

# DWWS

## REGULATORY PERFORMANCE MEASUREMENT SYSTEM

March 2017

REVISED EDITION OF RPMS CONCEPT



WATER IS LIFE - SANITATION IS DIGNITY



**water & sanitation**

Department:  
Water and Sanitation  
REPUBLIC OF SOUTH AFRICA



# REGULATORY PERFORMANCE MEASUREMENT SYSTEM

---

## REVISED EDITION OF RPMS CONCEPT

**Selowa Solly**

## TABLE OF CONTENTS

1.	LIST OF ACCRONYMS	1
2.	INTRODUCTION	2
3.	BACKGROUND	3-4
4.	SCOPE OF REGULATORY PERFORMANCE MEASUREMENT SYSTEM (RPMS)	5
4.1.	RETAIL	5
4.1.1.	PURPOSE	5
4.1.2.	SCOPE	6
4.1.3.	KEY RESULT AREAS (WATER VALUE CHAIN)	6-7
4.1.4.	INDICATORS (INCLUDING COMPONENTS)	7
4.1.5.	PERFORMANCE ASSESSMENT	8
4.1.5.1.	WHO MUST BE ASSESSED	8
4.1.5.2.	WHY IS IT IMPORTANT TO ASSESS THEM	8
4.1.5.3.	WHAT WILL BE ASSESSED	8
4.1.5.4.	HOW (METHODOLOGY; SYSTEM & OTHER SOURCES)	9
4.1.5.5.	WHEN WILL THE ASSESSMENTS TAKE PLACE (FREQUENCY)	9
4.1.6.	COMMUNICATION STRATEGY	10
4.1.7.	REPORTING	11
4.2.	BULK	12
4.2.1.	PURPOSE	12
4.2.2.	SCOPE	13
4.2.3.	KEY RESULT AREAS (WATER VALUE CHAIN)	14
4.2.4.	INDICATORS (INCLUDING COMPONENTS)	15
4.2.5.	PERFORMANCE ASSESSMENT	15
4.2.5.1.	WHO MUST BE ASSESSED	15
4.2.5.2.	WHY IS IT IMPORTANT TO ASSESS THEM	16
4.2.5.3.	HOW (METHODOLOGY; SYSTEM & OTHER SOURCES)	16
4.2.5.4.	WHEN WILL THE ASSESSMENTS TAKE PLACE (FREQUENCY)	16
4.2.6.	COMMUNICATION STRATEGY	17
4.2.7.	GAPS IDENTIFIED – BULK WATER SUPPLY	18
4.2.8.	REPORTING	19
4.3.	RAW	20
4.3.1.	PURPOSE	20
4.3.2.	SCOPE	21
4.3.3.	KEY RESULT AREAS (WATER VALUE CHAIN)	22
4.3.4.	INDICATORS (INCLUDING COMPONENTS)	23
4.3.5.	PERFORMANCE ASSESSMENT	24
4.3.5.1.	WHO MUST BE ASSESSED	24
4.3.5.2.	WHY IS IT IMPORTANT TO ASSESS THEM	24
4.3.5.3.	HOW (METHODOLOGY; SYSTEM & OTHER SOURCES)	24
4.3.5.4.	WHEN WILL THE ASSESSMENTS TAKE PLACE (FREQUENCY)	25
4.3.6.	COMMUNICATION STRATEGY	25
4.3.7.	GAPS IDENTIFIED – RAW WATER SUPPLY	26
4.3.8.	REPORTING	26
4.4.	CONCLUSION	27

## LIST OF ACCRONYMS

CMA	: Catchment Management Agencies
DWS	: Department of Water and Sanitation
KRA	: key Result Area
KPI	: Key Performance Indicator
RPMS	: Regulatory Performance Measurement System
WBs	: Water Boards
WSAs	: Water Services Authorities

## INTRODUCTION

This document serves as the revised Regulatory Performance Measurement System (RPMS) concept. The RPMS is a programme of the Department of Water and Sanitation (DWS). The main objective of the afore-mentioned programme is to measure and reveal the performance of Water Services Institutions (WSIs) in the country. These institutions includes: CMAs; Proto-CMAs; Water Boards; Intermediaries and Water Services Authorities (WSAs). The performance measurement of these institutions is very important for their sustainability and viability. This will also ensure that the intended consumers receive quality services from the involved stakeholders. This document is intended to expand the current RPMS by revising the current WSAs approach; adding the Bulk and Raw water performance assessments. This will signal the need to revise the current WSAs performance measurement indicators (where necessary) and development of new indicators for both Bulk and Raw water supply performance measurement indicators.

## BACKGROUND

Over the past eight years (8) the Department of Water and Sanitation (DWS) has been measuring and monitoring the performance of Water Services Institutions (WSAs) through the Regulatory Performance Measurement System (RPMS). The RPMS is the tool developed to assist the DWS to consistently; transparently and objectively measure performance of WSIs in the water sector. Due to lack of capacity the focus had always been devoted much unto the Water Services Authorities (WSAs) and not to the entire water value chain (see figure 1 below):

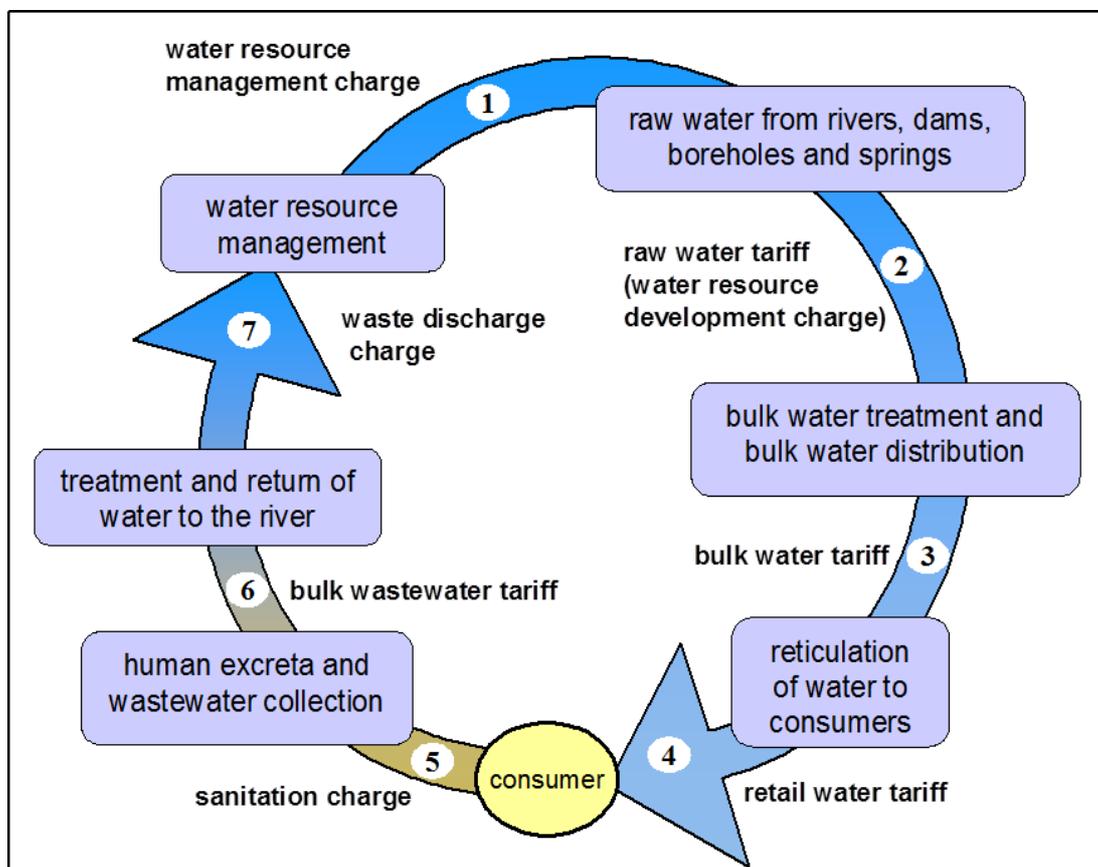


Figure 1

A new Chief Directorate: Economic and Social Regulation was established in 2014 as a way of trying to have dedicated capacity to deal with the regulation of the entire water value chain. This Concept Note seeks to identify the gaps that currently exist in the regulation of WSIs within the water sector. This is done for the purpose of shifting the focus from only WSAs to include all other relevant institutions. There have been significant developments and improvements in the RPMS since its inception, but there have also been significant challenges in achieving the goal of effective performance measurement. Some of the key challenges encountered includes amongst others:

- Lack of legislative backing for implementation of punitive measures
- Lack of prioritisation of the programme by DWS
- Lack of prioritisation of the programme by WSAs
- Lack of capacity in implementation of the RPMS in DWS
- Lack of capacity in the regulated institutions

Considering all the dynamics, DWS is aware that there is “no” one size fits all formula for WSIs to achieve their goals of excellent service provision. Development of customised approach; freedom for innovation and effective implementation of RPMS is very significant. The current swing in focus is still to take more risk-based approach to compliance, and employ resources to those areas with the highest risk to the economy; the environment and the consumers.

This concept is therefore developed with the purpose of identifying the current gaps, so as to ensure that the specific approach is developed for: bulk water supply; raw water supply and retail water supply with specific Key Performance Indicators (KPIs) developed and currently existing KPIs revised where necessary.



## PURPOSE

The following clarifies why the regulation of retail water services needs to be done:

The Strategic Framework for Water Services (DWS; 2003) indicates that:

- All people living in South Africa have access to adequate, safe, appropriate and affordable water and sanitation services, use water wisely and practice safe sanitation.
- The Water supply and sanitation services are provided by effective, efficient and sustainable institutions that are accountable and responsive to those whom they serve. Water Services Institutions reflect the cultural, gender and racial diversity in South Africa.
- Water is used effectively, efficiently and sustainably in order to reduce poverty, improve human health and promote economic development. Water and wastewater are managed in an environmentally responsible and sustainable manner.

NB: All of the above-mentioned are done with the main objective of achieving the sector goals.

The following are the Water Sector Priority Focus Areas which we are intending to achieve as a Department:

- Achieving equity, including Water Allocation Reform
- Water conservation and water demand management
- Institutional establishment and governance
- Planning, infrastructure development & operation and maintenance of water resources infrastructure.

## SCOPE

The entire retail water and wastewater supply will be assessed. This will be the assessment of the following (see table below):

METROPOLITAN MUNICIPALITIES	DISTRICT MUNICIPALITIES	LOCAL MUNICIPALITIES	TOTAL
8	21	115	144

## KEY RESULT AREAS AND KEY PERFORMANCE INDICATORSs

KEY RESULT AREA	KEY PERFORMANCE INDICATORS
RISK MANAGEMENT	
The mitigation of the risks by Water Sector Institutions will assist the Department to achieve on its priority areas.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Strategy</li> <li>• Risk Registers</li> <li>• Risk Management Charter</li> <li>• Risk Management Committee</li> </ul>
CUSTOMER SERVICE QUALITY	
One of the sector priority areas is achieving equity including water allocation reform, which needs to be done in an inclusive manner that will be striving for customer satisfaction. The services provided to consumers must be satisfactory and of good quality to enhance the standard of living of consumers.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Backlogs</li> <li>• FBS</li> <li>• Customer Care Centres</li> <li>• Consumer Charter</li> <li>• Management of interruptions</li> <li>• Customer Care policy &amp; strategy</li> </ul>
INSTITUTIONAL EFFECTIVENESS	

<p>Institutional establishment and governance is one of the priority focus areas. All Water Sector Institutions must be structured in such a way that they are able to deliver on their mandate.</p>	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• All Required Institutional Policies</li> <li>• By-laws</li> <li>• Workplace Skills Development Plans</li> <li>• WSAs Organograms</li> <li>• Staff turn-over rate</li> </ul>
<p><b>FINANCIAL PERFORMANCE</b></p>	
<p>The success of all institutions, including the water sector institution relies on the sufficiency and availability of financial resources. The Water Sector Institutions have a responsibility to ensure that the financial resources neither allocated nor generated to and by them are used sparingly to achieve business viability and sustainability.</p>	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Tariff determination</li> <li>• Financial policies</li> <li>• By-laws</li> <li>• Revenue Management</li> <li>• Billing</li> <li>• Consumer Demand</li> <li>• Budget</li> </ul>
<p><b>TECHNICAL EFFICIENCY</b></p>	
<p>This will be focusing on the quality of water and wastewater in the country as well as the water conservation and water demand management. The Water Sector Institutions will therefore be required to adhere to the prescribed standards and comply with them. This will include compliance to Regulation 17 (Wastewater Quality and Process Control); SANS 241 of 2006 (Water Quality) as well as Regulation 509 (Water use efficiency)</p>	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Drinking Water Quality</li> <li>• Wastewater Quality</li> <li>• Water Use Efficiency</li> <li>• Strategic Asset Management</li> </ul>

NB: All of the above-mentioned indicators will be considered in the assessment process of all Water Service Authorities. The indicators are therefore deemed relevant to these institutions and are considered to be the necessary parameters to measure the performance of these institutions. It is also very imperative that the affected institutions be consulted on the relevance of the indicators; with the key purpose of soliciting inputs and concurrency so as to allow the transparency of the programme. The consultation will only be done with few selected number of Water Service Authorities (WSAs) of diverse circumstances and dynamics.

## PERFORMANCE ASSESSMENT OF RETAIL WATER SUPPLY

### WHO WILL BE ASSESSED

The DWS will assess the Water Services Authorities in the country. The country currently has 144 WSAs. This is comprised of the following:

METROPOLITAN MUNICIPALITIES	DISTRICT MUNICIPALITIES	LOCAL MUNICIPALITIES	TOTAL
8	21	115	144

### WHY IS IT IMPORTANT TO ASSESS RETAIL WATER SUPPLY INSTITUTIONS?

The Water Services Act, Act 108 of 1997 in Section 11 (1) states that: Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient; affordable; economical and sustainable access to water services. In Section 11 (2) (c) it states: The need to regulate access to water services in an equitable way; and further in Section 11 (2) (d) states: the duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services. In order to ensure that all of these provisions are realised, the DWS develops regulations to be abided by WSIs and regulates the compliance to those regulations.

### KEY RESULT AREAS AND PERFORMANCE INDICATORS FOR BULK RETAIL SUPPLY

The DWS has developed the Retail Water Supply KPIs since the inception of the programme. The KPIs need to be re-looked unto and be revised to cater for the current circumstances. The retail water supply institutions (i.e. The WSAs in this regard), will then be assessed on their performance based on the revised KPIs.

The following are the currently existing RPMS Key Performance Indicators:

<b>KPI 1</b>	<b>ACCESS TO WATER SUPPLY</b>
<b>KPI 2</b>	<b>ACCESS TO SANITATION</b>
<b>KPI 3</b>	<b>ACCESS TO FREE BASIC WATER</b>
<b>KPI 4</b>	<b>ACCESS TO FREE BASIC SANITATION</b>
<b>KPI 5</b>	<b>DRINKING WATER QUALITY MANAGEMENT</b>
<b>KPI 6</b>	<b>WASTEWATER QUALITY MANAGEMENT</b>
<b>KPI 7</b>	<b>CUSTOMER SERVICE QUALITY</b>
<b>KPI 8</b>	<b>INSTITUTIONAL EFFECTIVENESS</b>
<b>KPI 9</b>	<b>FINANCIAL PERFORMANCE</b>
<b>KPI 10</b>	<b>STRATEGIC ASSET MANAGEMENT</b>
<b>KPI 11</b>	<b>WATER USE EFFICIENCY</b>

#### HOW WILL THE ASSESSMENTS BE CONDUCTED?

The assessment will be conducted through the capturing, and uploading of the required information as per the Retail Water Supply requirements. The System Administrators will then assess the captured data and the uploaded documents. The system will then automatically score the captured and uploaded data (with System Administrators scoring manually where necessary) and generate the achieved score instantly. There will also be some one-on-one sessions between the WSAs and the Assessors. The one-on-one sessions will be arranged with specific WSAs whose data is doubtful or questionable.

#### WHEN WILL THE ASSESSMENTS TAKE PLACE (FREQUENCY)?

The performance assessments of WSAs will be conducted biennially (i.e. once in two years). This will smooth out the process and will also allow for resolving the non-compliance identified. One year will be dedicated to the full performance assessment and the other year focusing on initiating the Regulatory Actions until all of the identified non-compliance is resolved.

## COMMUNICATION STRATEGY – RETAIL WATER SUPPLY INSTITUTIONS

The communication between the DWS and the WSAs will be done following the communication strategy (i.e. the to-be-developed communication strategy of the RPMS programme that is aligned to that of the Department). This will be a structured communication process that will be predictive to all intended stakeholders. It will include amongst other:

- E-Mail Communications
- One-on-one meetings
- Workshops
- Conferences
- Telephonic communications
- Letters
- Newsletters
- Pamphlets & brochures
- Symposiums, etc.



The structured communication process their full participation in the RPMS programme. It will also minimise the challenges in WSAs not knowing what to expect from the Regulator. This will enable WSAs to submit good quality data timeously and also embrace transparency of the RPMS programme.

## REPORTING

The reporting will be in the form of annual reports:

- The full annual report for the performance assessment; and
- The progress report a year after release of the full annual report

The assessments will be conducted biennially with the second year dedicated to resolving non-compliance identified in year one. There will be a structured reporting format that will be deemed significant and relevant by the participating stakeholders. The programme must also be able to produce different reports for specific stakeholders; e.g. Compliance Reports; Performance Reports; Strategic Reports; Non-compliance Reports; Benchmarking Reports, etc.

## GAPS IDENTIFIED – RETAIL WATER SUPPLY

The programme's 10 year plan need to be in place and communicated prior to the WSIs being assessed. The process will be transparent and allow WSAs to prepare timeously.

The communication with stakeholders needs to be done following the communication strategy and it will be done through a system under news dashboard.

The data collection should move from the manual approach to a system approach, with data extracted from other data sources.

The data collected from other sources need to be prioritised and this will minimise the hassle of conducting the moderation manually. Spot checks can still be conducted.

The system should provide various reports for different purposes: Performance report; compliance report; comparative report, with strategic report done manually.

The non-compliance (Regulatory Actions) should be communicated via the system and WSIs will also provide their Action Plans via the system – Time Efficiency.

## 4.5. BULK WATER SUPPLY



### PURPOSE

Section 68 of the Water Services Act provides for the Minister of DWS to establish and maintain a national information system to record data and provide data on the development, implementation and monitoring of national policy on water services and to provide information to WSIs; consumers and the public.

There is a need to expand the current coverage of water data and information because it is inadequate in some areas. The current reporting about the availability and use of water is also not sufficiently covered with regard to water; accounting on how water supply is balancing demand to meet transformational imperatives.

Data sharing between stakeholders in the water sector is insufficient; resulting in information needs not being satisfied. The conceptualisation of the regulation of bulk water and eventually the actual regulation of the bulk water supply is perceived to resolve some of these above-mentioned challenges.

## SCOPE

The scope of the bulk water supply will be determined by the number of bulk water supply institutions. There are nine (9) Water Boards in the country responsible for the supply of bulk water. The nine WBs



NB: IN ADDITION TO THE NINE (9) WATER BOARDS, THE INTERMEDIARIES NEED TO BE IDENTIFIED AND INCLUDED INTO THE SCOPE. THIS WILL BE THE WSAs PROVIDING WATER SERVICES TO OTHER WSAs. COMPANIES SUCH AS ESKOM; EXARRO; ETC MUST BE INCLUDED AS WELL. THE REGULATORY APPROACH TO THESE INSTITUTIONS WILL HAVE TO BE DETERMINED.

## KEY RESULT AREAS AND PERFORMANCE INDICATORS FOR BULK WATER SUPPLY

KEY RESULT AREA	KEY PERFORMANCE INDICATORS
<b>RISK MANAGEMENT</b>	
The mitigation of the risks by Water Sector Institutions will assist the Department to achieve on its priority areas.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Strategy</li> <li>• Risk Registers</li> <li>• Risk Management Charter</li> <li>• Risk Management Committee</li> </ul>
<b>CUSTOMER SERVICE QUALITY</b>	
One of the sector priority areas is achieving equity including water allocation reform, which needs to be done in an inclusive manner that will be striving for customer satisfaction. The services provided to consumers must be satisfactory and of good quality to enhance the standard of living of consumers.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Consumer Charter</li> <li>• Management of interruptions</li> <li>• Customer Care policy &amp; strategy</li> </ul>
<b>INSTITUTIONAL EFFECTIVENESS</b>	
Institutional establishment and governance is one of the priority focus areas. All Water Sector Institutions must be structured in such a way that they are able to deliver on their mandate.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Policies</li> <li>• Skills Development Plans</li> <li>• Organograms</li> <li>• Staff turn-over</li> </ul>
<b>FINANCIAL PERFORMANCE</b>	
The success of all institutions, including the water sector institution relies on the sufficiency and availability of financial resources. The Water Sector Institutions have a responsibility to ensure that the financial resources neither allocated nor generated to and by them are used sparingly to achieve business viability and sustainability.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Tariff determination</li> <li>• Financial policies</li> <li>• Revenue Management</li> <li>• Billing</li> <li>• Consumer Demand</li> <li>• Budget</li> </ul>
<b>TECHNICAL EFFICIENCY</b>	
This will include compliance to Regulation 17 by Water Boards that are doing wastewater (Wastewater Quality and Process Control); SANS 241 of 2006 (Water Quality) on both Bulk potable and as well as Regulation 509 (Water use efficiency)	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Drinking Water Quality</li> <li>• Wastewater Quality (for some WBs)</li> <li>• Water Use Efficiency</li> <li>• Strategic Asset Management</li> </ul>

## PERFORMANCE ASSESSMENT OF BULK WATER SUPPLY INSTITUTIONS

The following Key Performance Indicators emanating from the consultations held with the Bulk Water Institutions will be considered during the assessment process:

<b>NO</b>	<b>KEY PERFORMANCE INDICATOR</b>
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

## WHO WILL BE ASSESSED

The assessment will be conducted with the nine WBs. If possible the Intermediaries will also be assessed.

## WHY IS IT IMPORTANT TO ASSESS BULK WATER SUPPLY INSTITUTIONS?

Water Boards are established under the Water Services Act of 1997 to provide bulk water to other water services institutions and to serve as a water services provider when contracted by other institutions such as municipalities. The regulation of the relationship between the two parties is very important.

In terms of the Water Services Act, Act 108 of 1997 Section 45 (1) (a) states that: A Water Board must give the Minister or any person authorised by him or her - (a) such information as he or she reasonably requires on the affairs and financial position of the water board; and (b) reasonable access to such books, accounts, documents and other assets of the water boards as he or she may reasonably require. It is for these reasons why the concept is being developed to ensure that the prescripts of the Water Services Act are complied with.

## HOW WILL THE ASSESSMENTS BE CONDUCTED?

The assessment will be conducted through the capturing, and uploading of the required information as per the Bulk Water Supply requirements. The System Administrators will then assess the captured data and the uploaded documents. The system will then automatically score the captured and uploaded data (with System Administrators scoring manually where necessary) and generate the achieved score instantly. There will also be some one-on-one sessions between the WBs and the Assessors. The one-on-one sessions will be arranged with specific WBs whose data is doubtful or questionable.

## WHEN WILL THE ASSESSMENT BE CONDUCTED (FREQUENCY)?

The performance assessments of WBs will be conducted biennially (i.e. once in two years). This will smooth out the process and will also allow for resolving the non-compliance identified. One year will be dedicated to the full performance assessment and the other year focusing on initiating the Regulatory Actions until all of the identified non-compliance is resolved.

## COMMUNICATION STRATEGY – BULK WATER SUPPLY INSTITUTIONS

The communication between the DWS and the WBs will be done following the communication strategy. This will be a structured communication process that will be predictive to all intended stakeholders. It will include amongst other:

- E-Mail Communications
- One-on-one meetings
- Workshops
- Conferences
- Telephonic communications
- Letters
- Newsletters
- Pamphlets & brochures
- Symposiums, etc.



The structured communication process will ensure full participation in the RPMS programme. It will also minimise the challenges in WBs not knowing what to expect from the Regulator. This will enable WBs to submit good quality data timeously and also embrace transparency of the RPMS programme.

## GAPS IDENTIFIED – BULK WATER SUPPLY

**1. The tariff assessment tool should include the debt/capital repayment portion. Currently the total cost on the model is under estimated.**

**2. The WB should communicate the tariff cycle to the users and other relevant stakeholders well in advance in order to ensure full participation on the consultation process.**

**3. There is a misalignment between the Capital Expenditure Programme that accompanies the tariff proposal and the once reflected on the Business Plan.**

**4. The cost of the secondary activities should be separated from the primary activity in order to determine the real cost of providing bulk water services.**

**5. Absence of enforcing measures to ensure the municipalities provide written comments.**

**6. The discretion entrusted to WB to utilise the depreciation reserves to fund the operation and maintenance of the organisation instead of earmarking the reserves to fund current and future infrastructure development.**

**7. The Executive Authority is not privy to the contracts that might exist between WB and the service provider for the supply of chemicals used to treat the raw water, this limits the department to perform a thorough assessment of the projected cost.**

**8. A clear guideline on how WBs should factor in any over projections/under-projections in cost from the previous year into the calculation of the tariff for the following year.**

## REPORTING

The reporting will be in the form of annual reports:

- The full annual report for the performance assessment; and
- The progress report a year after release of the full annual report

The assessments will be conducted biennially with the second year dedicated to resolving non-compliance identified in year one. There will be a structured reporting format that will be deemed significant and relevant by the participating stakeholders. The programme must also be able to produce different reports for specific stakeholders; e.g. Compliance Reports; Performance Reports; Strategic Reports; Non-compliance Reports; Benchmarking Reports, etc.

The success and positive adherence to the report structure will be more dependent on the inputs and comments from the affected institutions. The leadership of DWS will also be consulted in terms of how best they would like the reporting to look like. The documents will then be disseminated to the relevant institutions as feedback by means of both electronic and hard copies only after the approval by the top management of the DWS to allow such publication to be shared with the public.

The other key important stakeholder that will form part of the process is the DWS communications unit. There are certain standards that need to be met when producing a publication and such will be adhered to and will be done in consultation with the communications unit. This include amongst others: the size of the document; the feel of the document; the content, etc. It is very imperative to comply with these standards to avoid unnecessary contradictions with the department's identity and the credibility thereof.



### PURPOSE

Chapter 4 of the National Water Act (1998) advocates the establishment of national monitoring systems; whose purpose is to facilitate the continued and co-ordinated monitoring of various aspects of water resources by collecting relevant information and data. The primary objective is to collect accurate data on all aspects of water management. This involves the involvement of comprehensive monitoring programmes that serves all needs for information on water management. The aim is to provide information for the regulation; pricing; cost-recovery; control; allocation; compliance monitoring and enforcement; at local, regional and national and for internationally shared waters.

The primary objective of regulation is to continuously improve compliance by water users and water institutions with rules and authorisations which can result in:

- Contribution to the achievement of government objectives, including equity in water allocation and access to water for socio-economic development to address race and gender imbalances of the past.
- The prevention of water-related disasters where possible.
- Financially sustainable and well governed water institutions.
- Water use charges and tariffs that are set at appropriate levels with users and consumers paying the bulk of the costs for economic infrastructure and services, with appropriate protection for households.
- Investor certainty and incentives for new investment in water infrastructure.
- Water infrastructure that is operated efficiently is properly maintained and remains fit for purpose for the full design economic life-span.
- Encourage dams that are well maintained and operated, which will minimise risks to public health and safety

The conceptualisation of the regulation of the raw water institutions is just a step to the right direction.

## SCOPE

This will involve the regulation of the CMA functions in line with the Departmental approach towards the establishment of a single CMA.

In order for the DWS to smooth out the Economic Regulation of CMA functions, the following has to be done:

- The DWS need to formulate an appropriate institutional design for economic regulation of the water sector, with a clear separation of regulatory functions from those of policy development and operations for which DWS is responsible.

## KEY RESULT AREAS INDICATORS AND COMPONENTS FOR RAW WATER

The Key Result areas are (proposed) as follows:

KEY RESULT AREA	KEY PERFORMANCE INDICATORS
<b>RISK MANAGEMENT</b>	
The mitigation of the risks by Water Sector Institutions will assist the Department to achieve on its priority areas. E.g. Perceived drought can be a risk	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Strategy</li> <li>• Risk Registers</li> <li>• Risk Management Charter</li> <li>• Risk Management Committee</li> </ul>
<b>CUSTOMER SERVICE QUALITY</b>	
The services provided to consumers must be satisfactory and of good quality to enhance the standard of living of consumers.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Users access</li> </ul>
<b>INSTITUTIONAL EFFECTIVENESS</b>	
This will include the structure of the CMA/ functions and the governance of the Raw Water thereof.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Policies</li> <li>• Skills Development Plans</li> <li>• Organograms</li> <li>• Staff turn-over</li> </ul>
<b>FINANCIAL PERFORMANCE</b>	
This will include the financial performance of the Raw Water Institutions/ functions which will be assessed based on the Raw Water Pricing Strategy and other relevant prescripts of legislation.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Tariff determination (including Drought Tariff)</li> <li>• Financial policies</li> <li>• Revenue Management</li> <li>• Billing</li> <li>• Consumer Demand</li> <li>• Budget</li> </ul>
<b>TECHNICAL EFFICIENCY</b>	
The technical component will assess the efficiency in the management of the available resource; preserving the water quality; management of the reserve and adherence to capacity of the resource.	<p>The following will be assessed:</p> <ul style="list-style-type: none"> <li>• Availability</li> <li>• Water Quality</li> <li>• Reserve</li> <li>• Capacity</li> </ul>

## PERFORMANCE ASSESSMENT OF RAW WATER SUPPLY INSTITUTIONS

The following Key Performance indicators were proposed during the consultation with various CMAs and Proto-CMAs prior to the Departmental decision of establishing a single CMA.

The proposed key performance indicators were analysed after having noted that the Department is currently advocating for the establishment of a single CMA and all the KPIs were found to be still relevant at this stage. The KPIs will, however, be revised accordingly if any deviation through the single CMA establishment is detected. The objective will be to cover the assessment of the entire CMA functions in the long-run.

The following are therefore the proposed KPIs emanating from the consultation process:

<b>NO</b>	<b>KEY PERFORMANCE INDICATOR</b>
1	Water Availability Management
2	Water Quality Management
3	Customer Service Quality
4	Institutional Effectiveness
5	Financial Performance
6	Strategic Asset Management
7	Water Use Efficiency
8	Risk Management

## WHO MUST BE ASSESSED?

The assessment of the CMA functions will be considered to be area of focus and not necessarily the CMA institution. The Department is currently advocating for a single CMA and that in itself will narrow the scope of work required under the Raw Water assessment process as opposed to the previously anticipated assessment of nine (9) CMAs.

## WHY IS IT IMPORTANT TO ASSESS THEM?

The monitoring and assessment of these institutions is necessary to collect sufficient and accurate data to inform decision-making, and reduce and manage risks in an effective and efficient manner. Therefore the ultimate goal is to provide information needed for planning, decision-making and operational water management and related infrastructure at local, regional, and national levels. Monitoring of the performance of these institutions is fundamental for protection of human rights and of the environment.

## HOW WILL THE ASSESSMENT BE CONDUCTED?

The assessment will be conducted through the capturing, and uploading of the required information as per the Raw Water Supply requirements. The System Administrators will then assess the captured data and the uploaded documents. The system will then automatically score the captured and uploaded data (with System Administrators scoring manually where necessary) and generate the achieved score instantly. There will also be some one-on-one sessions between the CMAs and the Assessors. The one-on-one sessions will be arranged with specific CMAs whose data is doubtful or questionable.

## WHEN WILL THE ASSESSMENTS TAKE PLACE (FREQUENCY)?

The performance assessments of CMA functions will be conducted biennially (i.e. once in two years). This will smooth out the process and will also allow for resolving the non-compliance identified.

## COMMUNICATION STRATEGY – RAW WATER SUPPLY INSTITUTIONS

The communication between the DWS and the CMA functions (Units Responsible) will be done following the communication strategy. This will be a structured communication process that will be predictive to all intended stakeholders. It will include amongst other:

- E-Mail Communications
- One-on-one meetings
- Workshops
- Conferences
- Telephonic communications
- Letters
- Newsletters
- Pamphlets & brochures
- Symposiums, etc.



The structured communication process will ensure the full participation of WSA in terms of their full participation in the RPMS programme. It will also minimise the challenges in WSAs not knowing what to expect from the Regulator. This will enable CMAs to submit good quality data timeously and also embrace transparency of the RPMS programme.

## REPORTING

The reporting will be in the form of annual reports:

- The full annual report for the performance assessment; and
- The progress report a year after release of the full annual report

The assessments will be conducted biennially with the second year dedicated to resolving non-compliance identified in year one. There will be a structured reporting format that will be deemed significant and relevant by the participating stakeholders. The programme must also be able to produce different reports for specific stakeholders; e.g. Compliance Reports; Performance Reports; Strategic Reports; Non-compliance Reports; Benchmarking Reports, etc.

#### GAPS IDENTIFIED– RAW WATER SUPPLY

Waste Discharge Charge System (WDCS) is based on polluter pay principle and provides an economic instrument to assist in maintaining the resource water quality objectives, which is the desired state of surface water resource. The WDCS comprise of two distinct water use charges, either or both of which may be applied in specific catchment.

Future Infrastructure Build Charge (FIBC) replaces Return on Assets: The FIBC income may serve as a provisioning reserve for betterment and development of social and economic stimulus projects and could be applied to dam safety betterments on existing social schemes. Unlike the other components of the infrastructure charge, the FIBC will be determined on a national basis.

The revised strategy proposes that the calculation of the Depreciation Charge should be on a full component that is depreciated over a certain period, and not only a portion, as the potential problem with depreciating only a portion of an asset is that loans can never be paid back without showing a profit.

The revision on the assurance of supply proposes that the Strategic Water Users should have a high assurance of water supply, which is at 99.5%; whereas the Municipal and Industrial/Mining users have 97% and Agricultural users will be at 70%.

## CONCLUSION

The water sector is encouraged to contribute meaningfully to the revision of the RPMS concept in order to render this exercise fruitful. This will also ensure that a meaningful concept will be concluded based on valuable inputs which will then culminate into the regulation of water being an effective and efficient one.

Comments/ Inputs can be forwarded to:

Mr. S Selowa

Department of Water and Sanitation (Pretoria)

Private Bag X 313

157 Frances Baard Street

Ndinaye Building

Pretoria

0001

Tel : (012) 336 7189

Cell : 082 890 4704

E-mail : [selowas@dws.gov.za](mailto:selowas@dws.gov.za)

APPROVED BY:

Mr HE Nevondo

Director – Retail (Municipal) Water Pricing Regulation

Signature : ..... Date :  
...../...../.....