

**Guidelines for
Implementing Total Management Planning**

Performance Management

OVERVIEW

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LIST OF ACRONYMS

COAG	Council of Australian Governments
CSS	Customer Service Standard
DERM	Department of Environment and Resource Management
SAMP	Strategic Asset Management Plan
TMP	Total Management Plan
WSP	Water Service Provider

1 INTRODUCTION

This document will assist Queensland Water Service Provider (WSP) organisations in establishing the broad context and principles for monitoring managing performance in delivery of their services. This Overview, together with the Performance Management and Information Management Guides, focus on the link between performance management and the success of the total management planning process. They will assist WSPs in preparing appropriate Performance and Information Management Plans as part of a Total Management Plan (TMP).

These guides provide for a range of performance management approaches to suit different sizes of WSP organisations. Each WSP, regardless of size, should review its performance management requirements and develop their own asset and business performance improvement measures as appropriate.

The TMP Guidelines are compatible with requirements under the *Water Supply (Safety and Reliability) Act 2008*, which regulates the activities of Queensland WSPs.

Acknowledgement

These guides have been developed using principles established in the performance management framework used in the Queensland Government's Asset Management System (GAMS).

2 APPLICATION

This Overview is written for elected representatives, board members and senior management of WSPs, and discusses the concepts and principles of performance and information management, as well as presenting a broad context for applying the Performance Assessment and Information Management Implementation Guides.

The Total Management Guidelines are applicable to all WSPs as defined in the *Water Supply (Safety and Reliability) Act 2008*, including:

- local governments;
- joint local governments;
- urban water supply boards;
- Aboriginal community councils;
- Torres Strait Island community councils;
- State government departments or other State entities;
- rural water supply boards; and
- Non-government entities.

3 THE IMPORTANCE OF PERFORMANCE MANAGEMENT

A WSP's assets should:

- support the achievement of the corporate and service delivery outputs of the agency;
- deliver value for money (efficiently, effectively and sustainably); and
- be planned for and managed in a manner compliant with relevant policy and legislation.

Service standards are generally seen as central to a WSP's activities and one of the main drivers of its corporate or business plan. A Performance Management Plan provides the means of identifying opportunities to improve service and asset management performance, and/or demonstrate that service standards are being met.

In seeking to achieve corporate and service delivery objectives, there are a number of good reasons, in addition to any legislative requirement, why a WSP should establish a Performance Management Plan (see also Service Standards Overview). These are:

- to provide ‘yardsticks’ on how well the WSP is meeting the needs and expectations of its customers;
- to give customers an objective basis for evaluating the services they receive;
- to help inform the WSP and its customers on how their services compare with those of other WSPs, through comparative performance monitoring against industry benchmarks;
- to help the WSP meet its statutory and internal reporting obligations; and
- to help evaluate the actual benefits of Council of Australian Governments (COAG) water resource policy reforms.

The Performance Management Implementation Guide provides guidance to WSPs on implementing such a plan.

4 IMPROVING SERVICE DELIVERY AND ASSET MANAGEMENT

A Performance Management Plan might adopt the following key objectives:

- **effectiveness** — the extent to which the asset management program is achieving its intended purpose;
- **efficiency** — how well the organisation manages information, and human and financial resources, to plan, acquire, operate and maintain service infrastructure; and
- **compliance** — to ensure asset management and service delivery strategies comply with relevant policies and legislation.

Improving service delivery and asset management (i.e. performance management) is integral to daily asset management activities. To ensure any Performance Management Plan remains useful and relevant, the following processes need to be established:

- initially, a comprehensive assessment of business performance and service delivery levels to establish a basis for service standards, resourcing, and pricing negotiations with stakeholders;
- a process for formal adoption of the Performance Management Plan;
- ongoing annual reviews of service levels and customers’ satisfaction with these levels;
- incorporation of the results of annual service level reviews into annual operations plans and the Performance Management Plan itself;
- regular quality assurance audits of business and asset management information to ensure data integrity and cost effectiveness of performance monitoring procedures; and
- ongoing participation in ‘benchmarking’ surveys with compatible business functions (externally as well as internally) to ascertain performance against ‘best practice’.

5 PERFORMANCE MANAGEMENT AND TOTAL MANAGEMENT PLANNING

In any customer-oriented service organisation, service standards are what drive the organisation. For any WSP, therefore, ongoing measurement and performance review of service standards and service delivery strategies should be regarded as the primary objectives of management. Accordingly, Performance Management is recognised as a key result area in a total management planning framework, as indicated in Figure 1; it is intimately linked to all other key result areas (see also the TMP Development Guide).

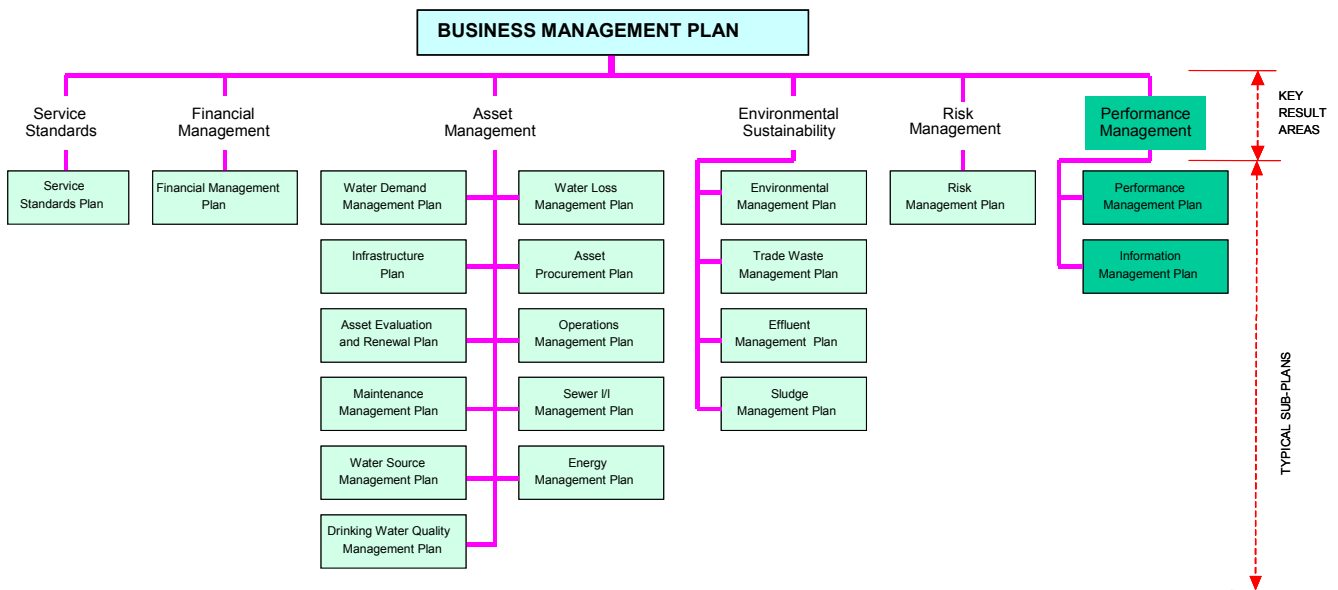


FIGURE 1 : Performance Management in the TMP context

Within the Performance Management key result area, each WSP's TMP should include sub-plans on performance management and information management, aimed at assessing and managing business changes, asset performance and the standards for the services being delivered.

The Performance Management Plan ensures, among other things, regular evaluation of the WSP's service delivery and asset performance against the established standards. The Information Management Plan ensures that the type, level and collection of asset and business management data will enable managers to implement the Performance Management Plan effectively.

6 REGULATION OF ASSET MANAGEMENT PLANS AND SERVICE STANDARDS

Under the *Water Supply (Safety and Reliability) Act 2008*, a WSP, unless exempted, must have an approved Strategic Asset Management Plan (SAMP) and a Customer Service Standard (CSS). The SAMP is the primary mechanism for documenting the actions needed to ensure the continuity of supply of services to customers at a level of service determined by the WSP. A CSS is the mechanism used to inform customers about the service they are receiving.

SAMP and CSS requirements are inter-related. A CSS essentially "communicates" to customers the level of service standards that have been identified in the SAMP and which the SAMP strategy is designed to deliver. A CSS must also outline how customers interact with the WSP; i.e. processes for billing, metering, complaints, consultation, etc. A CSS is only required where a WSP does not have individual supply contracts with its customers.

The legislation seeks to ensure that WSPs, as monopoly service providers, implement appropriate systems and processes for ensuring the reliability and supply of an essential service. As is the case for TMPs, the emphasis of the SAMP and CSS requirements of the *Water Supply (Safety and Reliability) Act 2008* is on performance rather than on compliance with prescriptive standards. A registered professional engineer must certify that a SAMP is appropriate for the WSP's infrastructure and registered services and the SAMP must be reviewed/audited on a regular basis.

A WSP is also required to report annually on any reviews or audits of its SAMP and measure and report on its performance against its CSS, if it has one, for the services for which the WSP is registered.

Performance management is an important business strategy to ensure sustainable service delivery in any business context. For a WSP, it is an essential issue if the statutory reporting requirements of the *Water Supply (Safety and Reliability) Act 2008* are to be met. Where a local government WSP intends to use a TMP to satisfy the SAMP/CSS requirements of the Act, performance measures must be adequately addressed within the TMP and implemented accordingly.