

DWS

REGULATORY PERFORMANCE MEASUREMENT SYSTEM

July 2018

REPORTING FRAMEWORK



WATER IS LIFE - SANITATION IS DIGNITY



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



REPORTING FRAMEWORK

1. INTRODUCTION

This document serves as a reporting framework. It is the reporting framework for the Regulatory Performance Measurement System (RPMS). The framework seeks to provide an outline in terms of how the reporting structure of the revised RPMS should look like. The reporting framework document will outline issues such as: the frequency of reporting; the types of reports to be produced; the targeted audience of each of the reports and the kind of feedback as well as the quality of the content of the report(s) to be shared with the intended recipients.

2. BACKGROUND

The RPMS programme has been in existence for quite a number of years since its inception in 2007/08 financial year. It has been assessing the Water Services Authorities (WSAs) in the country, based on the key performance indicators provided for within the Strategic Framework for Water Services (SFWS) of the Department of Water and Sanitation (DWS). The programme has produced a series of reports, with the focus of those reports being on the WSAs performance. The regulatory scope of the Department should encompass all regulatory domains which had not been included in the regulatory processes in the past.

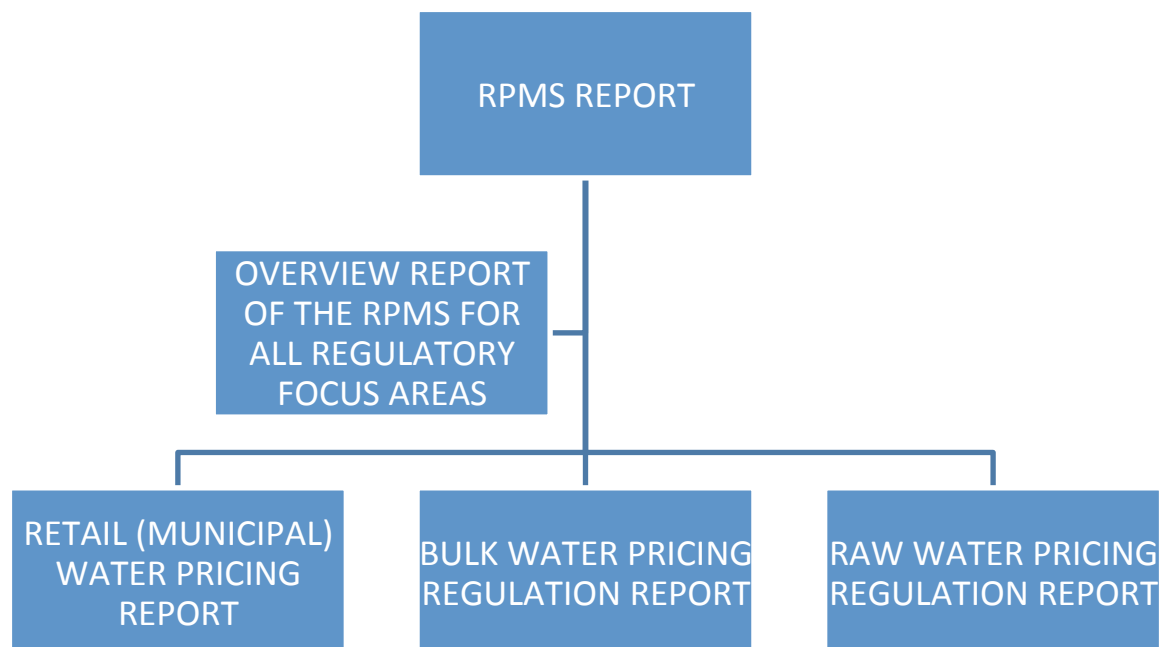
In 2014 the Department went through a restructuring process. During the restructuring process, the Chief Directorate: Economic and Social Regulation (CD: ESR) was established. The afore-mentioned CD: ESR is comprised of four directorates being: Retail (Municipal) Water Pricing Regulation; Bulk Water Pricing Regulation; Raw Water Pricing Regulation and Social Regulation. Therefore, the revision of the programme (i.e. RPMS) is currently underway and it has to take into consideration the inclusion of the regulation of functions performed in all of the four directorates within the CD: ESR. This includes amongst others: the revision of the RPMS programme; the revision of the current RPMS processes; the redevelopment of the system; the revision/ expansion of the targeted stakeholders, etc.

3. PURPOSE OF THE REPORTING FRAMEWORK

The reporting framework intends to encompass all the areas to be regulated through the RPMS programme. It furthermore intends to produce quality reports that are useful for the targeted audience at an agreeable frequency. The objective of the reporting framework is to ensure that the reports produced through the RPMS addresses issues of greater concern for the targeted Water Sector Institutions (WSIs). The reporting framework should allow for

timeous reporting that is able to address the gaps and/ or challenges identified in each of the regulatory focus areas.

4. THE STRUCTURE OF THE REPORTING FRAMEWORK

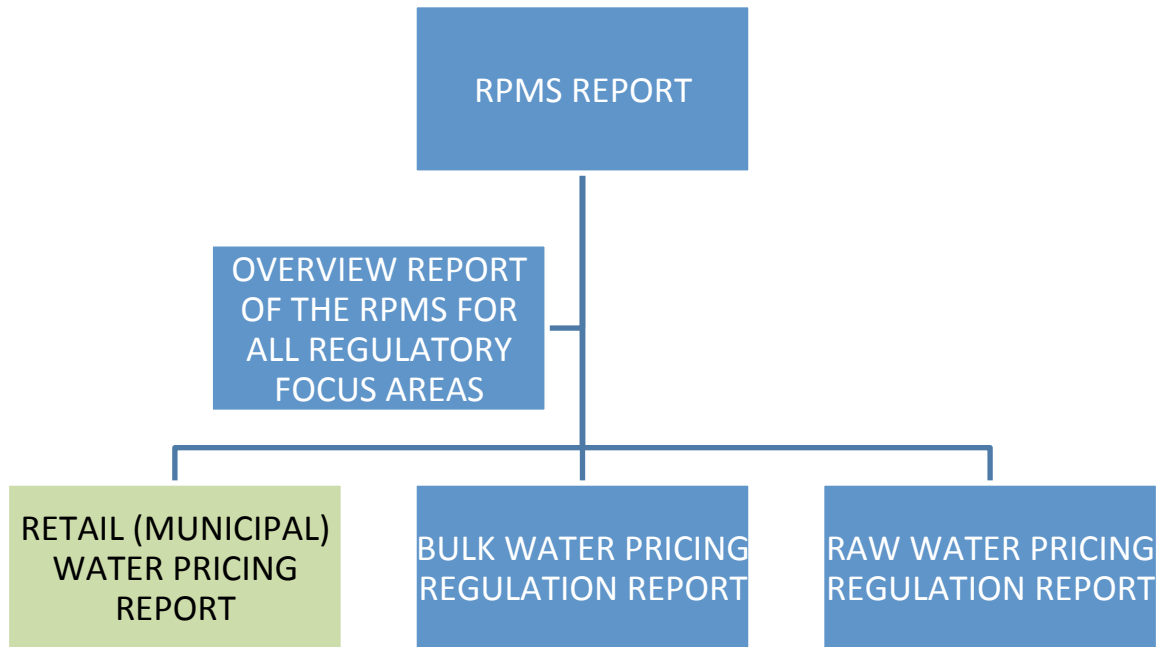


The above structure of the reporting framework depicts the high-level structure of the RPMS reporting. It is critical to zoom into each and every regulatory focus area in order to outline the various types of reports that should be produced under each of the regulatory focus areas. It should be noted that the pre-identified regulatory focus areas are performing different functions as depicted on the diagram below:

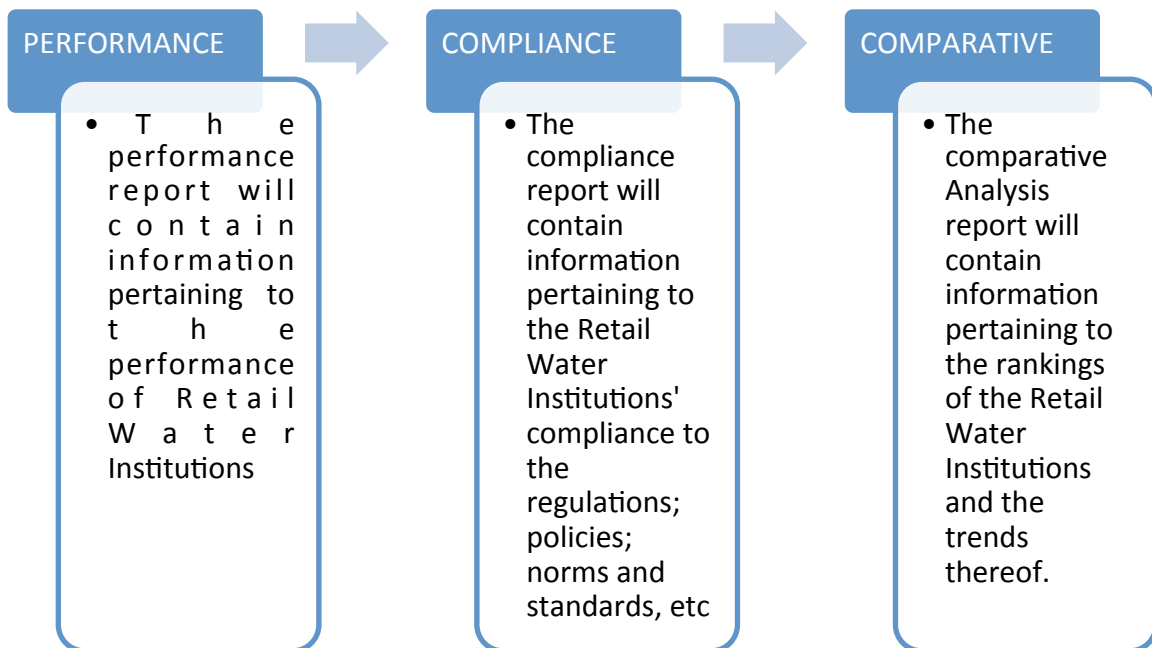
RAW WATER PRICING REGULATION	BULK PORTABLE WATER PRICING REGULATION	RETAIL (MUNICIPAL) WATER PRICING REGULATION
Analysis of tariff inputs cost factors Development of tariff determination standards Set water tariffs adjustments	Analysis of tariffs inputs costs factors Development of tariff determination standards Set water tariffs adjustments	Analysis of tariffs inputs costs factors Development of tariff determination standards Set water tariffs adjustments
CATCHMENT MANAGEMENT PRICING	BULK WATER PRICING	DRINKING WATER PRICING
The reviewing of CMAs and Asset Management Systems Ensure compliance to legislation, policies, norms & standards on raw water tariffs	The reviewing of bulk water providers and Asset Management Systems Ensure compliance to legislation, policies, norms & standards on bulk water tariffs	Develop tariff determination standards Conduct analysis of inputs and all projections on tariff application Oversee tariff consultation process Provision of regulatory guidelines
WATER USE ASSOCIATION PRICING	INTERMEDIARY WATER PRICING	WASTE WATER PRICING
-Reviewing of Asset Management Systems - Ensure compliance to legislation, policies, norms & standards on raw water tariffs	-The reviewing of bulk water providers and Asset Management Systems - Ensure compliance to legislation, policies, norms & standards on bulk water tariffs	-Develop tariff determination standards - Conduct analysis of inputs and all projections on tariff application - Oversee tariff consultation process - Provision of regulatory guidelines
INFRASTRUCTURE PRICING	INSTITUTIONAL DEBT ANALYSIS	RPMS
-Review the funding model	-The reviewing of credit control and debt	-Develop performance for improvement of

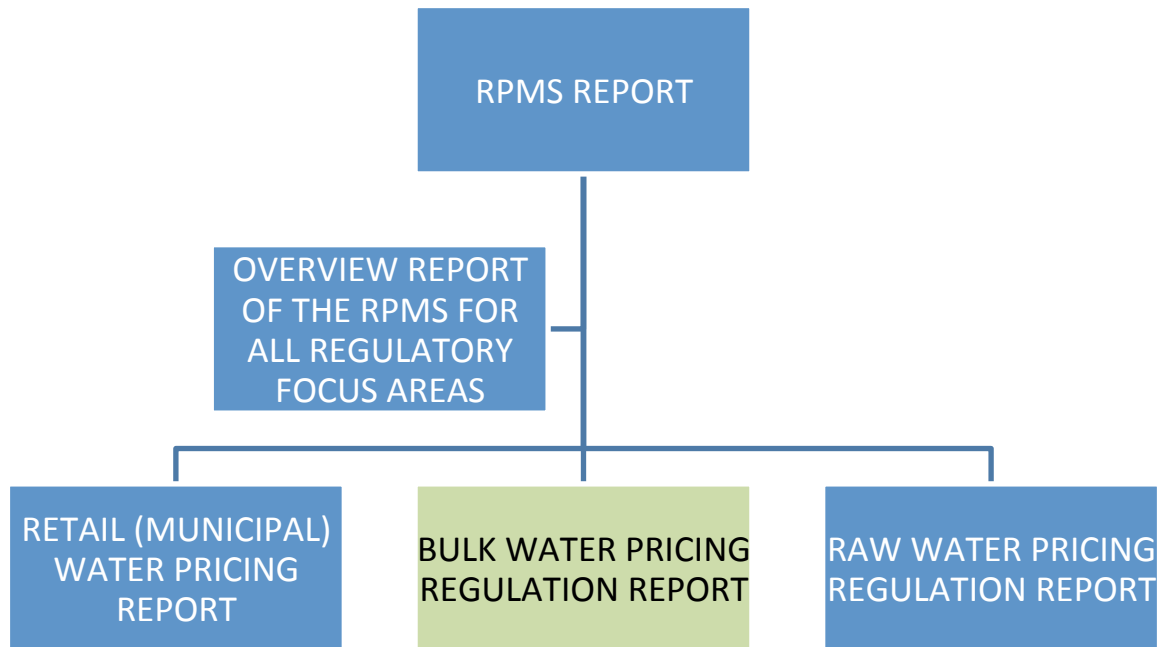
- Ensure compliance to legislation, policies, norms & standards on raw water tariffs	management policies and procedures on water pricing - Ensure compliance to legislation, policies, norms & standards on debt management	WSIs - Enforce compliance on WSAs
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NB: The following section will focus on unpacking the types of reports to be produced under each of the regulatory focus areas:

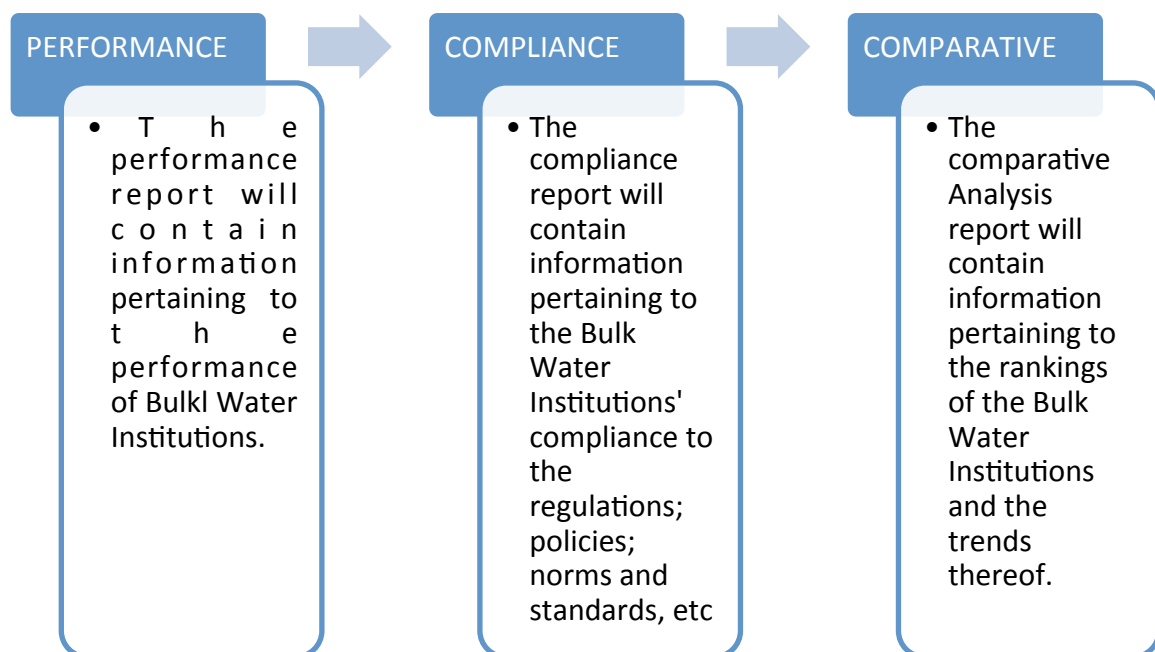


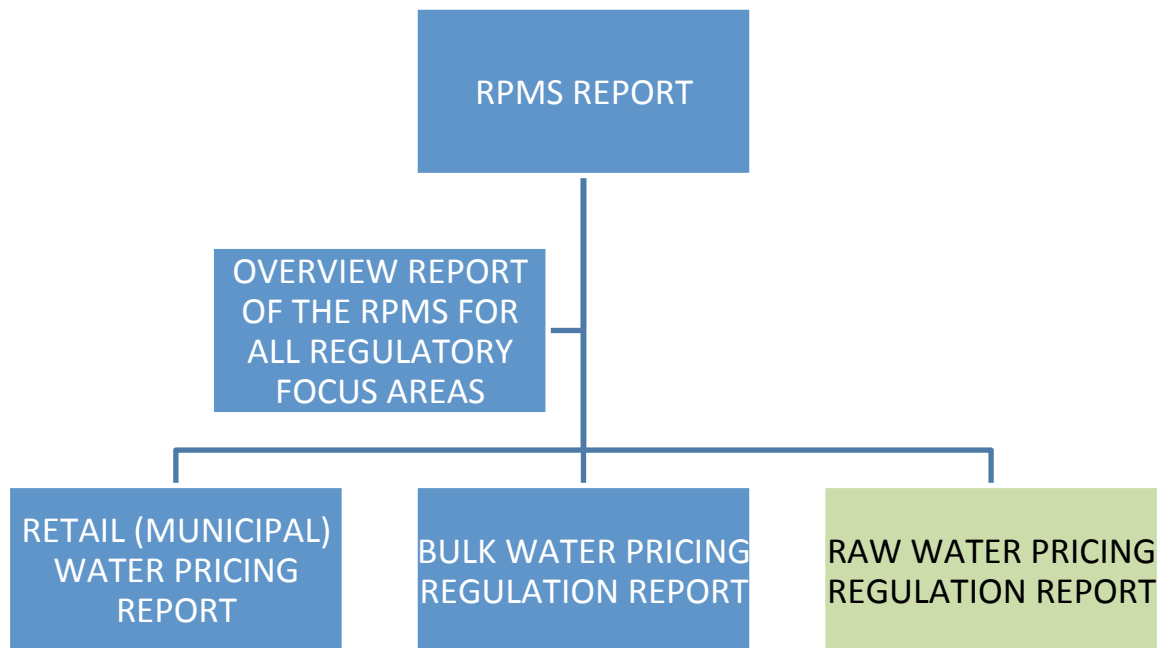
The green highlighted area will be the focus area wherein the types of reports to be produced will be explained in detail.



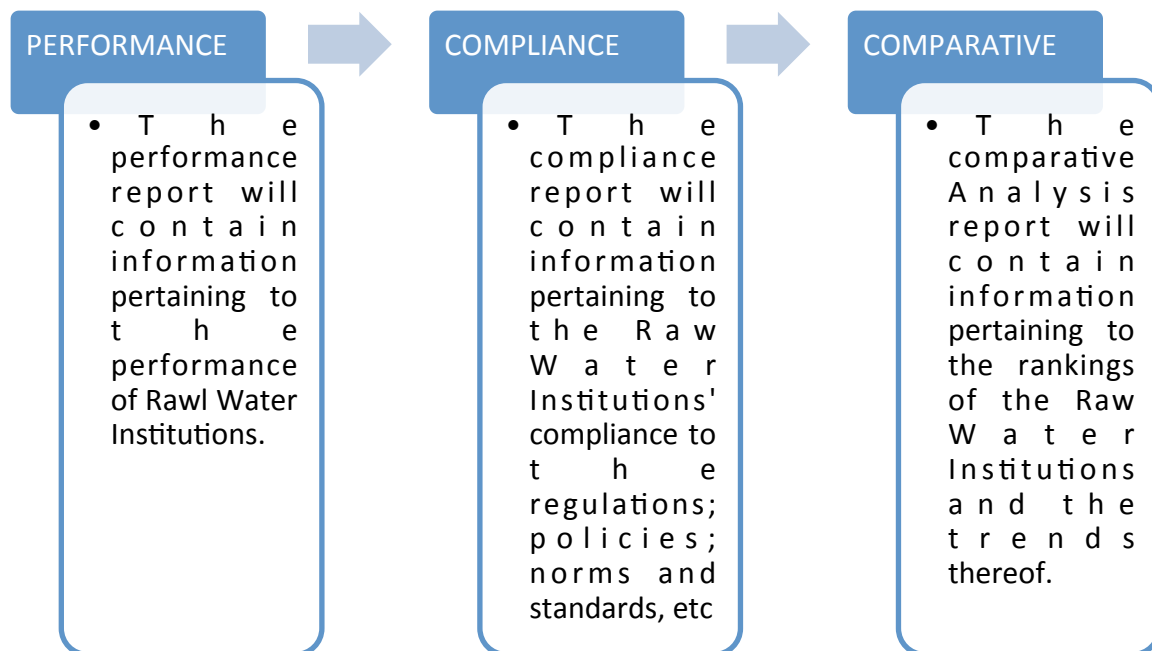


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5. SCORING

The Assessment criteria will be pre-determined and be well explained in the RPMS Long-Term Assessment Plan. The scoring will basically be influenced by the assessment criteria in terms of which criteria should carry more weight than the others. The criteria that have significant risks will obviously carry more weight in order to encourage the regulated institutions to improve their performance on those areas as well as to minimize the identified risks.

The RPMS (System) should have the built-in formula for scoring, and this should be created in such a way that it has all the options for scoring any form of responses from the regulated institutions. The revision of the targets should be conducted every year prior to the new assessment based on the previous year's performance status-quo of the regulated institutions. NB: If the performance of a certain criteria was not satisfactorily in the previous year, then the score will be tightened and vice-versa.

6. REPORTING TO THE SECTOR

There should be a Regulator's report issued to the regulated institutions and the entire water sector on the agreed upon frequency – of once in two years. In the interim there will be a progress report issued to provide information pertaining to the progress made on identified non-compliance areas. The reporting structure of the afore-mentioned report should be in a three-fold manner, covering the Raw Water; Bulk Water and Retail Water sections.

The reporting will be based on the agreed upon Key Performance Areas as prescribed in the Regulatory Performance Measurement System (RPMS) draft concept document. An RPMS system being developed will be rolled-out to all relevant Water Sector Institutions (WSIs). An adequate training on the usage of the system will be provided to all respective users in order for them to capture, monitor and review the data on the system from time-to-time.

The following are the proposed Key Performance Areas as per the draft RPMS concept:

Raw Water Institutions Key Performance Indicators:

NO	KEY PERFORMANCE INDICATOR
1	Access to Water Supply
2	Water Quality Management
3	Customer Relations Management
4	Institutional Effectiveness
5	Financial Performance
6	Strategic Asset Management
7	Water Use Efficiency
8	Risk Management

Bulk Water Institutions Key Performance Indicators:

NO	KEY PERFORMANCE INDICATOR
1	Access to Water Supply
2	Water Quality Management
3	Customer Relations Management
4	Institutional Effectiveness
5	Financial Performance
6	Strategic Asset Management
7	Water Use Efficiency
8	Risk Management

Retail Water Institutions Key Performance Indicators:

NO	KEY PERFORMANCE AREAS
1	ACCESS TO WATER SUPPLY
2	ACCESS TO SANITATION
3	ACCESS TO FREE BASIC WATER
4	ACCESS TO FREE BASIC SANITATION
5	DRINKING WATER QUALITY MANAGEMENT
6	WASTEWATER QUALITY MANAGEMENT
7	CUSTOMER SERVICE QUALITY
8	INSTITUTIONAL EFFECTIVENESS
9	FINANCIAL PERFORMANCE
10	STRATEGIC ASSET MANAGEMENT
11	WATER USE EFFICIENCY
12	RISK MANAGEMENT