



REGULATORY PERFORMANCE MEASUREMENT SYSTEM

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MCC

21 May 2009



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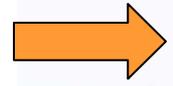


Rationale



water & forestry

Department:
Water Affairs & Forestry
REPUBLIC OF SOUTH AFRICA

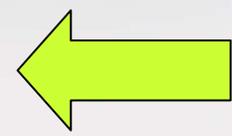


Mandate to regulate local government as WSAs

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 DWAF'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*





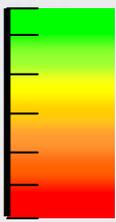
RPMS – system concepts

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



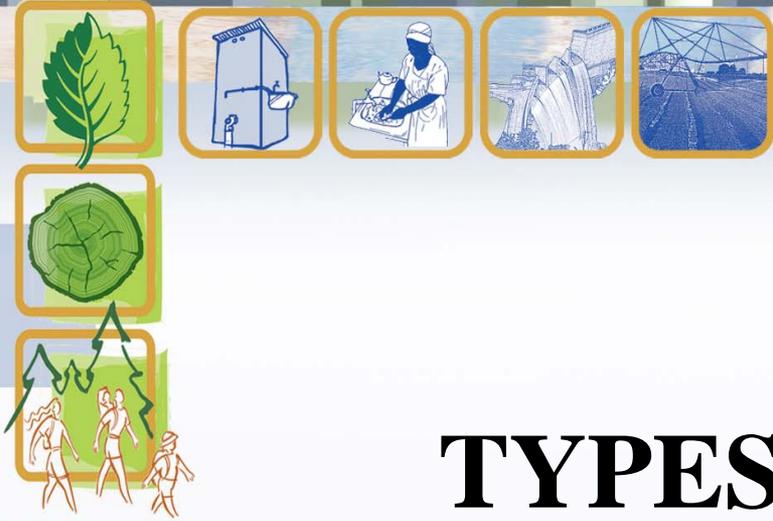


Methodology

- Data is based on the Legislative reporting framework
- Only credible and verifiable data is needed for the system
- Automated data channels are being set up

MANUAL PROCESS FOLLOWED TO DATE

- Regional workshops held in 5 provinces
- System has a data input feature (temporary)
 - *used at workshops where computers were available*
- Questionnaire drafted to take into account NBI data requirements
 - *sent out in advance prior to workshop date for WSAs to collect the data and bring it to the workshop*
 - *approximately 50 completed datasheets returned to date*



TYPES OF REPORTS

for the benefit of the WSAs

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



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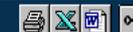


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Water Services Regulatory Management System - (WSRMS)

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- Limpopo
- Mpumalanga
- North West
- Northern Cape
- Western Cape

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		

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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



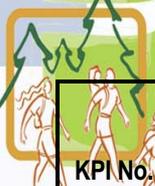
Not complying by a large margin



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



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



TYPES OF REPORTS

for the benefit of the Regulator



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 (Western Cape)

REGULATORY PERFORMANCE MEASUREMENT SYSTEM

Western Cape 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

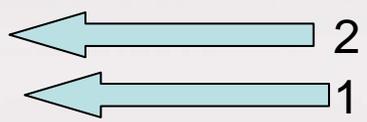
KPI No.	Component name	Bitou Local Municipality	Stellenbosch Local Municipality	Central Karoo Local Municipality	Laingsberg Local Municipality	Cape Town Metro Municipality	Knysna Local Municipality	Swartland Local Municipality	George Local Municipality	Overstrand Local Municipality	Bergrivier Local Municipality
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	Crisis	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
	Rehabilitation and replacement expenditure	Not measured
1	Replacement saving	1.41
4	Asset register monitoring (5 key elements)	3.80

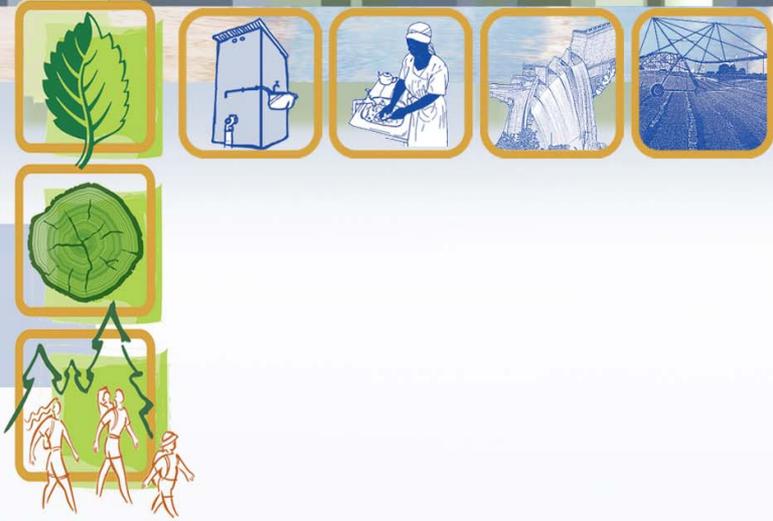




Conclusions

Systematic performance measurement:

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



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