customer service standards	1	Service interruptions	1.50	1.50	👍 4.13	2.5
		2	CRM systems	2.63	3.50		
8	Institutional effectiveness	1	Institutional effectiveness assessment	2.50	3.00	👍 4.02	3.5
		2	Water services staff effectiveness	0.60	1.00		
		3	Funding allocation spending effectiveness	0.92	1.00		
9	Financial performance	1	Financial integrity	0.43	1.00	👎 1.26	4
		2	Average debtor days (water and sanitation)	0.00	1.00		
		3	Revenue collection efficiency	0.33	1.00		
		4	Average creditor days (bulk water)	0.50	0.50		
		5	Financial sustainability	0.00	1.50		
10	Strategic asset management	1	Asset management effectiveness	1.25	1.25	👍 4.50	3
		2	O&M expenditure	0.75	1.25		
		3	Rehabilitation and replacement expenditure				
		4	Replacement saving	0.50	0.50		
		5	Asset register monitoring (5 key elements)	2.00	2.00		
11	Water use efficiency	1	Non-revenue water	3.00	5.00	👍 3.00	3

Not complying by a large margin

Mogalakwena LM - Compliance assessment

KPI No.	KPI Name	Component No.	Component Name	Component score	Comparison	Compliance	Compliance score
7	Customer service standards	1	Service interruptions	1.20	1.50	👍 3.83	2.5
		2	CRM systems	2.63	3.50		
8	Institutional effectiveness	1	Institutional effectiveness assessment	2.50	3.00	👍 3.50	3.5
		2	Water services staff effectiveness	1.00	1.00		
		3	Funding allocation spending effectiveness	0.00	1.00		
9	Financial performance	1	Financial integrity	0.86	1.00	👎 2.62	4
		2	Average debtor days (water and sanitation)	0.20	1.00		
		3	Revenue collection efficiency	0.76	1.00		
		4	Average creditor days (bulk water)	0.50	0.50		
		5	Financial sustainability	0.30	1.50		
10	Strategic asset management	1	Asset management effectiveness	0.63	1.25	👎 3.75	
		2	O&M expenditure	1.12	1.25		
		3	Rehabilitation and replacement expenditure				
		4	Replacement saving	0.00	0.50		
		5	Asset register monitoring (5 key elements)	2.00	2.00		
11	Water use efficiency	1	Non-revenue water	0.00	5.00	👎 0.00	3

Not complying by a relatively large margin

Not complying because data could not be properly supplied





Performance Assessment scale

Overall KPI score and each component score is out of 5, therefore...

0-1	Crisis situation - needs urgent attention
>1-2	Area of concern
>2-3	Satisfactory
>3-4	Good
>4-5	Excellent
	Not measured



Setso LM - Performance Assessment

KPI No.	KPI Name	Component No.	Component Name	Component Performance evaluation	Overall performance evaluation based on score
7	Customer service standards	1	Service interruptions	Excellent	4.13
		2	CRM systems	Good	
8	Institutional effectiveness	1	Institutional effectiveness assessment	Excellent	4.02
		2	Water services staff effectiveness	Satisfactory	
		3	Funding allocation spending effectiveness	Excellent	
9	Financial performance	1	Financial integrity	Satisfactory	1.26
		2	Average debtor days (water and sanitation)	Crisis	
		3	Revenue collection efficiency	Concern	
		4	Average creditor days (bulk water)	Excellent	
		5	Financial sustainability	Crisis	
10	Strategic asset management	1	Asset management effectiveness	Excellent	4.50
		2	O&M expenditure	Satisfactory	
		3	Rehabilitation and replacement expenditure	Not measured	
		4	Replacement saving	Excellent	
		5	Asset register monitoring (5 key elements)	Excellent	
11	Water use efficiency	1	Non-revenue water	Satisfactory	3.00

Weak areas in otherwise excellent performance

Priority areas to address

Mogalakwena LM – Performance Assessment

KPI No.	KPI Name	Component No.	Component Name	Component Performance evaluation	Overall performance evaluation based on score
7	Customer service standards	1	Service interruptions	Excellent	3.83
		2	CRM systems	Good	
8	Institutional effectiveness	1	Institutional effectiveness assessment	Excellent	3.50
		2	Water services staff effectiveness	Excellent	
		3	Funding allocation spending effectiveness	Crisis	
9	Financial performance	1	Financial integrity	Excellent	2.62
		2	Average debtor days (water and sanitation)	Crisis	
		3	Revenue collection efficiency	Good	
		4	Average creditor days (bulk water)	Excellent	
		5	Financial sustainability	Crisis	
10	Strategic asset management	1	Asset management effectiveness	Satisfactory	3.75
		2	O&M expenditure	Excellent	
		3	Rehabilitation and replacement expenditure	Not measured	
		4	Replacement saving	Crisis	
		5	Asset register monitoring (5 key elements)	Excellent	
11	Water use efficiency	1	Non-revenue water	Crisis	0.00

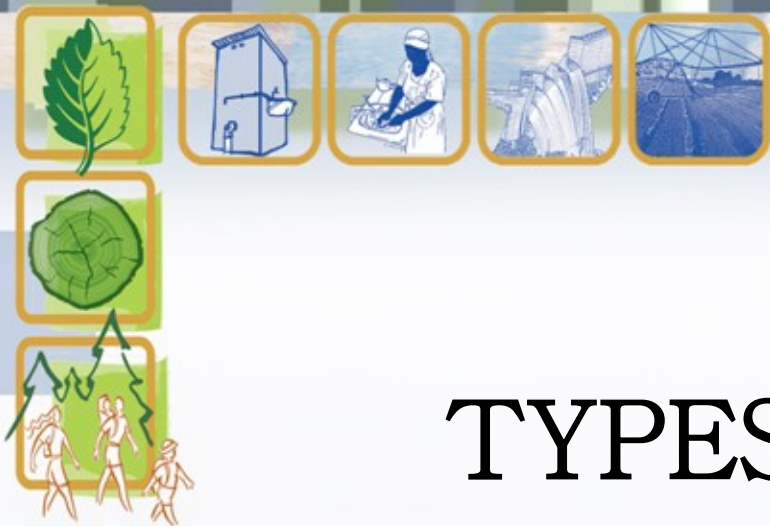
Weak areas in otherwise good performance

Priority areas to address



Highlights of these reports

- Both WSAs need to give attention to KPI 9: Financial Performance
- Mogalakwena – attention to KPI 11: Water use efficiency (Setsoto to a lesser extent)
- Regulatory Action will be initiated on KPI 9 (Regulatory transparency & predictability)
- All crisis components are for management's attention



TYPES OF REPORTS

for the benefit of the
Regulator



NC Averages

NORTHERN CAPE - AVERAGE COMPLIANCE

KPI No.	KPI Name	Compliance score	Northern Cape average
7	Customer service standards	2.5	1.45
8	Institutional effectiveness	3.5	2.69
9	Financial performance	4	2.29
10	Strategic asset management	3	1.11
11	Water use efficiency	3	0.23

NORTHERN CAPE - AVERAGE PERFORMANCE

KPI No.	KPI Name	Compliance score	Northern Cape average
7	Customer service standards	2.5	1.45
8	Institutional effectiveness	3.5	2.69
9	Financial performance	4	2.29
10	Strategic asset management	3	1.11
11	Water use efficiency	3	0.23



WC Averages

Western Cape - AVERAGE COMPLIANCE

KPI No.	KPI Name	Compliance score	Western Cape average compliance
7	Customer service standards	2.5	3.21
8	Institutional effectiveness	3.5	4.07
9	Financial performance	4	2.94
10	Strategic asset management	3	2.58
11	Water use efficiency	3	1.67

Western Cape - AVERAGE PERFORMANCE

KPI No.	KPI Name	Compliance score	Western Cape average performance
7	Customer service standards	2.5	3.21
8	Institutional effectiveness	3.5	4.07
9	Financial performance	4	2.94
10	Strategic asset management	3	2.58
11	Water use efficiency	3	1.67

Regional Priorities (Gauteng)

REGULATORY PERFORMANCE MEASUREMENT SYSTEM

Gauteng REGION - CONSOLIDATED PERFORMANCE REPORT

Legend:	
0-1	Crisis situation - needs urgent
>1-2	Area of concern
>2-3	Satisfactory
>3-4	Good
>4-5	Excellent

KPI No.	Component name	City of Tshwane Metropolitan Municipality	Mogale City Local Municipality	Nokeng tsa Taamane Local Municipality	City of Johannesburg Metropolitan Municipality	Westonaria Local Municipality	Randfontein Local Municipality	Lesedi Local Municipality	Emfuleni Local Municipality
9	Financial integrity	Satisfactory	Crisis	Satisfactory	Excellent	Good	Satisfactory	Satisfactory	Crisis
	Average debtor days (water and sanitation)	Excellent	Crisis	Crisis	Crisis	Crisis	Excellent	Crisis	Crisis
	Revenue collection efficiency	Crisis	Crisis	Excellent	Excellent	Excellent	Good	Excellent	Crisis
	Average creditor days (bulk water)	Good	Excellent	Excellent	Crisis	Excellent	Excellent	Crisis	Crisis
	Financial sustainability	Excellent	Excellent	Good	Excellent	Crisis	Crisis	Excellent	Excellent

Priority:		Averaged values
2	Financial integrity	2.32
1	Average debtor days (water and sanitation)	1.38
4	Revenue collection efficiency	2.70
3	Average creditor days (bulk water)	2.38
5	Financial sustainability	3.75

KPI No.	Component name	City of Tshwane Metropolitan Municipality	Mogale City Local Municipality	Nokeng tsa Taamane Local Municipality	City of Johannesburg Metropolitan Municipality	Westonaria Local Municipality	Randfontein Local Municipality	Lesedi Local Municipality	Emfuleni Local Municipality
10	Asset management effectiveness	Excellent	Satisfactory	Good	Satisfactory	Good	Good	Crisis	Crisis
	O&M expenditure	Excellent	Crisis	Crisis	Good	Excellent	Crisis	Excellent	Crisis
	Rehabilitation and replacement expenditure	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured
	Replacement saving	Crisis	Crisis	Crisis	Crisis	Excellent	Excellent	Excellent	Crisis
	Asset register monitoring (5 key elements)	Satisfactory	Crisis	Satisfactory	Excellent	Excellent	Good	Excellent	Crisis

Priority:		Averaged values
2	Asset management effectiveness	2.50
2	O&M expenditure	2.50
	Rehabilitation and replacement expenditure	Not measured
1	Replacement saving	1.88
4	Asset register monitoring (5 key elements)	3.75



Regional Priorities (Western Cape)

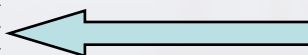
REGULATORY PERFORMANCE MEASUREMENT SYSTEM

Western Cape REGION - CONSOLIDATED PERFORMANCE REPORT

Legend:	
0-1	Crisis situation - needs urgent
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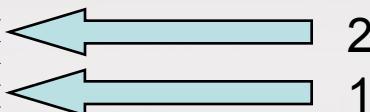
KPI No.	Component name	Bitou Local Municipality	Stellenbosch Local Municipality	Central Karoo Local Municipality	Laingsberg Local Municipality	Cape Town Metro Municipality	Knysna Local Municipality	Swartland Local Municipality	George Local Municipality	Overstrand Local Municipality	Bergrivier Local Municipality
9	Financial integrity	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Excellent	Good	Good	Excellent	Satisfactory	Concern
	Average debtor days (water and sanitation)	Excellent	Crisis	Satisfactory	Excellent	Crisis	Crisis	Excellent	Crisis	Crisis	Satisfactory
	Revenue collection efficiency	Satisfactory	Crisis	Concern	Satisfactory	Excellent	Excellent	Good	Crisis	Crisis	Crisis
	Average creditor days (bulk water)	Excellent	Crisis	Excellent	Excellent	Excellent	Crisis	Excellent	Excellent	Excellent	Excellent
	Financial sustainability	Excellent	Crisis	Good	Good	Excellent	Excellent	Crisis	Good	Excellent	Excellent

Priority:		Averaged values
4	Financial integrity	3.15
2	Average debtor days (water and sanitation)	2.10
1	Revenue collection efficiency	1.97
3	Average creditor days (bulk water)	3.05
5	Financial sustainability	3.35



KPI No.	Component name	Bitou Local Municipality	Stellenbosch Local Municipality	Central Karoo Local Municipality	Laingsberg Local Municipality	Cape Town Metro Municipality	Knysna Local Municipality	Swartland Local Municipality	George Local Municipality	Overstrand Local Municipality	Bergrivier Local Municipality
10	Asset management effectiveness	Satisfactory	Satisfactory	Crisis	Satisfactory	Concern	Crisis	Concern	Good	Concern	Concern
	O&M expenditure	Crisis	Concern	Crisis	Good	Concern	Crisis	Excellent	Excellent	Crisis	Good
	Rehabilitation and replacement expenditure	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured	Not measured
	Replacement saving	Crisis	Excellent	Crisis	Crisis	Excellent	Crisis	Excellent	Good	Crisis	Crisis
	Asset register monitoring (5 key elements)	Excellent	Crisis	Crisis	Excellent	Crisis	Good	Excellent	Excellent	Good	Excellent

Priority:		Averaged values
2	Asset management effectiveness	1.92
3	O&M expenditure	2.01
1	Rehabilitation and replacement expenditure	Not measured
4	Replacement saving	1.41
4	Asset register monitoring (5 key elements)	3.80





KPI 11 – WATER USE EFFICIENCY

The inability to measure



11	Water use efficiency	1	Non-revenue water	0.00	5.00	0.00	3
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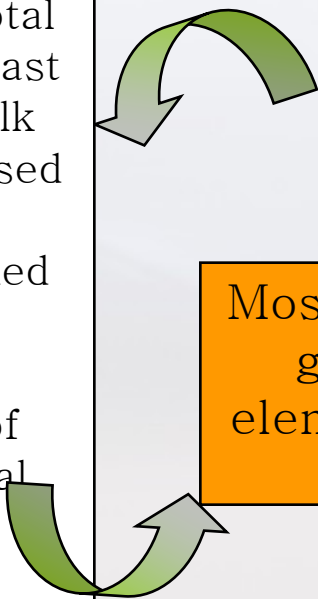


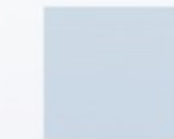
Most WSAs show a “cannot measure” result

FORMULA – NON-REVENUE WATER

%
 (Total volume of treated water purchased (last financial year) + Total volume of water treated in-house (last financial year)- Total volume of bulk treated water sold) - (Total authorised billed volume for the last financial year+ Total FBW volume not included in authorised billed volume)/(Total volume of treated water purchased (last financial year)+ Total volume of water treated in-house (last financial year)-Total volume of bulk treated water sold)*100

Most WSAs are unable to get the data for the elements of this complex formula





KPI 11 – WUE cont...

Other reasons for problems in this KPI

- WSAs supply incorrect data and applying the formula results in “strange” percentages (e.g. – 12513%)
- Where the formula **is correctly** applied, NRW % is very high (above 35%) which results in a score of zero



KPI 11 – WUE cont..

- Water is increasingly scarce and therefore increasingly expensive
- Major impact on WSA's bottom line
- Improving systematic measurement of water use and therefore improve efficiency is an imperative to prepare for the future
- **START NOW!!!!**



Conclusions

Systematic performance measurement:

- Delivers management information to WSAs concentrate resources on problem areas (not *ad-hoc*)
- Gives guidance on how to deploy scarce resources
- Highlights priority areas requiring Regulatory Actions
- Ensures Regulatory actions are carried out objectively and transparently



Recommendations

- Using RPMS can improve management efficiency and implications to service delivery
- Systematic approach to goal definition – i.e. what would constitute an improvement in business practise – need measureable goals
- Concentrate on critical issues – need the ability to prioritise



How does your WSA look?

Visit: http://www.dwaf.gov.za/dir_ws/rpm
to change the picture

THANK YOU