











PROPOSED NATIONAL KEY PERFORMANCE INDICATORS FOR WATER SUPPLY SERVICES

5 Februari 2009









WHY PERFORMANCE INDICATORS?

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- Indicators were derived to assess :
 - The availability of water and sewerage services to the public;
 - The technical and financial condition of water and sewerage facilities / assets;
 - The economic and environmental aspects of water services and use
 - These indicators provide comparable information on utility operations necessary for understanding and controlling deviations in the sector's performance.









WHY PERFORMANCE INDICATORS?

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- The KPIs will assist the Licensee to:
 - Deliver quantifiable outcomes
 - Ensure rigorous assessment of Licensee Business Plans & Annual Reports and monitor regulatory compliance.
 - Deliver a framework for analysing and reporting on its effectiveness









SPAN's KPI's FOR LICENSEES : AN UPDATE

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- Latest changes/updates presented at water operators meeting on 5 Feb 2009
 - Working Group met on 12 March 2009 to arrive at consensus
 - Business Plans received from N. Sembilan, Melaka, Penang, Pahang
 - First license issued to N. Sembilan in January 2009
 - All operators required to include KPIs as part of licensing condition
 - Introduction of consumer standard and code



KPIs : Customer Service Standards Framework



Consumer Standard (by SPAN)

- Provides overarching framework
- Establishes minimum set of standards
- Identifies range of issues to be captured

Consumer Code (By Licensee)







- Specifies actual standards to be delivered based on customer input
- Outlines rights & responsibilities of service provider & customer
- Customers have ability to modify minimum standards

Performance Monitoring Framework

- Informs stakeholders on service provider's performance
- Stimulates 'competition by comparison'
- Includes reporting on environmental performance









THE BUSINESS PLAN

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- **Section 30:**
 - The Business Plan shall detail out the individual licensee's plan for the expansion, maintenance, repairs, upgrading, improvement, refurbishment or alteration of the public water supply system or public sewerage system and for constructing a new system;
 - The capital and operational expenses to be incurred for undertaking the activities specified above;
 - Such other information as may be required or specified by the Commission.









SPAN'S APPROACH TO ESTABLISHING GOOD PERFORMANCE MEASURES

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- Focus on a result: The result of the PM should provide you with information
 - Must measure attainment of one or more of the utility goals
 - Must be practical and data must be obtainable
 - Accuracy must be tested over time
 - Resistant to misrepresentation (cheating!)



IMPLEMENTATION: THE FIRST 3 YEARS

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- First 3 years – some flexibility and adjustment period
 - Span will negotiate with operators to determine baseline figures for KPIs in stages starting April 2009
 - Target levels will be based on improvement to current levels of achievement
 - Operators to request for funding to address the requirement to achieve KPIs through PAAB in 3 year Business Plan
 - Penalty in relation of non compliance (license condition) – first 3 years – could be in form of undertaking by operators to rectify or take remedial action to make up shortfall.
 - Draft Explanatory Notes on KPI being prepared to ensure standard definition and measurement by all operators
 - TOR for appointment of Reporters (independent auditors) on cost and performance being prepared – apptm by Sept 2009



PROPOSED NATIONAL KPIS FOR WATER SUPPLY SERVICES



EXPLANATORY NOTES ON KEY PERFORMANCE INDICES FOR WATER SUPPLY SERVICES





1 WATER SERVICES PERFORMANCE

CONTEXT

To challenge Water Service Licencees to become more efficient and to provide a better water service and to assist them to set milestones for improvement in its overall performance assessment, with set targets for improvement by 2011 (3 year Business Plan).

WS1: Water quality compliance



Performance indicators	Measure
Malaysian National Standard for Drinking Water Quality (2000)	%compliance









WORKING GROUP PROPOSAL

- WATER SERVICES PERFORMANCE
 - *Treated Water Quality* *Section 41*
 - *Water Pressure* *Section 40*
 - *Security of Supply* *Section 34*
 - *Supply Coverage* *Section 31, 32*
- CUSTOMER SERVICE *Section 33, 37, 52*
 - *Billing Complaints*
 - *Response to Complaints*
 - *Customer Contact*
- OPERATIONAL & ECONOMIC PERFORMANCE *Section 30*
 - *Water Loss Management*
 - *Operating Cost*
 - *Collection Efficiency*
 - *Operating Ratio*
- ENVIRONMENTAL PERFORMANCE *Section 30*
 - *Sludge Treatment*









NEXT STEPS BY OPERATORS

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- Data baseline housekeeping on current submissions (MWIG) for proper documentation towards coming KPI target level
 - Identify Capex and Opex funding requirements in preparing Business Plans especially relating to addressing KPIs as part of licensing condition.
 - Work out your proposed KPI target levels based on SPAN KPI framework and prepare to negotiate/discuss with SPAN and PAAB
 - Leverage on ICT and establish dedicated team on performance measurement and monitoring as one of core business viz a viz licensing condition.



CONCLUSION

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- Performance Measure or Benchmarking means nothing if you don't do something with the results.
 - To improve, you have to change, and change is always hard.
 - Strategy: Start with some quick wins to get buy in, then move to more ambitious improvement programs.