2017/2018 - 2020/2021 STRATEGIC PLAN

FISCAL YEAR

the gpaa

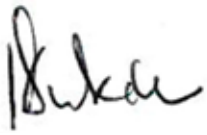
Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

SUBMISSION OF THE STRATEGY TO THE EXECUTIVE AUTHORITY

Honourable Pravin Gordhan

Minister of Finance,

I have the honour of submitting to you, in accordance with Treasury Regulations for Departments and Constitutional Entities, the Strategic Plan of the Government Pensions Administration Agency for the period 1 April 2017 to 31 March 2021.



Krishen Sukdev

Chief Executive Officer

Government Pensions Administration Agency

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

Our target is to pay retiring member benefits within 20 days of their exit from service by 2020 / 2021.

The GPAA's strategy is aimed at further propelling the Modernisation Programme as the vehicle to enable us to realise our strategic goals. These strategic goals, once realised, will make our organisation the leading, people-centric benefits administrator in government.

The GPAA believes that if it successfully continues with the Modernisation programme, its practices and approach to service delivery will be transformed for the better. Through the Modernisation programme, the GPAA aims at automating key processes, building a competent workforce through training and development, increasing interaction with employers and members and paying exit benefits accurately and on time.

The GPAA is focussed on reducing the number of unclaimed benefits through actively tracing members and paying their rightful benefits to them.

Our target is to pay retiring member benefits within 20 days of their exit from service by 2020 / 2021. To this end, the GPAA has adopted a dedicated project, the Retirement Member Campaign (RMC), which allows us to proactively communicate to members close to retirement age and inform them well in advance of what they need to do in order to be paid their benefits timeously.

The GPAA will be seven years old in 2017 and in the first phase of its existence has laid a solid foundation as a modern pension fund administrator. The ultimate goal of the GPAA is to fully adhere to industry best practice which will enable the organisation to fully meet the requirements of the Service Level Agreements (SLAs) that it has signed with its two key customers, the Government Employees Pension Fund (GEPF) and the National Treasury Programme 7 funds.

We strongly believe that this is achievable.

Mr Krishen Sukdev
CHIEF EXECUTIVE OFFICER
Government Pensions Administration Agency (GPAA)

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Government Pensions Administration Agency (GPAA) under the guidance of the Minister of Finance;
- Takes into account all the relevant policies, legislation and other mandates for which the GPAA is responsible; and
- Accurately reflects the strategic outcome orientated goals and objectives which the GPAA will endeavour to achieve over the period of 2017 / 2018 – 2020 / 2021.

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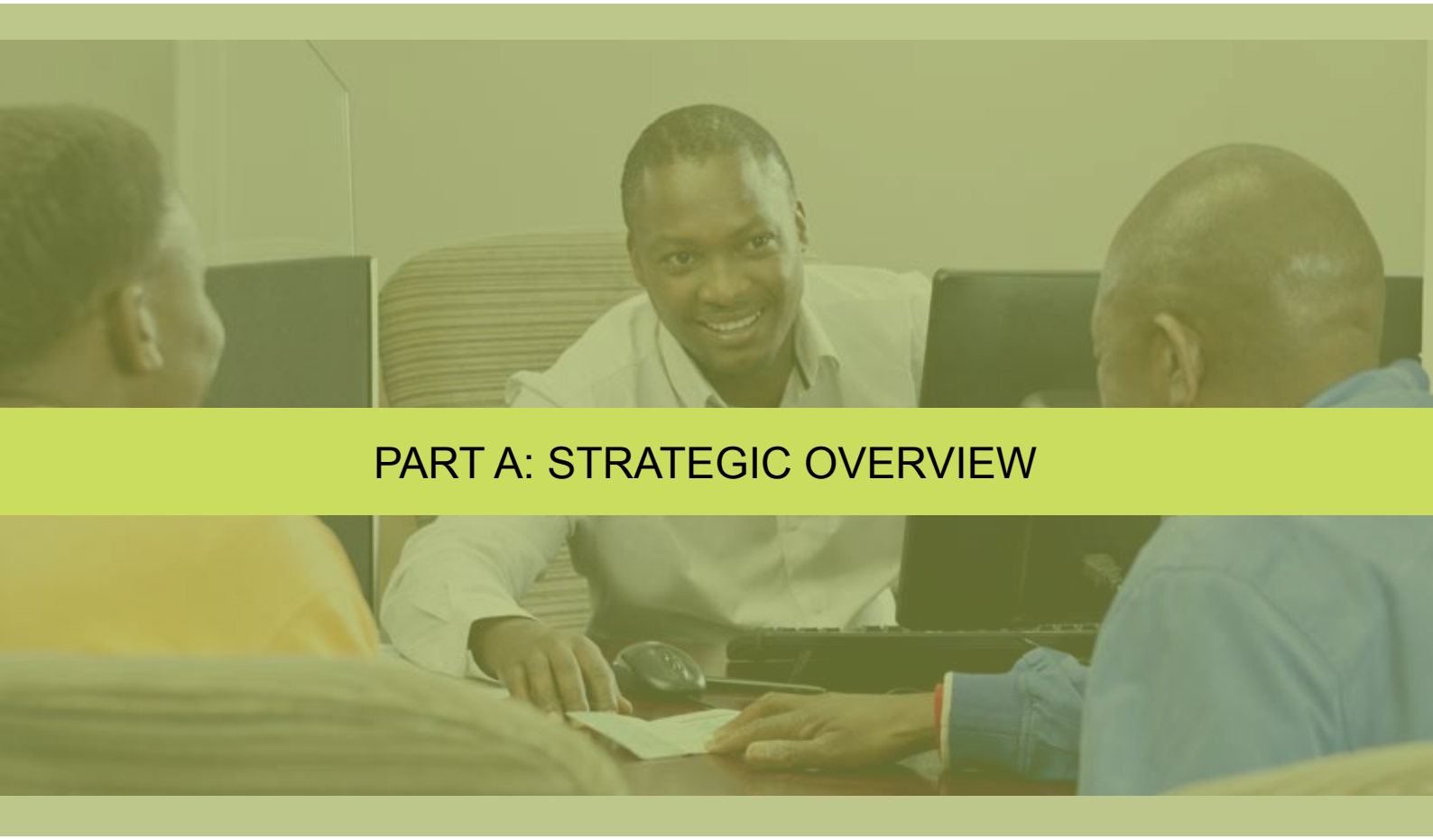


PART A: STRATEGIC OVERVIEW

1. VISION

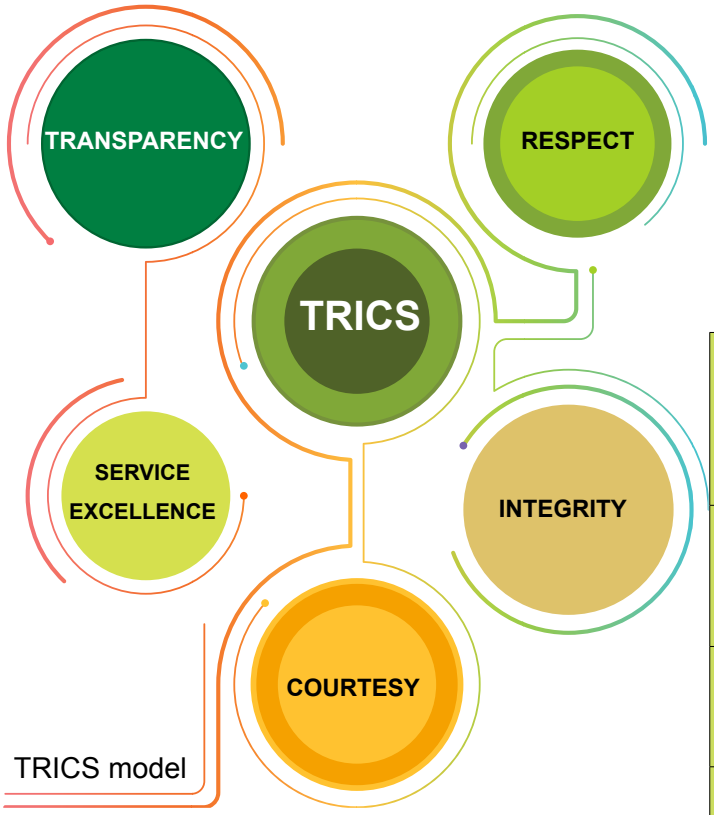
To be the leading, people-centric benefits administrator in government.

2. MISSION

To serve clients by paying benefits accurately and timeously.

3. VALUES

Our values are inspired by the TRICS model:



TRICS model

Transparency	We undertake to be open and accountable in our engagements with all of our stakeholders.
Respect	We are committed to treating everyone with dignity, equality and trust.
Integrity	We act fairly, ethically and openly in all we do.
Courtesy	We treat our stakeholders and clients with consideration, compassion and kindness.
Service excellence	We commit to giving our clients quality service.

4. LEGISLATIVE AND OTHER MANDATES

4.1 Legislative mandates

The Government Pensions Administration Agency (GPAA) was established as a government component as Gazetted in March 2010 in terms of Section 7A (4) of the Public Service Act of 1994 (Proclamation No. 103 of 1994). In accordance with its proclamation, the GPAA's mandate is to provide administration services to its two customers, the Government Employees Pension Fund (GEPF) and National Treasury Programme 7.

On behalf of GEPF and its Board of Trustees, the GPAA administers government employees' pensions and funeral benefits in terms of the Government Employees Pension (GEP) Law of 1996. The provision of these services is regulated by Service Level Agreements (SLAs) between the GPAA and its customers. The GPAA's financial affairs are governed by the Public Finance Management Act (PFMA), while its human resources fall under the ambit of the Public Service Act (PSA). The GPAA reports to the Minister of Finance as its Executive Authority and its mandate is to administer pensions on behalf of GEPF and National Treasury in respect of Post-Retirement Medical Subsidies, Military Pensions, Special Pensions, Injury on Duty payments and other Programme 7 functions.

The following legislation is applicable in administering of the funds:

- The Government Employees Pension (GEP) Law of 1996 which is administered on behalf of GEPF's Board of Trustees;
- Temporary Employees Pension Fund (TEPF) Act 75 of 1979 which is administered on behalf of National Treasury's Programme 7;
- Associated Institutions Pension Fund (AIPF) Act 41 of 1963 which is administered on behalf of National Treasury's Programme 7;
- Post-Retirement Medical Subsidies as provided for and regulated by Public Service Coordinating Bargaining Council (PSCBC) resolutions which is administered on behalf of National Treasury's Programme 7;
- Military Pensions in terms of the Military Pensions Act 84 of 1976 which is administered on behalf of National Treasury's Programme 7;
- Injury on Duty (IOD) payments in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 which is administered on behalf of National Treasury's Programme 7; and the
- Special Pensions in terms of the Special Pensions Act 69 of 1996 which is administered on behalf of National Treasury's Programme 7.

4.2 Relevant court rulings

There were no pending court cases against the GPAA at the time of compiling the Strategic Plan.

4.3 Planned policy initiatives

The policy opportunities and recommendations emanating from the previous and current situational analysis are listed below:

4.3.1 Alignment of the Injury on Duty (IOD) Programme with Compensation House and the development of consistent policy frameworks for paying dependents.

4.3.2 Revision of the Death Distribution Policy to bridge the gap in the GEP Law to provide alternative scenarios for death distribution to protect the Fund from negative legal implications.

4.3.3 Resolve the Transkei, Bophuthatswana, Venda and Ciskei (TBVC) states issue and avoid payment duplication by identifying a reliable tracking system of verifying service dates and updating the payroll administration system.

4.3.4 Identify the root cause of unclaimed benefits; possibilities are that the root-cause of the problem might link with tracing needs. There is therefore a necessity to know the real cause of unclaimed benefits in order to take an accurate policy position.

5. SITUATIONAL ANALYSIS

5.1 Introduction

In January 2010, Cabinet adopted and approved 12 priority outcomes based on the Medium Term Strategic Framework (MTSF) with the aim of developing an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenry. The capacity and developmental commitment of the state is prioritised in the National Development Plan (NDP) and the Department of Public Services and Administration (DPSA) provides guidelines to guide policy and implementation of these priorities. The DPSA develops policies and guidelines aimed at ensuring that public services are responsive to citizens by enhancing system integration, improving mechanisms of service-delivery, human capital and governance and has identified a number of focus areas, which "will serve as the main strategic indicators that will point to whether the public service is effective, efficient and development-oriented" (DPSA website). The focus areas delve into ensuring that the Public Sector impacts positively on the lives of citizens and the economy at large by ensuring that the public sector is free from corruption and that services are easily accessible, provided in a timely manner, by skilled public servants and at lower costs to citizens.

Key actions for the 2014 - 2019 administration as articulated in the Medium-term Strategic Framework (MTSF) is to ensure "institutionalising long-term planning, forging a disciplined, people-centred and professional public service, empowering citizens to play a greater role in development and building an ethical public service" (Department of Planning, Monitoring and Evaluation). The GPAA's objectives are entailed in Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

The GPAA builds from these in its strategic plan and has identified the goals and objectives of the organisation as the effective, efficient and economical administration of pension benefits by paying the right people, the right amount, timeously and also employ the right people, with the necessary competency and care to perform their duties of administering funds economically. The GPAA adheres to government's over-arching strategic service delivery goals which include the Batho Pele Principles of consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money. In line with the Batho Pele Principles, improved processes can ensure that our clients are informed, empowered and can easily access services. Such improvements increase clients' confidence, preparedness and decision making, further increasing their trust in the organisation.

Pension fund administration is guided and regulated by the Pension Funds Act (PFA) 24 of 1956 and the Financial Services Board (FSB) (NT, 2014). The Pension Funds Act 24 of 1956 was developed to provide for the registration, regulation, incorporation and dissolution of pension funds and incidental matters. Rules regarding benefits for the Public Sector are regulated by the Public Service Coordinating Bargaining Council (PSCBC) and other bargaining structures, such as the National Economic Development and Labour Council (NEDLAC) (NT, 2014).

The FSB has legislation covering the regulation of finances in the country, which affects the GPAA as a financial institution administrating the payment of pensions and other benefits to its members and beneficiaries. The Financial Institutions Act 28 of 2001 and the Financial Services Board Act 97 of 1990 are legislations that govern the FSB.

These Acts were developed to provide for and consolidate laws relating to investment, safe custody and administration of funds and to deal with the establishment of a board to supervise compliance with laws regulating financial institutions and the provision of financial services.

In line with these policies, principles and guiding acts, it needs to be understood how the GPAA's culture feeds into service delivery and in achieving Outcome 12. It goes without saying that technological and process changes together with human interfaces will also affect the future planning and strategies of the organisation. Envisioning the future in line with current developments within the pension administration space, will also ensure that the GPAA is propelled forward in becoming the preferred pension administrator that can respond to core needs and add value to its clients and stakeholders.

5.2 Organisational environment

The strategic plan aims to provoke a continuous management paradigm of anticipation and preparedness for improvement in the management of organisational change and environmental uncertainties.

5.2.1 Modernisation within the public sector

The National Framework for Sustainable Development that was adopted in 2008 states that if a country's long term economic performance is to avoid breaching key ecological thresholds, new technologies and processes need to be developed to increase productivity, using less energy, fewer resources and reducing waste (Twenty Years of Democracy, p. 125). Boyle and Roberts (2012) assert that in order for all major financial institutions to survive, they "will need to take the core systems modernisation challenges over the next five to ten years" and these will be driven by a combination of "operational risks, competitive pressure, regulatory pressure, rising IT costs and the loss of IT and business agility" (Boyle & Roberts, 2012: p. 2).

Modernisation at the GPAA is used as a vehicle that is driving the organisation towards becoming sustainable in the fulfilment of its legislative mandates. Implementation of the Modernisation Programme is thus aimed at transforming the GPAA's operational effectiveness and efficiency, stakeholder management and governance to improve service delivery. This objective is in line with a number of South African government documents such as the National Development Plan (NDP), Constitution, Batho Pele Principles and the Service Charter.

Public sector pension administration improvement projects

The Norwegian Labour and Welfare Administration (NAV), the Brazil Pension Administration and the Canada Public Works and Government Services (PWGSC) pension administration improvement project are examples of modernisation projects that have been successfully implemented and that have transformed pension administration within the public sector into modern, innovative and client-driven pension systems. These organisations conducted thorough analysis of their pension administration gaps and identified clients' needs to adequately respond and improve their public pension administration. They were able to develop efficient and economical pension administration systems for public employees by centralising their systems and business processes by not only training and transferring skills to employees but by also creating public awareness about pensions.

The Norwegian project was able to reduce its pension application process from three months to less than a day by using the pension portal (Accenture, 2012). The Canadian Public Works and Government Services created a system that was able to administer multiple pension systems (PWGSC, 2014).

Lessons learnt from modernisation projects within the pension administration environment:

The GPAA is in the process of re-engineering its processes to improve efficiency and effectiveness in serving clients and identified key lessons learnt as follows:

- Developmentally aligning initiatives with regulations;
- Understanding and adequately responding to clients' specific needs;
- Partnering of government and private organisations and / or banks in the infancy of the project to ensure skills transfer and aligning new developments to extensive skills training and change management efforts to ensure sustainability and adjustments;
- Introducing comprehensive "one-stop" tools that can be used throughout citizens' lives to enable pension self-service solutions, the viewing of benefits and automating application processes;
- Co-ordinating of critical departments to help speed-up pension application and benefits payment processes; and
- Validation of pension data for public servants can create fiscal space by reducing fraud and corruption, which can enable tax-payers' funds to be channelled to better use.

The modernisation projects implemented by our international peers indicate that government pension systems do have the ability to evolve into modern and innovative pension systems by ensuring a thorough analysis of administrative gaps so that they can be adequately responded to by utilising modernisation and centralisation projects.

5.2.2 Dynamics within the pension landscape

Background of retirement reforms

The proposed retirement reform emanates from an international policy agenda aimed at addressing structural challenges in the retirement industry and reducing unsustainable dependencies which impact on social stability and countries' economies (Department of General Accounts, 1998; NT, 2013). There is a global outcry that the pension systems in countries are not able to sustain the aged (NT, 2012).

Countries are facing growing poverty levels in retirement, and South Africa was indicated to only have about 6% of the aged who can sustain a comfortable lifestyle in retirement in 2012, which puts pressure on government to sustain the aged (NT, 2012). South Africa, like most African countries, is challenged by high unemployment rates amongst the economically active population as well as the majority of employed people in the informal sector that do not contribute to any form of retirement fund. Nigeria, for example, has a population of about 60 million people of working age and only about 5% contribute towards a retirement savings account, and Kenya has about 75% of its population in the informal sector (Irungu, 2015).

The National Planning Commission (NPC) (2011) through the National Development Plan (NDP) proposed a number of options to balance the dependency ratio and maintain contributions to pension savings. Some of them included discouraging early retirement, encouraging flexibility in retirement arrangements and promoting participation by older people in the labour market. Alternative proposals were to encourage early retirement by deactivating older people in the labour market and increase youth participation, as well as the introduction of mandatory savings and the development of mechanisms to cover the risks associated with informal employment (NPC, 2011).

The South African government has thus been in the race for reforming its pension system to improve social security coverage for more than 10 years. Social security is a basic human right enshrined in the South African Constitution, the 'Universal Declaration of Human Rights and the International

Covenant on Economic, Social and Cultural Rights' (Park & Estrada, 2013, p. 1). The Legislature and the Executive, through the Department of Social Development and the National Treasury, are some of the primary policy makers shaping South African retirement reforms, supported by retirement fund administrators and trustees, the Actuarial Society and research organisations, such as the Taylor Commission. The Taylor report, *Inquiry into a Comprehensive System of Social Security for South Africa,* helped shape current pension reforms and served the basis for a number of policy decisions related to retirement reform (Taylor, 2002).

Current development within South African retirement reform

Current developments in South African retirement reform show a further postponement of the implementation of the new Taxation Amendment Act, which was due in March 2016. The postponement of the aspect of the Act in support of the annuitizing of provident funds is until March 2018 but the harmonisation of the tax for provident funds will be implemented. The two-year delay is to allow for further consultations at NEDLAC (the National Economic Development and Labour Council) and with other stakeholders.

"The requirement to purchase an annuity with two-thirds of your retirement assets at retirement for provident fund members would have completely aligned the tax and annuitisation treatment across all retirement funds" (Le Corduer, 2016). The main opponent of the implementation of the Taxation Amendment Act is the Congress of South African Trade Unions (COSATU). COSATU argues that there was no proper consultation on the reform and that government and Parliament failed to communicate the legislative changes adequately, which was felt to have created panic amongst public servants who, even though not directly affected by the proposed changes, feared losing their savings, resulting in about 85 000 resignations between 2013 and 2014 in "anticipation of the promulgation of the legislation" (Genertzky, 2016).

The enactment of the proposed Taxation Amendment Act, according to Mirrian (2016) has "resulted in public sector workers recognising that they can only access a third of their pension once they retire". Mirrian (2016) further posits that COSATU has stated that a number of public servants are opposed to this and would prefer a provident fund. This thus furthers the debate as it is argued that there has been a lack of consultation with public servants on the preferred fund structure (Mirrian, 2016).

The National Treasury's position on the proposed reform

According to Ensor (2016), the Finance Minister has pleaded for workers' participation in the consultation processes over the next two years to ensure concretisation and incorporation of worker's needs into the new proposal and will also launch a communication campaign to emphasise the "importance of savings and how this could be balanced with pressing expenditure needs" (Ensor, 2016, n.p.). Key principles on the importance of saving and the need to harmonise pension and provident funds will be maintained and the needs of workers will be accommodated. "Arbitrage abuse by high income earners of the provident fund regime" will be guarded (Ensor, 2016, n.p.).

The Parliamentary position on the postponement of the proposed reform

Whilst there were agreements on the two-year postponement, two Committees in Parliament have, however, introduced conditions to the extension since it is felt that some form of guarantee is pertinent (Ensor, 2016). There seems to be a growing resistance to pension reforms as the perceptions of reforms vary and are distorted. Woolner (2009) argues that in certain countries, individuals regard pension contributions as tax, which then distorts the labour market (Woolner, 2009).

The influence of the trade unions in South Africa has also distorted the perceptions of reforms as strategies aimed at nationalising people's hard earned savings. Woolner (2009) states that the response to this perception seems to differ in developed and developing countries wherein in the former, employees lessen the hours of work and in the latter, employees evade tax by joining the informal sector. The decrease in labour supply as a response to reforms dampens economic growth and places a burden on the working population, which contravenes the some of the objectives of the reforms.

5.2.3 Defined Benefit and Defined Contribution pension systems

Managing pension funds is costly and has the potential to impact significantly on savings (Chatterton, et al., 2010; Thurley, 2014), hence the increased need for pension funds to uncover strategies aimed at reducing pension risks (Turner, 2014). Turner (2014, p. 5) posits that "the viability of employer-provided pension plans in the future may depend, in part, on a new distribution of risk bearing between employers and participants". The high risk endured by the retirement fund or employer in the defined benefit funds has partly contributed to the adoption of defined contribution or hybrid funds. Well-designed hybrid systems similar to other well designed plans "can be part of an attractive package that includes the elements necessary to promote retirement security for workers" (Pew Research Centre, 2015). A well designed hybrid plan according to the Pew Research Centre (2015) should 1) be committed to fully funding retirement promises, 2) have combined benefits and savings rates to help secure workers' retirement, 3) be professionally managed and with low fees, pooled investment and appropriate asset allocation, and also 4) enable access to lifetime income in the form of annuities.

Even though the defined benefit fund has challenges, Mitchell and Smetters (2003) highlight that such systems appeal because they help one to plan accordingly for retirement without requiring knowledge about savings rates, portfolio choice, capital market risk or mortality trends, whilst defined contribution plans require this knowledge and most participants do not possess this knowledge, hence they default to the standard investment. They therefore propose that financial education and simpler and safer investment products be provided to simplify the complex task of investing for retirement and ensure that participants accurately assess the risk or return in their plans (Mitchell & Smetters, 2003). Defined benefit funds are regarded as overgenerous and not sustainable as a result of the slump in wage growth, increased life expectancy, static retirement ages, political uncertainties and an increase in the dependency ratio, they therefore place a fiscal drag in government's general expenditure (Mitchell & Smetters, 2003; Woolner, 2009; World Pension Summit, 2014).

In case the GPAA is thinking of exploring hybrid pension systems, its management should think about the kind of risks the organisation would like to transfer to its members and whether clients are equipped to make informed choices about the most suitable plan for them. As retirement reforms are proposing compulsory contributions, the organisation could be fast-tracking its thinking about whether it aims to integrate this cohort of contributors or create a different system of contribution and invest in pension administration that is able to administer multiple pension systems.

5.2.4 Understanding the changing needs of the GPAA and its clients: research

The GPAA conducted sessions to consult so as to understand clients' needs and challenges to ensure that the organisation is responsive and makes informed decisions that contribute towards a developmental government.

The resignation and withdrawal study (2015 / 2016 financial year)

A study aimed at investigating factors contributing to the rates of resignation and cashing out of pension

savings amongst GEPF members was conducted in the 2015 / 2016 financial year. A mixed method design was utilised to gather data from former GEPF members who had resigned and cashed out their pension savings and key informants that included representatives from the GPAA, the Departments of Education and Health, a journalist and a representative from one of the trade unions in the country were consulted. Six key informants and 379 former members were thus interviewed. Most members indicated that prior to their resignation they were not provided support in terms of being informed about the exit process (81%), nor were they given the options and benefits of preserving their pension (80%), nor told about the implications of cashing out their savings (79%) and also not provided an explanation about retirement reforms (79%). The National Treasury press release has revealed that many government employees who exit the Fund are not provided with any advice on the different exit options and their impact (National Treasury, 2015).

Awareness levels for possible benefit forfeiture were statistically significantly when the individual was contacted by a GEPF official regarding resignation, except for the variable transfer of funds, indicating the importance of contacting members prior to their exit to ensure that they make informed decisions. Results indicated that there was more awareness amongst members regarding the benefits and responsibilities upon cashing out their savings, such as forfeiting membership benefits (75%), repayment of debts (68%) and tax implications (84%) however, only 48% were aware that they could transfer their savings to another fund.

It was, however, interesting to note that even though former members (79%) claimed not to have received information on the financial implications of cashing out their savings, there was a higher level of awareness (76%) of the penalties linked to cashing out pension savings. In addition, the provision of options by GEPF made a significant difference on the awareness of transfers to other funds and the debt responsibilities of individual members, but not on taxation or forfeiture of benefits. About 84% of GEPF members who had cashed out their pension savings advocated that financial advice should be provided before resigning as they believe that this would help them improve budgeting, investments and equip members to understand the advantages and disadvantages of their decisions. Factors contributing to resignation and cashing out of pension savings were sought amongst members and key informants.

The study found that participants who had cashed out their savings identified financial problems as the main contributor to cashing out, while key informants identified over-indebtedness. Other contributors identified were related to promotions, working conditions, medical reasons, furthering studies, relocation, terminated contracts and starting own businesses. Younger individuals (younger than age 35) were more likely to resign because they wanted to further their studies or because of the scarcity of promotional opportunities, whilst the middle aged (35 - 54) resigned mainly because of financial problems and the elderly (55 - 60) as a result of medical reasons and / or fatigue. The ease of reappointments in various departments after cashing out was felt by some key informants to also promote cashing out as it was felt that members did not feel the repercussions.

To further ascertain factors that contributed to the cashing out of funds, participants were asked if they were aware of a false rumour that had been spreading about nationalisation of pension funds and holding back of their funds and whether this rumour influenced their decision to cash out. The majority of participants (83%) indicated that they were aware of the rumour but only 15% indicated that they were influenced by the rumour and 55% were unaware that the reform does not affect GEPF members. These results counter media reports which inferred that the countless resignations were due to the reform. When participants were asked to suggest what GEPF / the GPAA could do to support members and ease the pressure of withdrawing their pension savings,

suggestions from both members and key informants centred on improving communication and educating employees about processes and policies that govern the Fund as well as consult members about issues that may affect them timeously. Members also pleaded that the Fund should. If possible, make provision for loans to members.

Communication study (2014 / 2015 financial year)

Communication is critical for the long term success of an organisation and in establishing healthy relationships with clients, as highlighted by a number of studies conducted within the organisation. The GEP Law (1996) states that the Fund needs to communicate with members regarding membership, payments and any changes that may impact on clients. Part of the Fund's mission is to empower members, pensioners and stakeholders through adequate communication. If the GPAA's clients are informed of the processes and procedures of the organisation, the chances of late submission of documents and delayed pension pay-outs are reduced, thus contributing to an improved client service experience and service delivery. In response to the policies, principles and guidelines within the GPAA and government, a study was conducted to investigate GEPF / GPAA clients' perceptions of the Fund's communication and ascertain clients' preferred means of communication, as previous and current studies continue to identify communication as a concern amongst GEPF members. A total of 1078 respondents took part in the study; 64% of the participants were male, 65.4% were urban based, 90.9% were Africans.

The dominating age group was between 35 and 54, with 67% of the represented sample of employees having been in civil service for more than 10 years. The results of the study indicate that a large number of participants (73%) indicated receiving communication from the GPAA through newsletters. The least used methods of communication were the Mobile Offices, Call Centre and employer departments, whilst post offices were mostly used. The noted preference in terms of the means of communication was related to the education level and age group, with members who possessed post graduate degrees preferring email and those with less than grade 12 preferring the use of the post, SMS and newsletters. Members with higher qualifications were more likely to support the provision of an interactive tool as compared to those with lower qualifications.

5.3 Performance environment

5.3.1 Programme 1 - Support Services and Programme 2 - Benefit Administration will render the GPAA's core business within seven distinct areas. The GPAA's core business lies within seven distinct areas:

5.3.2 The structure of the GPAA's Strategic Plan is directed by the CEO and consists of two Programmes, namely Support Services and Benefits Administration, which are supported by eight Sub-programmes as depicted in Figure 1 below.

The Structure for Managing the GPAA Strategic Plan

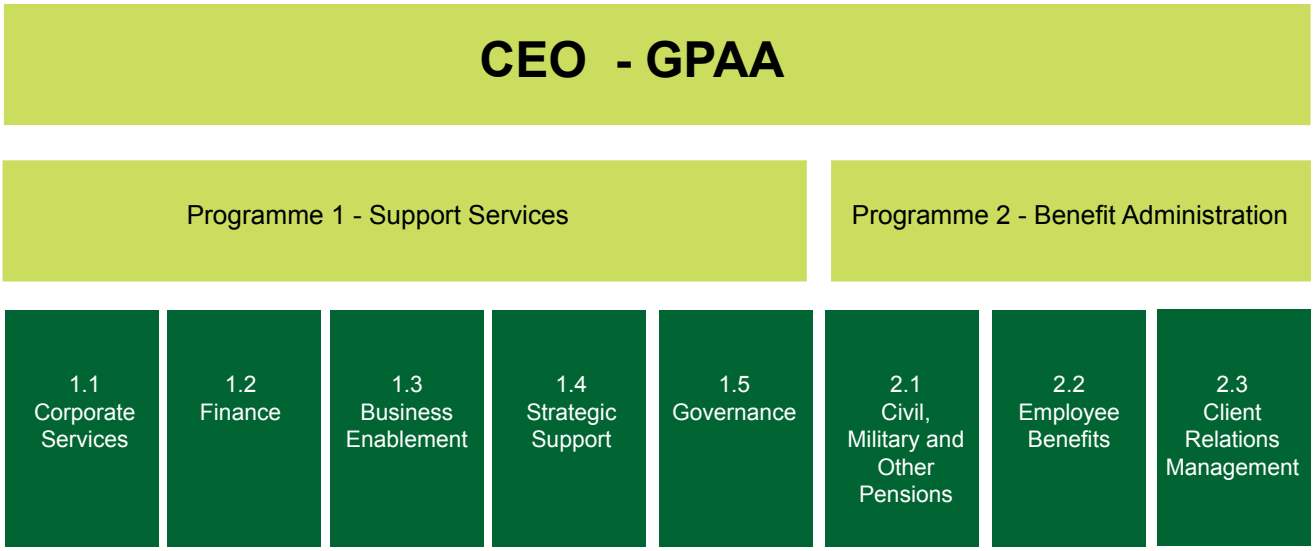


Table 1 - Structure for managing the GPAA Strategic Plan

The following section provides an overview of Support Services (Programme 1) and Benefits Administration (Programme 2) and the eight Sub-programmes that they consist of respectively.

PROGRAMME 1 - SUPPORT SERVICES

Programme 1 administers the business and governance affairs of the GPAA and gives rise to strategic outcomes in support of the core business of Programme 2.

Sub-programme 1.1 - Corporate Services

The business units within Corporate Services play a supporting role to the provision of primary services including Human Resources and Facilities Management. The primary aim of this Sub-programme is to support the GPAA in achieving its strategic goals through the management, co-ordination and oversight of human and physical resources and related services within the organisation which comprise of Employee Relations, Individual Performance Management, Recruitment, Training and Development, Physical Security and Facilities Management.

Sub-programme 1.2 - Financial Services

This Sub-programme manages the financial resources available to administer pensions and other benefits using best practice principles. In this regard, the Sub-programme ensures that financial policies are adhered to, financial record keeping is done according to an appropriate framework, and sufficient cash flow levels are maintained for operational activities. This Sub-programme also prepares the financial statements for the organisation and for use by stakeholders.

Sub-programme 1.3 - Business Enablement

This Sub-programme directs and manages the organisation's ICT infrastructure including two data centres hosting the server, storage and application systems, local area networks (LAN) and wide area networks (WAN) with a national footprint, and a whole range of end-user devices, including desktops, laptops, tablets, printers and scanners. This Sub-programme provides the GPAA with the enabling capabilities and technologies it needs to deliver on its mandate. In its current initiatives, through

the Modernisation programme, the GPAA is in the process of automating its core business processes and expanding its electronic outreach to provide its clients and customers with secure access to its services.

These initiatives are based on leading-edge technology solutions and established best practice frameworks, models and standards that promote and preserve the security and integrity of the organisation's information and the systems that process and maintain them. The Modernisation Programme spans the entire organisation and seeks to upgrade, automate and improve the efficiency and efficacy of human capital, systems, processes and technology whilst fostering mutually beneficial relationships with clients and stakeholders. The programme has become a critical vehicle used by the organisation to transform and modernise its business processes and practices to achieve comparative levels of productivity, savings in administrative costs and ensuring compliance with legislative requirements - therefore making steady progress towards becoming a sustainable organisation.

Sub-programme 1.4 - Strategic Support

The purpose of the Office of the CEO and the business units that fall within it is to plan, direct and support the organisation in order to ensure that employee benefits, pensions and retirement funds are administered according to the relevant legislation and Service Level Agreements (SLAs). The Sub-programme consists of Strategy, Policy, Information Management and Analytics, Corporate Monitoring and Evaluation and Communications.

The group of business units is therefore responsible for ensuring that the GPAA is effectively managed in order to deliver services that meet or exceed the requirements of clients. It is also responsible for building relations and communication with various stakeholders, including the media and intergovernmental engagements which promote the achievement of government priorities and service delivery. Finally, the Office of the CEO is responsible for oversight of the GPAA and the overall performance of the organisation.

Sub-programme 1.5 - Governance

The Governance Sub-programme is aimed at ensuring that the required processes and advisory services are in place for decision making and implementation. The Sub-programme ensures that the characteristics of accountability, transparency, compliance, following the rule of law, responsiveness, effectiveness and efficiency are built into processes, procedures and policies governing the GPAA, its stakeholders and decision making processes. The Governance Sub-programme consists of the Internal Audit, Legal and Advisory Services, Enterprise-wide Risk Management as well as the Forensic and Fraud Prevention Management business units.

PROGRAMME 2 - BENEFITS ADMINISTRATION

Programme 2 consists of three Sub-programmes that administer a range of benefits and is responsible for client relationship management.

Sub-programme 2.1 - Special, Military and Other Benefits (National Treasury's Programme 7 funds)

The Sub-programme is responsible for administering Funds on behalf of National Treasury's Programme 7. It provides for the payment of non-contributory pensions funded by National Treasury to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments. Military Pensions, Post-Retirement Medical Subsidies, Special Pensions and Injury on Duty (IOD) payments are benefits administered under this Sub-programme. Military Pensions and IOD payments provide for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses, in terms of statutory commitments.

Sub-programme 2.2 - Employees Benefits (GEPF)

The Government Employees Pension Fund (GEPF) is a contributory defined benefit pension fund that is administered by the GPAA on behalf of GEPF's Board of Trustees in terms of the Government Employees Pension (GEP) Law. The GPAA provides the full spectrum of benefit administration services, inclusive of member admissions, contribution collection, member / pensioner / beneficiary maintenance and benefit processing services for GEPF. Benefit processing starts from the benefit application, the processing of all relevant forms and documentation, and ends with the finalisation of the benefit payment from the Fund. These processes are aimed at the accurate and timely payment of benefits to GEPF's members and beneficiaries.

Sub-programme 2.3 - Client Relationship Management

The Client Relationship Management (CRM) Sub-programme is aimed at managing relationships with all stakeholders including clients, third parties and employers, by providing high quality, responsive client services based on the principles of Batho Pele. The service channel operations, in other words the call centre and walk-in centres, ensure effective support for the interface between the GPAA and its client base through accepting, resolving and monitoring all service requests or queries made by clients. The Sub-programme also provides employer education and training through its regional and employer liaison units. In addition, CRM oversees the document management process to support the GPAA's core functions and business processes. This includes the conversion of paper documents into electronic format, indexing, tracking and storage of these documents.

5.3.3 Stakeholder analysis

The GPAA is committed to building and strengthening relationships with all of its stakeholders. The organisation's stakeholders, the core service and interactions associated with each person / group, are as indicated on the table:

The GPAA's stakeholder analysis

Stakeholder	Core services provided / interaction points
Internal stakeholders	
Audit Committee and Risk Management Committee	Provide internal audit reports and assurance on the GPAA's risk management controls and governance process
EXCO	Regular meetings to discuss work flow, matters appearing on the dashboard, and risk and fraud management
MANCO	Proposes operational changes and improvements to EXCO
GPAA middle management and officials	Planning, policy development and performance reporting. Comprehensive human resources services
External stakeholders	
Auditor-General	Provide performance information. Respond to audit findings.
Cabinet	Cabinet memoranda and legislation
Government departments and Parliament	Providing administrative support for the department in terms of responding to Parliamentary questions, Cabinet memoranda and requests from other government departments.
National Treasury and GEPF	Facilitating the process for the approval of the Annual Performance Plans, the Strategic Plan, as well as providing assistance on PFMA compliance issues. Engaging on budget options, funding of policy priorities and quarterly meetings of chief audit executives.
Offices of the Minister and Deputy Minister of Finance and Director-General of National Treasury	Providing any information (in the form of briefing notes, submissions or presentations) and support in relation to the governance and finance. Regular meetings to discuss work flow, matters appearing on the dashboard, and risk and fraud management.
Parliamentary engagement	Parliament should be notified well in advance prior to engagement
Portfolio Committees	Briefings on the Corporate Strategy, Annual Report and policy priorities

Table 2 - Stakeholder analysis

5.3.4 The GPAA's value chain

The GPAAs core processes, specifically benefits administration which includes client admissions, contributions and maintenance, pensioner maintenance and benefits processing, rest on the pillars of support services, which include Corporate Services, Financial Services, Business Enablement (ICT), Strategic Support and Internal Audit. The core processes and support services are being improved and enhanced continuously by the Modernisation unit to achieve the GPAA's strategic goals and objectives.

The GPAA's value chain is depicted in Figure 2 below:

The GPAA's value chain

Table 3 – The GPAA's value chain

5.3.5 The GPAA's operating model

Transformation of the GPAA's business operations will mainly be achieved through the implementation of acquired systems, for example the Client Relationship Management (CRM), identity access management (IAM) and Enterprise Contact Management (ECM) systems and a dedicated drive to identify and acquire a suitable system to replace the current legacy system which will also fit into the approved technical architecture.

The structure shall be implemented to complement the modernised operating model as depicted below in *Table 4 – The GPAA's operating model*:

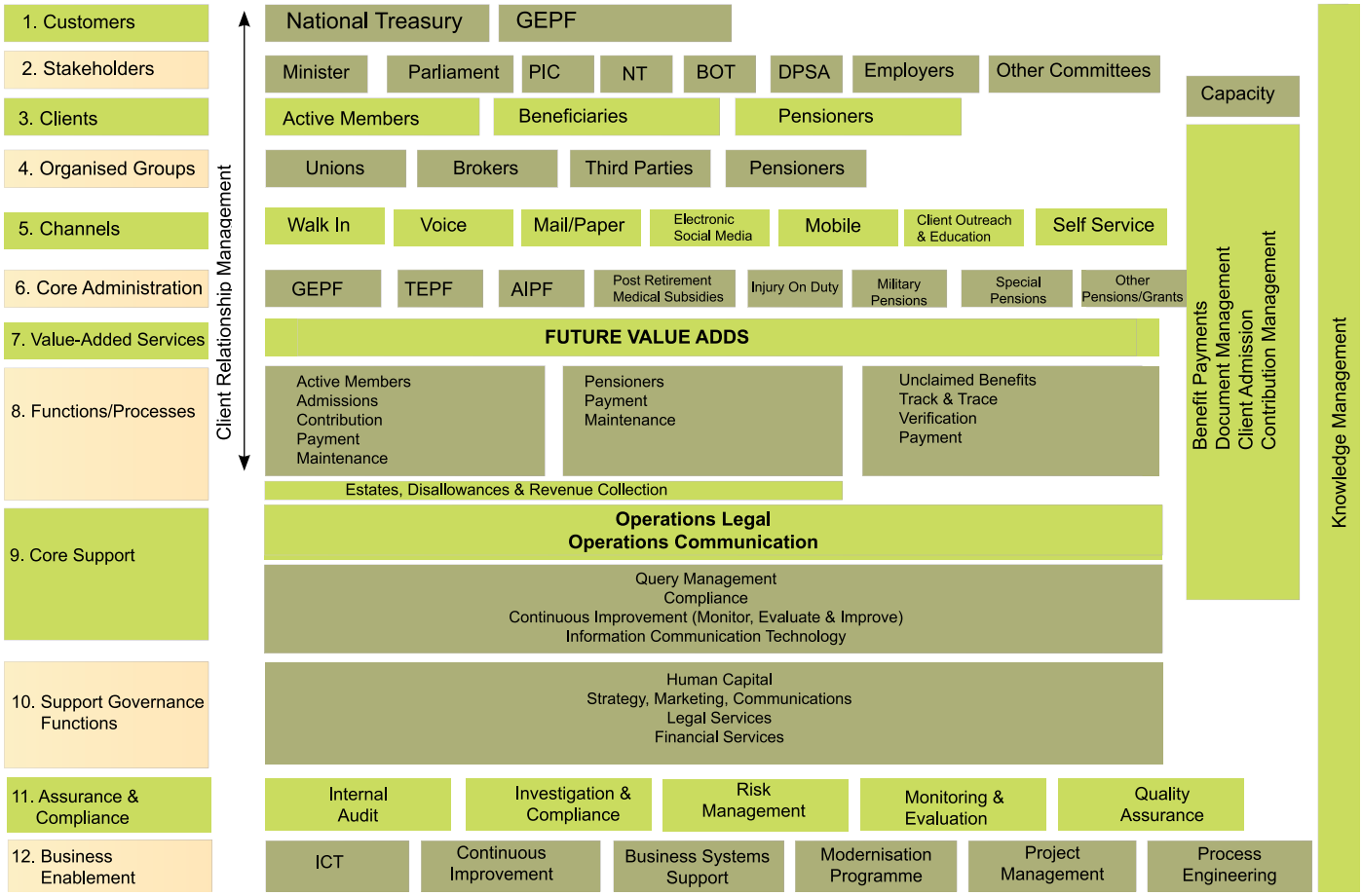


Table 4 – The GPAA's operating model

5.3.6 Demographics of the GPAA's client base

The National Treasury's Programme 7 clients amount to about 118 890 from the different funds combined as at March 2016. The processing of claims differs to a lesser extent, which allows for the utilisation of similar processes and procedures - although the policies of the funds differ. The total number of GEPF clients has increased by an average of 2% per year from 2008 – 2014 with 1, 467, 560 clients in July 2008 to 1, 674, 759 in June 2014, which is an overall increase of about 207 199 clients during the six-year period. The total number of GEPF clients increased from June 2014 to 1, 693, 078 clients as at the end of March 2016.

The total number of GPAA clients, with National Treasury's Programme 7 funds and the GEPF combined is approximately 1, 820, 806 clients including active members, pensioners, spouses and orphans as at March 2016. The provisional growth trend is therefore estimated at an average increase of clients by 1% per year in the coming 10 years, to reach the 2 million mark by 2027. However, the diversification and expansion of government departments might have contributed to the historic growth in the client base and, as government departments stabilise, the growth may also stabilise or become minimal. The table below depicts the updated and verified GPAA client base as at end March 2016.

Funds	Member type	Member count	Total
GEPF	GEPF members	1 269 948	1 693 078
	GEPF pensioners	272 059	
	GEPF spouses	149 701	
	GEPF orphans	1 370	
National Treasury's Programme 7	Medical	97 008	118 890
	Military	5 261	
	IOD	8 157	
	Other	1 021	
	Special pensions	7 443	
AIPF	AIPF pensioners	5 590	8 481
	AIPF spouses	2 891	
TEPF	TEPF pensioners	231	357
	TEPF spouses	126	
GPAA total members administered			**1 820 806**

Table 5- The GPAA's client base (as at March 2016)

5.4 The strategic planning process

5.4.1 Strategic planning process

The GPAA has adopted government's results-based planning, performance, monitoring and evaluation approach to deliver services to members, pensioners and beneficiaries. In planning and utilising this approach, the GPAA has identified strategic goals for the realisation of its organisational mandate. The goals were developed in line with the strategic priorities in order to ensure alignment of operational objectives and initiatives to meet service delivery obligations. The methodology is outlined in Table 6 - *Strategic process and planning*. The GPAA monitors performance by tracking progress through Performance Indicators (PIs), while progress is reported on a quarterly basis and cumulative basis at the end of the financial year.

All GPAA initiatives are cascaded from the corporate strategy and aligned to Sub-programme plans, right through to individual performance plans, to ensure the consistency of performance monitoring, tracking and reporting throughout all levels of the organisation. The GPAA evaluates the outcomes and impacts of its initiatives periodically and lessons learnt are fed back into the strategic planning processes.

5.4.2 Performance measures

The GPAA's approach to strategic planning and management causes operational plans to be cascaded off the corporate strategy. The cascaded product allows for the monitoring and evaluation of strategic initiatives. Based on strategic goals and new drivers, the strategic plan has been amended. The strategic plan for 2017 / 2018 – 2020 / 2021 has been updated and all Sub-programme operational plans will be aligned to the new corporate strategy.

The GPAA's strategic management process is depicted in Table 6 below:

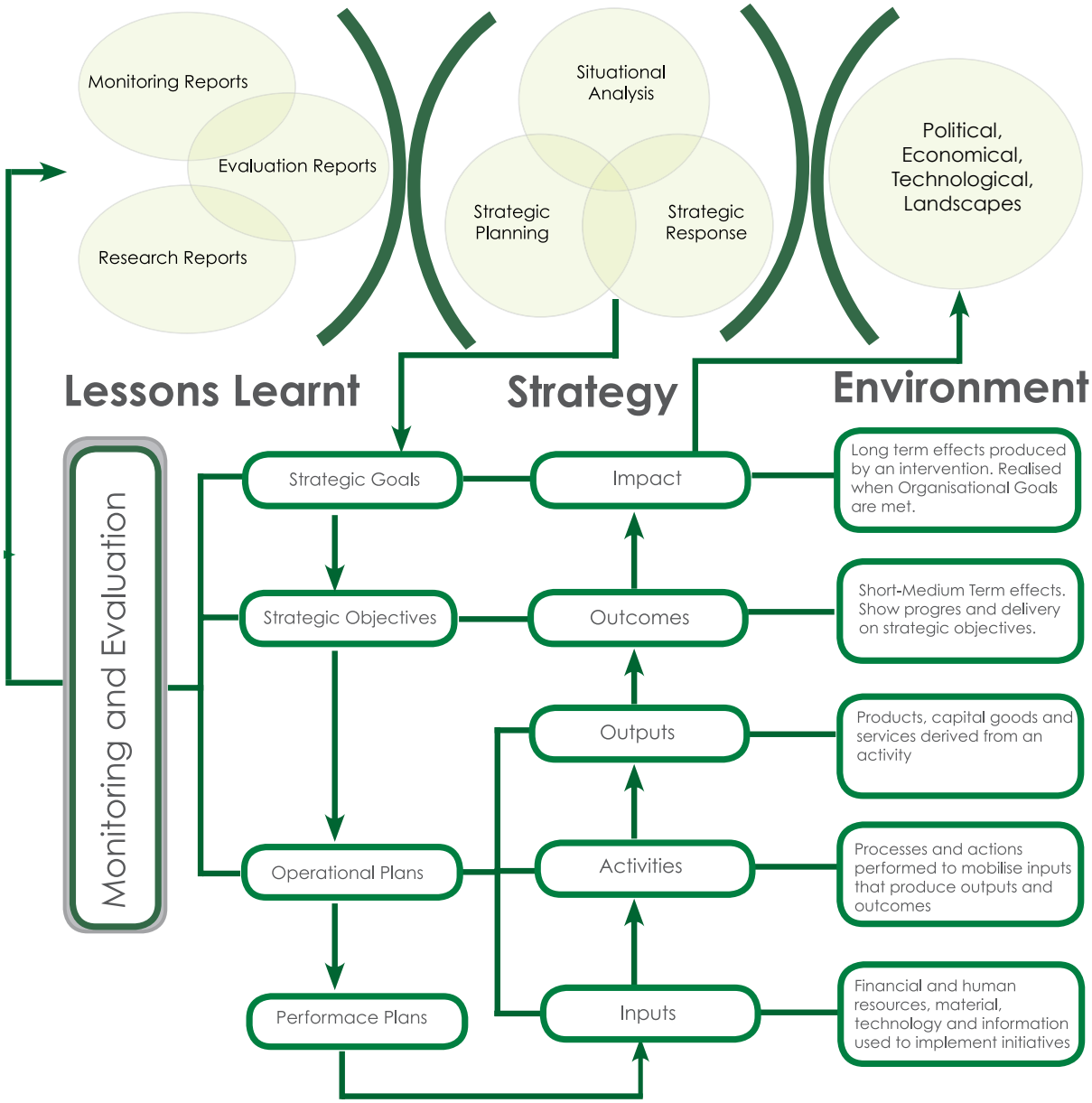


Table 6 - Strategic process and planning

5.4.3 Strategic thrusts

Specific emphasis is given to the optimum form and identity of the GPAA in changing the client experience. This strategy will focus on improving the service delivery experience of the GPAA's clients and customers.

Staff

The GPAA appreciates that their human resources are pivotal to the implementation of this strategy and the day to day operations of the organisation. It is in this vein that the GPAA will initiate its first leadership academy for Generation Y and Z to enhance the technical and soft skills necessary for employees' development.

The finalisation and approval of the organisational structure is of importance to implement effective governance through decision making at different levels of the organisation. In addition, the approved organisational structure will also facilitate that critical posts are filled with the right calibre of staff at the right level within the organisation.

It is also necessary to review and align the resources between the core services and support activities to reflect the mandate of the GPAA. This strategic focus is furthermore aimed at dealing with staff insecurities as a result of contract positions which will also be mitigated by the approved organisational structure.

Audit and Risk findings

The GPAA aims to address all Auditor-General of South Africa (AGSA), Internal Audit and GEPF findings and implement measures to prevent reoccurrences of similar findings. The corrective action which will be implemented will simultaneously address the root causes of findings identified to avoid reoccurrence, promote on-going compliance and effective audits within the GPAA.

Modernisation

The delivery of the Modernisation Programme's roadmap remains centre stage to drive improvements in service delivery through partnerships both internal (business) and external (SARS). The aim is to ensure that the GPAA runs as an efficient and effective organisation through process improvement, innovation and automation. This should ensure a reduction in administration costs over time. The various benchmarks, sessions, audits and reports from different sources including the World Bank, the Public Service Commission (PSC), the CEM Benchmarking report, the Advisory Board and WAR session recommended several focus areas for the Modernisation Programme, including:

- Standardising Project Management methodology;
- Governance and prioritisation of the project deliverables;
- Project budgets and Fund Return On Investment (ROI);
- Integrating people, processes and technology through delivery a system blueprint;
- Mapping processes first, then building systems (system follow process);
- Operationalising Benefits Payment Automation (BPA) and Pension Case Management (PCM);
- Upgrading the IT systems for e-Channel / PCM use;
- Providing a claims progress feedback mechanism;
- Integrating the website and self-service portals; and
- Improving call centre efficiency.

Electronic communication

It is envisaged that the communication strategy will ensure that the GPAA can implement targeted stakeholder communication through e-mail and cellular phone by building and maintaining its client database.

Client services

The core business of the GPAA is about the client's experience, meaning the experience of members, pensioners and beneficiaries. It is anticipated that if the client experience is solid and satisfactory, coupled with meeting the SLA requirements in place, then the customers, (GEPF and National Treasury), will have a good relationship with the GPAA. These relationship improvements shall surely yield fruit for future innovations that will lead to added value and benefits for clients. The GPAA is committed to increasing access for members through increasing its mobile sites and branches.

The need for service delivery standardisation in regional offices has been identified as this will contribute to improving the level and quality of service and will constitute a key driver for eliminating the waiting time for retirement pay-outs. The regional offices must be empowered through proper delegation of authority to facilitate the required processes in the regions which can contribute to effective payment of benefits. The GPAA is aware that pension reform has had a lasting impression on members and that this issue may still be creating uncertainty for some members.

This uncertainty must be eliminated and the GPAA aims to make use of its communication channels, including road shows, educational material and stakeholder relations to ease the minds of our clients in this regard. As part of its organisational evolution, the GPAA is probing new services, products, reward systems for not cashing out pensions for extended periods and advisory services which will benefit our clients and equip them with better decision making tools to protect their valuable retirement savings.

Annual Performance Plan

The key to achieving all performance indicator targets is dependent on the implementation of our annual performance plan. This will be driven by champions to assist in the continuous monitoring of achieving 100% organisational performance which will be made possible by pre-empting interventions and implementing mitigation actions to ensure success. The GPAA's Annual Performance Plan conforms to the guidelines of the National Treasury's Framework for Strategic Plans and Annual Performance Plans which includes the cascading of operational targets and performance indicators to impact, outcome, outputs and activity levels.

Data integrity

The focus of this initiative will continue to improve data quality and seek to address sources of concern for data. The perpetuation of engagements with employer departments will be critical to ensure that data integrity is achieved in order to deliver on our objectives of paying the right person, at the right time, at the right cost and the right amount.

Department support - Government

The GPAA intends to seek government department support in reviewing employment policies to reduce the workload as a result of re-employment of employees who have resigned. These engagements will also assist in the acceleration of data sanitation, finalising s-cases and unpaid claims and the roll out of the Modernisation initiatives including Pension Case Management, Benefits Payment Automation and Self Help service.

It is envisaged that the collaboration with employer departments will include compulsory HR process training by the National School of Government (NSG) and the DPSA with regards to employees' pensions. Furthermore, integrating such training with employer department wellness programmes will further emphasise the advantages of reaching retirement age before cashing out pension benefits thereby limiting further resignations based on uncertainties.

In addition, the GPAA aims to partner with SARS and employer departments to drive awareness campaigns to further enhance the experience and accelerate the payment of benefits to the retiring member.

Innovation

The GPAA established an Innovation Committee which will collaborate with the private sector to explore product and service offerings, process re-engineering in partnership with government departments and benchmark the GPAA against industry norms. As the GPAA continuously strives for operational excellence, it aims to achieve this through implementing the international standard, ISO9004: Managing for the sustained success of an organization. A quality management approach. In order for the GPAA to be responsive to the needs of its stakeholders, a stakeholder communication plan must be developed to ensure that the delivery of services is aligned to stakeholder expectations.

One of the gaps identified in the CEM Benchmarking report is for the GPAA to implement one-on-one counselling by competent financial advisors to arm members to make informed decisions with regards to their benefits. The GPAA's Advisory Board has recognised that the GPAA must consider an innovation strategy to address the identified weaknesses, opportunities and threats which include:

- Gearing the organisation for policy initiatives;
- Reviewing the concentration risk where 93% of the organisation's income is from a single customer;
- Probing new business offerings;
- Benchmarking or partnering with private sector administrators; and
- Interrogating the GPAA's restrictive mandate.

The resignations and pension withdrawal study highlighted several avenues to take the interests of the GPAA's clients to the next level, including:

- Assisting members with debt by providing loans while they are contributing to the Fund. An agreement must be in place to recover such loans from a member's benefit pay-outs;
- Impose penalties for early withdrawal of benefits to discourage members resigning with the intention of re-joining the Fund. However, employees who withdraw benefits to start a business should be assisted and empowered subject to a sound business plan being in place.
- Develop an educational fund in addition to the retirement fund to assist members to pay for dependents tertiary fees to avoid cashing out benefits for post-matric studies; and
- Providing debt counselling, money-management training and assessing the lawfulness of attachment orders for indebted members.

Efficiency

The CEM Benchmarking report proposed several efficiency initiatives which the GPAA intends to address, including: aligning resources between core business and support services; improving the level and quality of service; eliminating the waiting time for retirement pay-outs; reducing backlogs and late payments; exploring one-on-one counselling (financial services); integrating the website and self-help service and improving the call centre's efficiency.

In addition, one of the five-year review recommendations is to implement programme corrective actions based on Monitoring and Evaluation performance results. The GPAA's Modernisation session held in June 2016 highlighted numerous efficiency considerations including:

- Cultivating Executive sponsorship, governance structures, ICT capability and available expertise; and
- Improving the business-ICT partnership, enabling change management, enhancing HR capacity and capability, advancing operational service delivery, refining planning, optimising SCM delivery and accommodating fraud and risk management.

The aim of driving these efficiencies is to achieve an improved user experience, turnaround times and proficient processing to optimise the client experience. Implementing enhanced data management and integrity tools, coupled with improved employee morale and development; and governance will result in "a better life for all" as envisaged by the National Development Plan 2030.

S-claims, unclaimed benefits and unpaid benefits

The organisation plans to analyse backlogs, quantify s-claims, unclaimed benefits and unpaid benefits and develop a project plan which will monitor progress regularly. To enable the GPAA to analyse these problem areas, it must create a database of unclaimed benefits, develop a tracing beneficiaries' schedule, employ tracing agents to locate beneficiaries and process their claims - which will ultimately be the inputs in reducing backlogs and avoiding late payments.

6. MODERNISATION

6.1 Background

The Modernisation Programme was initiated in 2010 by the Minister of Finance to replace the Service Delivery Improvement Plan (SDIP). With the assistance of SARS, a current state analysis was undertaken in 2010 and a proposed modernisation roadmap was created, which got off the ground in the 2011 / 2012 financial year when the Automatic Life Verification (ALV) system was successfully launched. By 2013 / 2014 the Modernisation Programme started to gain traction; key tenders were awarded in March and April 2013 and the e-Channel (electronic document submission system) was launched to provide a portal for employers to submit documentation directly via the internet. Unfortunately, due to the outmoded technology, the system was not sustainable and had to be rebuilt from scratch on a new platform. The Modernisation Programme had, however, started moving and after key decisions were taken around the call-centre and the implementation of the Technical Architecture Design (TAD) in August and September, momentum further increased. Since the beginning of 2014 with the appointment of the Solution Implementation Partner (SIP) for the TAD this progress accelerated.

By November 2014 a decision has been taken to end the relationship with the SIP and to pursue a new approach that combined internal development with the strategic use of implementation partners. The re-architecting of the current Portal and development of new e-Channel and Benefits Payment Automation (BPA) applications for the new Super-Cluster commenced. In 2015 Pension Case Management (PCM) was launched to replace e-Channel, with the intention of integrating BPA into PCM to create an automated process of submission through to benefit payment without human interference. This would mitigate fraud and corruption risks. By early 2016 the resilient network was complete with direct replication between two data centres and two mainframes. This MPLS technology has given the GPAA the ability to switch over its call centre from Head Office to any of its 15 regional offices automatically to ensure continuation of business in times of emergency. The initial spend to ensure that the GPAA has sufficient hardware resulted in the purchase of two Oracle Super-Clusters, one for each of its two data centres. The GPAA's software development teams shall, in 2015 / 2016, bring the automation of benefit payments to the fore.

6.2 Overview

Modernisation is the vehicle for the transformation to a better client and customer experience. One of the key deliverables of Modernisation is for the GPAA to pay benefits within 15 days of receiving duly completed documents via electronic means. Achieving this objective will place the GPAA's performance well within stakeholder expectation. By late 2016, the GPAA is expected to have

multiple database and data cleansing systems that will automatically update client contact records off available data from other channels, including from government departments. This will enable direct communication with its 1.8 million clients via email, SMS, MMS, online chat and other social media. This initiative will enable a reduction in unpaid and unclaimed benefits. By the end of the 2015 / 2016 financial year, the GPAA would have introduced self-service into a paperless environment, combined with good document repositories that are guarded by digital signatures.

A worthy point to take note of is that in 2016 / 2017 the storage capacity hardware shall be upgraded to cater for the storage of the millions of digital documents that will be under the GPAA's control and the archiving of such. The strategy for 2017 / 2018 – 2020 / 2021 seeks to transform the GPAA's operational effectiveness and efficiency beyond its current Modernisation drive into one of innovation, enabling the GPAA to offer products and services beyond its current mandate. This will enable the GPAA to surpass its current legacy systems that only cater for a defined benefit (DB) fund to include defined contribution (DC) products or DB / DC hybrids. Furthermore, the GPAA could position itself strategically to service other government funds and benefits at a much lower cost than what is available in the private sector.

6.3 Critical elements of Modernisation

The Modernisation programme considers several critical elements necessary for achieving the intended Modernisation objectives and improvement of the GPAA's overall organisational performance. A brief overview of current systems, network improvement initiatives and platforms are discussed below.

6.3.1 Electronic Content Management

Electronic Content Management (ECM) is pinnacle to achieving the digital environment envisaged by the GPAA. It is geared to realising business benefits which enhance document and record management, which is key to improving the overall processing of pension benefits, as follows:

- Streamlining and increasing the quality of digitising;
- Contributing to faster processing of pension fund cases;
- Reducing the need for physical usage, distributing and storage of manual documents; and
- Reducing duplicate document and records management systems and processes.

The first ECM release is planned for March 2017 and the second release for September 2017.

6.3.2 Pension Case Management and Benefits Payment Automation

Pension Case Management (PCM) and Benefits Payment Automation (BPA) will deliver a system that will manage the benefit application process inclusive of paying benefits in a central automated system. The system will result in the following business benefits which will be transposed to clients:

- Electronic processing of exit cases;
- Automated processing for payments;
- Streamlining payment to members; and
- Reducing potential fraud.

The first release of PCM has been implemented and the first release of BPA was scheduled for December 2016. PCM will be rolled out nationally in a phased approach between 2016 / 2017 to the 2017 / 2018 financial years.

6.3.3 Data Quality Improvement Management

The Data Quality Improvement Management (DQIM) deliverable is aimed at ensuring the data integrity of client information to facilitate the data required for registration, verification and payment. The business benefits which the GPAA will derive from this initiative include, but are not limited to, the following:

- Reducing the risk of faulty transactions;
- Reducing the costs related to poor quality data; and
- Assisting to achieve compliance with regulatory standards and laws.

The DQIM deliverable is estimated to be rolled out from 2015 / 2016 through to 2016 / 2017 to ensure good quality data.

6.3.4 Electronic Document Management System

The Electronic Document Management System (EDMS) will provide a central data warehouse consisting of all the client, organisational and stakeholder information necessary to facilitate the pension administration process. The business benefits include:

- Reducing the cost of administration per member;
- Cost saving in terms of less returned post (mail); and
- Facilitating easier contact with next-of-kin for unclaimed benefits cases.

The product is set to be ready for implementation by December 2017 and completed by end of the 2017 / 2018 financial year.

6.3.5 Customer Relationship Management

The Customer Relationship Management (CRM) platform will provide quick and easy access to clients for information updates and retrieving benefit statements, which will bring the GPAA on par with its private pension administration counterparts. The CRM platform will enable the following business benefits:

- Increasing the number of access channels for the GPAA's clients;
- Creating an interfacing platform which integrates with core systems; and
- Retrieving benefit and client information.

Considering the direct impact this will have on the GPAA clients, the release of this platform has been prioritised and planned for implementation by 2017 / 2018.

6.3.6 Call Centre

The GPAA's Call Centre is a key access and relationship point for its clients. The Call Centre is therefore a key focus area for driving client experience improvement, which the GPAA strives to excel at. The overhaul of this key client hub will result in the following business benefits:

- Real-time management reporting;
- Improving business intelligence information and reporting;
- Improving the client experience; and
- Improving multi-media capabilities and workforce management.

The implementation of improvements was realised by September 2016.

6.3.7 Human Capital Management (HCM)

The aim of the project is to automate the HR system based on the Oracle architecture which shall include but not be limited to a self-service system for the employee which shall reduce the HR workload and increase client experience at the GPAA HR department.

The business benefits which will be realised under HCM include:

- Automated performance management processes and modules;
- Automated Recruitment processes;
- Automate leave management;
- Automated policy management;
- Improving the effectiveness and efficiency of Client Liaison Officers by improving service delivery, access for clients and reducing costs;

- Re-focussing the Human Resources function to deliver value and not only administration processes; and
- Embedding business analytics through dashboards which provides real-time visibility on problem areas to effectively reduce costly attrition rates.

The planned implementation is scheduled for December 2017.

6.3.8 GEPF and GPAA website

The GEPF's website will be re-engineered to deliver the following business benefits:

- Provision of a self-service interface;
- Improving online presence to the public and providing information to members and pensioner about funds and benefits;
- Social media interaction;
- Reflecting GEPF's image and identity;
- Restructuring content for ease of use and an improved benefit calculator; and
- Accommodating various browsers for easy navigation between functionalities.

GEPF and GPAA's websites shall, in particular be instruments of self-service by the end of the 2016 / 2017 financial year.

6.3.9 Network and other supporting initiatives

The functionality of the new systems and collaboration tools is based on optimising user friendliness, which will be supported by various network capability improvement initiatives and improvement of other platforms. In addition, the new systems and platforms aim to maximise the productivity and quality of pension administration processes within the GPAA. Amongst the supporting network capability improvements are MPLS, the Digital Signature, Security Information and Event Management (SIEM), IT Service Management (ITSM), the Queue Management System (QMS), Connect Drive, MPS Phase 2 and IDMS.

6.3.10 Challenges and Risks

The Business Enablement team is cognisant of the challenges and risks facing the implementation of the various re-engineered systems and processes. Each individual deliverable will always consider compatibility between systems, customisation to the unique processes of the GPAA, change management, interdependencies and implementation approaches. To this end, each of the developments is subject to quality assurance and user acceptance testing (UAT). By the conducting the UAT, the GPAA ensures that systems are fit for the intended business purposes.

Notwithstanding the technical appraisal, the Modernisation team remains in contact with considering the impact on employees and labour and the concerns associated with the implementation of new systems. One of the most significant challenges revolves around resources targeted for data cleansing, architecture and analysis as business units often compete for key ICT resources which may impact on the timely implementation and quality of Modernisation projects. However, the risks relating to the implementation of Modernisation has been well articulated in the Strategic Risks section of the Strategic Plan which also identifies the contributing factors and the mitigation strategies to minimise the impact of risks if they occur.

The GPAA is committed, through its Chief Information Officer, to ensure that the implementation team continues on the journey of realising the expected results of the Modernisation programme.

7. STRATEGIC OUTCOME ORIENTED GOALS AND OBJECTIVES OF THE GPAA

7.1 Overview

As an organisation, the GPAA's strategic focus is to constantly improve the client experience by paying benefits and pensions timeously and efficiently, taking into account that the membership of our client base is broad and spread throughout South Africa, including deep rural areas. The GPAA's strategy is coherent and aligned with the expectations of its customers (GEPF and National Treasury), its clients (members, pensioners and beneficiaries of the funds under administration) and its stakeholders (employers and other interested parties).

To this end, this strategy addresses noted bottlenecks by aligning to the requirements of customers and clients. The intended strategic oriented outcomes are to be efficient, effective and economical and treat people with care. The GPAA has further aligned its strategy with the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP). Addressing the challenges that affect the ability of the public service to play its full developmental and transformative role, the focus of the GPAA up to 2020 / 21 is:

- Establishing the institutional mechanisms and building the necessary capacity within the organisation to undertake long-term planning to contribute to government's outcomes in terms of building a capable state;
- Improving the management of the political-administrative interface and reducing the high turnover in administrative leadership which leads to organisational instability;
- Improving the responsiveness of the public service to citizens with a particular focus on strengthening routine day-to-day accountability at the point of delivery and ensuring existing mechanisms for citizen participation are used effectively;
- Taking a more long term approach to developing skills and the professional ethos of public service by turning every workplace into a training space with a particular focus on on-the-job learning where public servants are adequately supported in order to develop the skills they need during the course of their career in the public service;
- Implementing the Modernisation Programme which is aimed at increasing the effectiveness of business processes through re-engineering, automating processes aimed at service delivery to enrich the experience of pensioners and members through improving the turnaround times and accuracy of benefits paid;
- Addressing corruption through the implementation of zero tolerance policies and activities aimed at combatting fraud and corruption;
- Addressing weaknesses in procurement, management and operations systems that undermine the efficiency and effectiveness of public expenditure and impact on the quality of service delivery;
- Revitalisation of the Batho Pele Principles for a more responsive benefits administration;
- Achieving more effective inter-departmental co-ordination; and
- Strengthening routine day-to-day accountability, overseeing and monitoring the quality of service delivery in the regions, as well as improving mechanisms for client feedback to drive improvement.

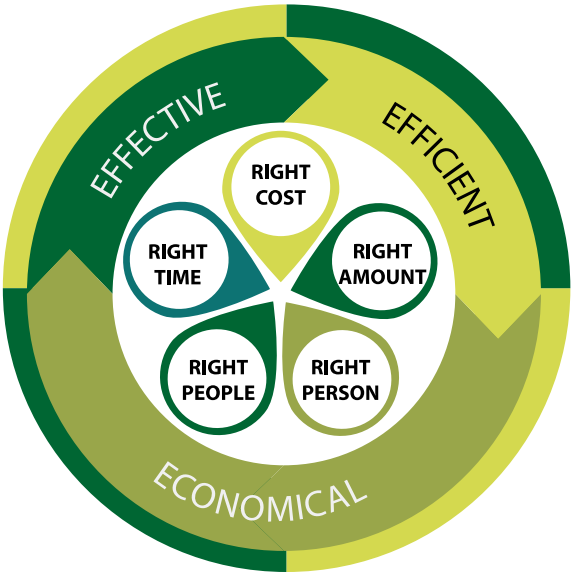
The Executive Authority (for the GPAA, the Minister of Finance) is accountable and responsible to the President in terms of their approach to service delivery - for which a performance agreement has been signed. The Medium-Term Strategic Framework (MTSF) 2014 – 2019 makes provision

for 12 government outcomes. In this case, the GPAA is responsible for supporting the Minister of Finance in contributing towards outcome 12, namely: an efficient, effective and development-orientated public service and an empowered, fair and inclusive citizenship. The four outputs and measures supporting outcome 12 are:

- Output 1: Service delivery quality and access;
- Output 2: Human resource management and development;
- Output 3: Business processes, systems, decision rights and accountability management; and
- Output 4: Tackling corruption in the public service.

To this end, the GPAA intends to achieve these objectives through SMART (specific, measurable, achievable, realistic and timely) performance indicators as outlined in the programme scorecards.

7.2 Strategic goals and objectives



Our Clients Right, Our Objectives

1. To pay the right amount as per legal entitlement as prescribed by legislation and rules.
2. To pay the right person who is the lawful member or beneficiary.
3. To pay benefits on time as per legislation.
4. To employ the right people that are competent, performance-driven and caring.
5. To administer funds at an economically acceptable cost of administration per member.

7.2.1 Overview

The strategic goals and objectives consider the Minister's contract (outcome 12 and its four outputs), the GPAA's operating environment, different analysis methods, the situational analysis, and have collectively been set at various workshops and interventions with management teams and executives. The GPAA's strategic goals and objectives were coined as the 3 Es and 5 Rights, which is depicted as a continuous improvement symbol in the figure below:

The GPAA's strategic goals and objectives:

Strategic goal 1	Effective administration
Strategic goal statement	Effective administration of benefits for the Funds administered by the GPAA on behalf of GEPF and National Treasury's Programme 7 funds

Strategic goal 2	Efficient administration
Strategic goal statement	Efficient administration of benefits for the Funds administered by the GPAA on behalf of GEPF and National Treasury's Programme 7 funds

Strategic goal 3	Economical administration
Strategic goal statement	Economical administration of benefits for the Funds administered by the GPAA on behalf of GEPF and National Treasury's Programme 7 funds

The GPAA's strategic objectives support the achievement of the strategic outcome oriented goals. The organisational objectives will be driven by the GPAA's Programmes and Sub-programmes.

Strategic objectives: Programme 1 – Support Services

The GPAA's Support Services, Programme 1, consists of the following Sub-programmes:

1.1 Corporate Services; 1.2 Finance; 1.3 Business Enablement (Modernisation and Information Communication and Technology); 1.4 Strategic Support; and 1.5 Governance.

The GPAA values its members and beneficiaries and *employing the right people* ensures that clients are serviced by competent employees. The human capital strategy shall include state-of-the-art recruitment practices; knowledge and talent management; an efficient organisational structure; staff retention programmes; fraud deterring methodologies; training facilities; enhanced tools of trade; skills development; and defined human resources processes together with effective wellness programmes to achieve this objective.

To ensure the highest level of employee competency, a reskilling process was embarked upon during 2015 / 2016 and will continue as processes are automated. There will also be a greater focus on developing skills that are client-facing. Thus the reduction in the production employee headcount will allow the reallocation of staff to the client-facing areas of the GPAA. It is expected that the expansion areas within the organisation will thus be around client outreach, client education and the probability of introducing other products - together with a

financial advisory capability. The strategic objectives are therefore as follows:

Strategic Objective	To administer the funds effectively	
Objective Statement	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	
Baseline	Average of Performance Indicators as presented on the Corporate Scorecard	
Performance Indicators and Planned Targets (2017/18)	% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	80%

Strategic Objective	To administer the funds economically	
Objective Statement	To administer the funds at an economically acceptable cost of administration per member	
Baseline	Average of Performance Indicators as presented on the Corporate Scorecard	
Performance Indicators and Planned Targets (2017/18)	% Reduction in administration costs	5%
	Number of fraud prevention activities implemented (PSC)	12
	% Pension Case Management (PCM) System implemented	100%
	% Benefit Payments Automation (BPA) System implemented	70%
	% of Self-services System implemented for access to clients	100%

The GPAA continuously endeavours to administer *payment of benefits at the right cost.* The self-service option and direct contact with clients will not only reduce the time taken to pay benefits to clients, but will also change the entire administration landscape and reduce the cost of administration dramatically - as seen in the UK Government Pension Fund. The GPAA, whilst investing in powerful technology and systems, is geared to lowering the cost of administration, process by process, with activity-based costing methodology being implemented. Unfortunately the initial investment into systems, processes and technology was high - especially during the 2015 / 2016 financial year where most of the Modernisation budget was spent on acquiring and setting up technological platforms.

In 2017 / 2018 the investment shall be by virtue of contractors and consultants to assist the organisation in realising the capability of the then stabilised technology of the previous years. By the end of 2017 / 2018 the capital expenditure, together with consultants' and contractors' salaries, will be lowered to a marginal value thus ensuring an immediate downward trend in administration cost per member. Expenditure in the financial year 2015 / 2016 was mainly on technology platforms and relevant consulting services. Thus from 2017 / 2018 the GPAA will be able to charge a reduced fee per member for the administration of benefits. Lastly, in the 2018 / 2019 and 2019 / 2020 financial years the GPAA will have freed itself from its contractor and consultant base and will only spend on maintaining the state-of-the-art technology that has already been implemented.

Strategic objectives: Programme 2 – Benefits Administration

The GPAA's Benefits Administration, Programme 2, consists of the following Sub-programmes: 2.1 Civil, Military and Other Pensions; 2.2 Employee Benefits; and 2.3 Client Relations Management.

Strategic Objective	To pay the right amount	
Objective Statement	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	
Baseline	Average of Performance Indicators as presented on the Corporate Scorecard	
Performance Indicators and Planned Targets (2017/18)	% Client satisfaction levels	90%
	% of post voice call survey	80%

The success of *paying the right amount* to beneficiaries is dependent on employer departments' submissions of timeous and duly completed exit documentation.

Strategic Objective	To pay the right person	
Objective Statement	To pay the right person who is the lawful member or beneficiary	
Baseline	Average of Performance Indicators as presented on the Corporate Scorecard	
Performance Indicators and Planned Targets (2017/18)	% of National Treasury's Programme 7 members admitted within 21 days	96%
	% of GEPF members admitted within 21 days	96%
	% of GEPF contributions reconciled by the 22nd of the month	95%
	% of GEPF Existing Member data confirmed annually with the member and / or the Employer Departments (to cleanse member data)	25%
	% of NT pensioner records maintained	90%
	% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	100%
	% of GEPF membership certificates issued within 21 days of receipt of completed documentation subject to a valid address	90%
	% of NT membership certificates issued within 30 days of admission	90%
	Number of dedicated Fund (NT & GEPF) Relationship Officer appointed	1

The GPAA's ability to *pay benefits to the right person* can be enhanced through formalising agreements with employer organisations, coupled with the education of members, to ensure that exit documentation is completed accurately and that it meets the necessary requirements. We also develop and / or employ Key Account Managers to be customer and client-orientated in ensuring that the necessary, skilled and accessible support is available to members.

Strategic Objective 2.1	To pay benefits on time	
Objective Statement	To pay benefits on time as per legislation	
Baseline	Average of Performance Indicators as present on the Corporate Scorecard	
Performance Indicators and Planned Targets (2017/18)	% of GEPF benefits paid on time (within 45 days 2017/18)	80%
	% of National Treasury's Programme 7 benefits paid on time (within 30 days)	85%
	% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	70%

The GPAA aims to increase its performance on *paying benefits at the right time* through being in direct contact with the beneficiary and offering a self-service option to remove the excessive waiting times. This could relieve a great deal of client frustration as the client is empowered to use self-service modules of the administration system. The challenge of employer department late submissions was addressed at the PSCBC in 2013 / 2014 by means of the wage resolution 2013 / 2014 passed by PSCBC, clause 13; 13.1 and 13.2.

This stated that employer departments shall deliver duly completed exit documents to the GPAA within 30 days of the employee's exit. Employer departments should now review their exit management process to ensure that pension benefits can be paid by the GPAA within the prescribed timeframes. This means that the GPAA requires 15 of the 30 days to process any pension benefit payments post the member's exit.

PART B: RESOURCE CONSIDERATIONS

8. RESOURCE CONSIDERATIONS

The GPAA's strategic resources are centred on financial and human resources due to the nature of its business:

8.1 Financial resources

8.1.1 Budget methodology

This is a three-year budget in line with the Medium-Term Expenditure Framework (MTEF). The MTEF provides a firm foundation for the integration of planning and budgeting as:

- Administrative capacity improvements are set in advance, allowing business units to plan and budget for service delivery improvements in line with the GPAA's agreed commitments;
- The business units plan, spend on programmes and projects according to an agreed three-year expenditure envelope, contributing to certainties and affordability over the medium term;
- The business units are able to forecast medium to long term financial implications of new and existing projects and programmes; and
- Monitoring and evaluation of expenditure programmes in relation to the GPAA's agreed service delivery improvement plan is improved.

Principles underpinning this budget

The Department of Public Service Administration's (DPSA's) regulations and guidelines regarding employment practice, remuneration, performance management and training, were followed in line with National Treasury's cost containment measures. This affected management decision-making and caused budget cuts in designated areas as far as possible. In terms of recruiting employees, only mission critical positions, supported by valid and strong motivations, will be filled. Thus only vacant positions which were already in the recruitment process applying the LRA are considered. The approved budget of 2016 / 2017 serves as the baseline.

Assumptions

- Costs related to the organisational structure from levels 1 to 16 are based on the old structure and the needs of the organisation, rather than the new structure as it has not been finalized. This structure is in the process of being finalized and the match and place process that will take place in 2016 / 2017 may only start in quarter two and be completed in the 2018 / 2019 financial year.
- Salary increases are based on National Treasury's 2016 Medium Term Expenditure Framework guidelines of 7% for the next three years (2017 / 2018, 2018 / 2019 and 2019 / 2020). Over and above the cost of living increase, 1.5% of the payroll has been included to accommodate performance rewards.
- It is presumed that within the next three years the GPAA will implement a cost recovery model in line with industry practice for improved accountability and benchmarking purposes.
- All employees of the GPAA are governed by the Public Service Act. The Medium-Term Strategic Plan has been developed taking into account current and anticipated challenges facing the GPAA.
- 1% of payroll for training has been added according to the Skill Development Act and Skills Levy Act in addition to the 1.5% for performance bonuses which are regulated.

8.1.2 Resource allocation

Programme 1 - Support Services

The 2016 / 2017 budget was R814.1 million, reduced to R764.7 million in 2017 / 2018. This programme consists of five Sub-programmes namely:

- Corporate Services;
- Finance;
- Business Enablement ;
- Strategic Support; and
- Governance.

Programme 2 - Benefit Administration

The 2016/2017 budget was R405.3 million, reduced to R373.5 million in 2017 / 2018. This programme consists of three Sub-programmes namely:

- Civil and Military Pensions;
- Employee Benefits; and
- Client Relations Management.

8.1.3 The expenditure analysis per Programme

Programme	Approved budget	Medium-term expenditure estimate		
	2016 / 2017	**2017 / 2018**	**2018 / 2019**	**2019 / 2020**
Programme1: Support Services	814 129	764 721	826 528	839 523
Programme 2: Benefits Administration	405 283	373 532	395 384	417 580
TOTAL	**1 219 412**	**1 138 253**	**1 221 912**	**1 257 103**

Table 7 - Expenditure analysis per Programme

8.1.4 The expenditure analysis per Economic Classification

	Audited outcomes			Adjusted appropriation	Medium-term expenditure estimate		
Economic classification	**2013 / 2014**	**2014 / 2015**	**2015 / 2016**	**2016 / 2017**	**2017 / 2018**	**2018 / 2019**	**2019 / 2020**
Current payments							
Compensation of employees	146 814	382 948	433 875	484 886	519 848	548 976	579 942
Goods and services of which:	115 738	397 941	378 537	608 117	530 612	562 324	593 715
Communication	397	12 946	43 769	70 337	62 599	66 291	70 003
Computer services	0	117 967	44 930	11 0971	112 725	119 376	126 061
Consultants	30 912	90 077	132 765	249 374	168 168	179 237	189 107
Inventory	2 686	15 951	14 232	20 601	22 016	23 295	24 589
Lease payments	6 071	32 832	25 700	30 708	32 618	34 540	36 474
Repairs and maintenance	16 657	24 739	68 006	19 329	20 537	21 748	22 966
Research and development	350	535	0	0	0	0	0
Training and staff development	9 327	20 372	8 434	20 166	21 689	22 964	24 248
Travel and subsistence	5 804	14 322	17 883	34 435	35 050	36 497	38 535
Other	43 534	68 200	22 818	52 196	55 210	58 376	61 732
Depreciation	6 085	24 451	58 897	126 409	87 793	110 612	83 446
Losses from sale of assets	0	0	0	0	0	0	0
Total expenditure	**268 637**	**805 340**	**871 309**	**1 219 412**	**1 138 253**	**1 221 912**	**1 257 103**

Table 8 - Expenditure analysis per economic classification

8.1.5 Statement of Financial Position – MTEF Forecasts:

Government Pensions Administration Agency

Statement of Financial Position	2015/16	2016/17	2017/18	2018/19	2019/20
	Audited	**Approved budget**	**Revised Budget Estimate**	**Revised Budget Estimate**	**Planning Budget Estimate**
ASSETS					
Current assets	**29 790**	**27 891**	**27 770**	**29 159**	**30 617**
Inventory	1 368	1 100	1 370	1 439	1 511
Trade and other receivables from exchange transactions	15 800	14 791	15 300	16 065	16 868
Cash and cash equivalents	12 622	12 000	11 100	11 655	12 238
Non-current assets	**69 575**	**71 626**	**78 636**	**82 568**	**86 696**
Property, plant and equipment	59 575	61 076	67 558	70 936	74 483
Intangible assets	10 000	10 550	11 078	11 632	12 214
Total assets	**99 365**	**99 517**	**106 406**	**111 727**	**117 313**
LIABILITIES					
Current liabilities	**93 522**	**93 674**	**100 563**	**105 591**	**110 871**
Trade and other payables from exchange transactions	71 000	71 152	74 541	78 268	82 181
Current provisions	22 522	22 522	26 022	27 323	28 689
Leave	22 522	22 522	26 022	27 323	28 689
Total liabilities	**93 522**	**93 674**	**100 563**	**105 591**	**110 871**
NET ASSETS	5 843	5 843	5 843	6 135	6 442
Accumulated surplus / (deficit)	5 843	5 843	5 843	6 135	6 442
Total net assets and liabilities	**99 365**	**99 517**	**106 406**	**111 726**	**117 312**

Table 9 - Statement of Financial Position - MTEF Forecasts

8.2 Human Resources

The GPAA Human Resources (HR) department is a catalyst in ensuring that the organisational structure and capacity enables the execution of the GPAA's primary business, as well as ensuring adequate auxiliary functions which in turn supports primary processes. The GPAA is in the process of developing a new structure and, as a result, not all vacancies on the current structure will be filled. The current operational needs versus the new role definition and availability of the position in the new proposed structure will be considered before filling permanent positions. The average stability rate for the GPAA is approximately 70%, which is an acceptable rate given the changing environment and implementation of the Modernisation project.

Employee turnover in the organisation includes both permanent and contract positions and has remained fairly constant over the past three years. The number of employees who terminated employment in 2013 was 95 (8.7%), in 2014 it was 99 (9%) and in 2015 it was also 99 (9%). The turnover rate is fairly low as it is lower than 10%, which is the industry norm. The largest number of employees remains in the employ of the GPAA for approximately seven to eight years, which is ideal to promote continuity and the growth of employee skills. The GPAA acknowledges the long service of employees as they become increasingly knowledgeable about business processes, policies and operations and are thus able to make meaningful contributions to the organisation. The also become instrumental in ensuring an effective, efficient and economically driven GPAA.

<u>The Human Capital Management (HCM) project</u>

The aim of the project is to ensure that the GPAA's skills, capacity and organisational structure are aligned to the modernised processes and technology envisaged by the Modernisation programme. Capacity modelling, job description development and job evaluation with functions has been concluded to inform the lower level structure. A skills audit on soft skills has been conducted on employees from levels 9-14. The lower level structure is currently close to finalisation within the GPAA and will then be forwarded to the Minister of Finance and the Minister of Public Service and Administration for final approval. Once approval has been granted the following steps will take place;

- Consult the entire organisation on the approved structure;
- Approve the HR strategy, plan and policy;
- Migrate the new approved structure (staggered base approach dependent on technology readiness);
- Create the GPAA's competency model; and
- Create the management, leadership and employee capacitating training plan.

In order to ensure that the organisation has the relevant skills and competencies to sustain a modernised GPAA, a technical skills audit from levels 9 - 15 will be executed. This will result in targeted, individualised training and development plans. The HCM leg will focus on skills development and transitioning the organisation into the newly approved process-based organisational structure, while supporting the Business Enablement leg with change management interventions with the aim of transforming the nature of service delivery and client experience in aspects that are important to the GPAA's client base.

PART C: STRATEGIC RISK MANAGEMENT

9. STRATEGIC RISK MANAGEMENT

The profile of the GPAA's key strategic risks was developed through formalised risk assessment workshops with the GPAA's Executive Committee (EXCO) in conjunction with each business unit's management team. Internal Audit will play a pivotal role in the combined assurance framework by providing independent assurance over governance, risk management and systems of internal control, as well as over the combined assurance framework. Contributors in this role predominantly include Internal Audit, Risk Management, Quality Assurance, the external auditor and management. This is based on the best practices adopted by the *King III Report and Code on Good Corporate Governance* (King III).

No.	Performance areas	Strategic Risk	Contributing factors	
1	10. Support governance functions 12. Business Enablement	Inability of the Modernisation Programme to achieve the intended objectives.	1. Inadequate project governance. 2. Lack of project dependency / prioritisation list. 3. Misalignment between the strategy and the desire to deliver the modernised state. 4. No partner to assist the GPAA in the transition to the modernised state.	
2	10. Support governance functions	Failure to identify and respond effectively to public relations / media crisis or negative press.	1. No defined communication strategy to address negative public perception.	
3	12. Business enablement	Project risk implementation (Ability to implement projects successfully)	1. Nature and complexity of projects. 2. Availability of skills to implement projects. 3. Reliance on service providers due to lack of in-house application development skills. 4. Software / hardware dependencies not anticipated.	

	Mitigating Action Plans
	1. Develop business cases for projects (prior to their commencement) in consultation with business (end users). 2. Establish a change management strategy (buy-in from business). 3. Review project dependency / prioritization list (in addition to programme management). 4. Establish a training strategy (to transfer skills from service providers / contractors for continuity). 5. Review the Governance team to include business representatives (as they are system owners / users (customer proxies appointed for each project).
	1. The GPAA to implement the communication strategy measured by a score-card.
	1. Monitoring of Projects in line with the Roadmap. 2. Progress workshop with Executive and business. 3. Continuous engagement with Governance structures (Project Steercom / Project Committee / Operations Committee and EXCO).

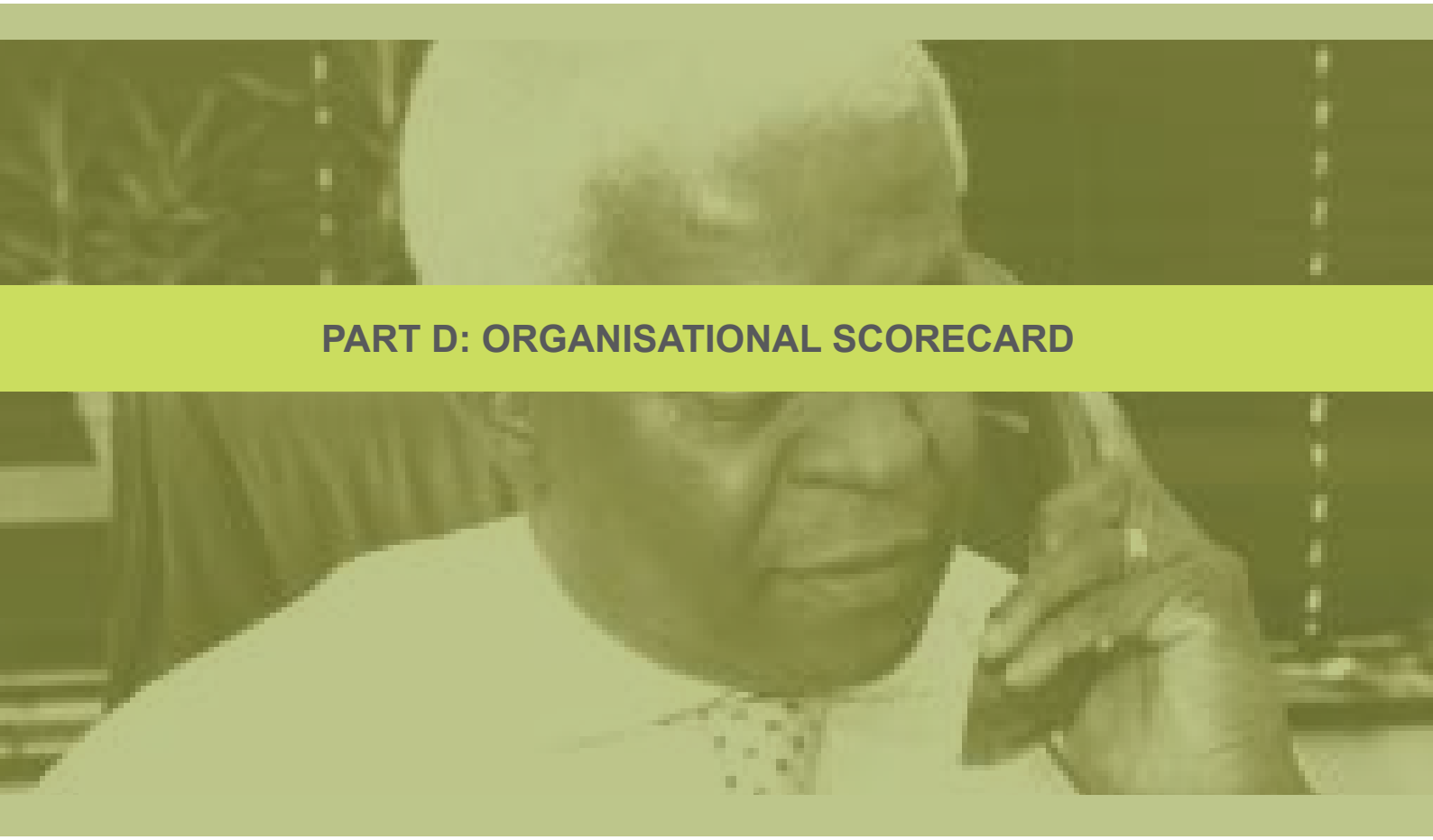
No.	Performance areas	Strategic Risk	Contributing factors	
4	Client Relationship Management: 3. Clients 5. Channels 6. Core administration 7. Value-added services 8. Functions / processes	Inaccurate, incorrect and untimely payment of benefits	1. GPAA's validation process inadequate. 2. Poor data integrity. 3. Reliance on documents submitted for beneficiary's details (no source of verification). 4. The GEP Law is open (applicability of the law and how we apply it). 5. Dependencies on other systems (i.e. Home Affairs, SARS). 6. Incomplete and / or untimely payments of contribution by Employer Departments. 7. No formal Service Level Agreement (SLA) between Employer Departments and GPAA / GEPF. 8. System inadequacies.	
5	11. Assurance and compliance	Failure to detect or prevent fraud, maladministration, theft and corruption in a timely manner	1. Collusion with service providers, beneficiaries, syndicates, and other Government officials for the purpose of fraud and corrupt activities. 2. Illegal or improper acts of employees resulting in loss of organisations assets and resources (negligence). 3. Inadequate classification and encryption of information. 4. Inadequate vetting process for employees and service providers. 5. Limited Corporate Governance structure (policies and procedures) promotes unethical conduct. 6. Unauthorised access to confidential information.	
6	10. Support governance functions	Loss of critical skills and inadequate development and retention of staff	1. Inability to compete with market to attract and retain relevant skills (pension environment). 2. Organisation structure not approved. 3. Poor working conditions / environment.	

	Mitigating Action Plans
	1. Develop OLAs between business units 2. Engagement with GEPF to review GEP Law 3. Implement Benefits Payment Automation (BPA). 4. Modernisation projects (PCM, EDMS, BPA). 5. Research the possibility creating a Death Benefits Tracing unit (including investigative skills).
	1. Benchmarking with other similar departments to understand fraud methodologies and strategies. 2. Conduct fraud risk assessment/ reviews at Regional office and National office. 3. Sign-off on forensic methodology. 4. Sourcing of the forensic detecting system capabilities. 5. Development of the fraud risk assessment plan and protocol. 6. Information security: Development of classification model. 7. Information security: Training/awareness on safekeeping of information. 8. Research the legality of profiling of employee. 9. Revitalisation of the fraud hotline (Awareness needed). 10. Develop fraud strategy for external customers/ clients.
	1. Alignment of Performance Agreement to the Strategy (after cascading session). 2. Develop a Human Talent Management strategy. 3. Develop a system mapped process (HR processes and roles). 4. Sign-off of the organisational structure. 5. Strengthen change Management Capabilities.

No.	Performance areas	Strategic Risk	Contributing factors	
7	2. Stakeholders, Client Relationship Management: 3. Clients 5. Channels 6. Core administration 7. Value-added services 8. Functions / processes	Inaccurate, invalid and incomplete client information from Employer Departments	1. Lack of data governance programs. 2. Reliance on data from the employers' systems (lack of control over what employers capture onto the system).	
8	10. Support governance functions	Non-Compliance by the GPAA to legal and regulatory requirements (PFMA/ OHS / POPI / Information Management)	1. Inadequate awareness of legal and regulatory requirements. 2. No baseline testing to determine the level of compliance. 3. No Regulatory Universe (Compliance Framework).	
9	10. Support governance functions	Inadequate Financial Management	1. Ad-hoc projects implemented that were not budgeted for. 2. Financial management strategy does not support the business model.	
10	11. Assurance & compliance	Disruptive incidents due to internal and external factors (i.e. power outages, natural disasters)	1. Water outages and acts of nature. 2. ICT Disruptions. 3. Electrical and mechanical disruptions.	

Table 10 – Strategic Risk Management

	Mitigating Action Plans
	1. Implement EDMS (Document Management). 2. Pension Case Management System (Improve efficiencies of the system) project. 3. CRM project (client facing improvement). 4. DQIM (Data Quality Information Management) project.
	1. Conduct compliance assessment. 2. Conduct Compliance Awareness campaigns. 3. Development of enterprise wide compliance framework. 4. Establish a compliance function within GPAA. 5. Sign-off of Governance Framework (draft).
	1. Alignment of the demand plan to the strategy. 2. Training for MS and Executives (Cost centre managers) on the budget process.
	1. Bi-annual testing to be done. 2. Buy additional generators and UPSes. 3. Buy emergency water tanks for five sites. 4. Review SLA with landlords. 5. Conduct Ad-hoc renovations at Head Office (renovate four regional offices during the 2017/18 financial year: Nelspruit, Kimberley, Umtata, Durban).



PART D: ORGANISATIONAL SCORECARD

10. PROGRAMME SCORECARDS

The organisational scorecard is a culmination of the government priority relevant to the GPAA, its strategic goals, objectives and the performance areas deriving from its operating model. In addition, the scorecard links the aforementioned to the performance indicators and targets. The scorecard distinguishes and identifies the performance indicators and targets for each GPAA Programme to maintain accountability and ownership of performance outcomes at Executive level.

Programme 1 - Support Services is responsible for all auxiliary activities and services, while Programme 2 - Benefits Administration contributes to the fulfilment of the GPAA's mandate of paying pensions and related benefits to the rightful members and beneficiaries in line with the Service Level Agreements (SLAs) between the GPAA and its key customers: GEPF and National Treasury.

Programmes 1 and 2 collectively manage service delivery quality and access by:

- Meeting the service levels as per the Service Level Agreements with GEPF and National Treasury.
- Implementing a process to adequately deal with unclaimed benefits.
- Managing the roles and responsibilities of employer departments and other key stakeholders vis-à-vis that of the GPAA.
- Improving the customer service experience and broadening the GPAA's client channel network.
- Educating and empowering members.
- Contributing to the establishment of a modernised administration system.
- Reducing the long term cost of administration.
- Eliminating fraudulent activity within the GPAA.

The scorecards for the two programmes follow:

10.1 Programme 1 - Support Services Scorecard - Performance Indicators and Projected Targets

	Strategic Goal	Strategic Objective(s)	Performance Indicator	
1.	Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of the new (current year) unclaimed benefits of the accumulated unclaimed benefits total	
2.	Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% reduction in administration costs per member	
3.	Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	Number of fraud prevention activities implemented (PSC)	
4.	Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Pension Case Management (PCM) System implemented	
5.	Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Benefit Payments Automation System implemented	
6.	Economical administration of benefits	To administer funds at an economically acceptable cost of administration per member	% of Self-Service System implemented for access to clients	

Table 11 - Programme 1 - Support Services Scorecard

10.2 Programme 2 - Benefits Administration Scorecard - Performance Indicators and Projected Targets

	Strategic Goals	Strategic Objective(s)	Performance Indicator	
7.	Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% client satisfaction levels	
8.	Effective administration of benefits	To pay the right amount as per the legal entitlement as prescribed by legislation and rules	% of post voice call survey	
9.	Efficient administration of benefits	To pay benefits on time as per legislation	% of GEPF benefits paid on time	
10.	Efficient administration of benefits	To pay benefits on time as per legislation	% of NT benefits paid on time	
11.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT members admitted within 21 days	
12.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF members admitted within 21 days	

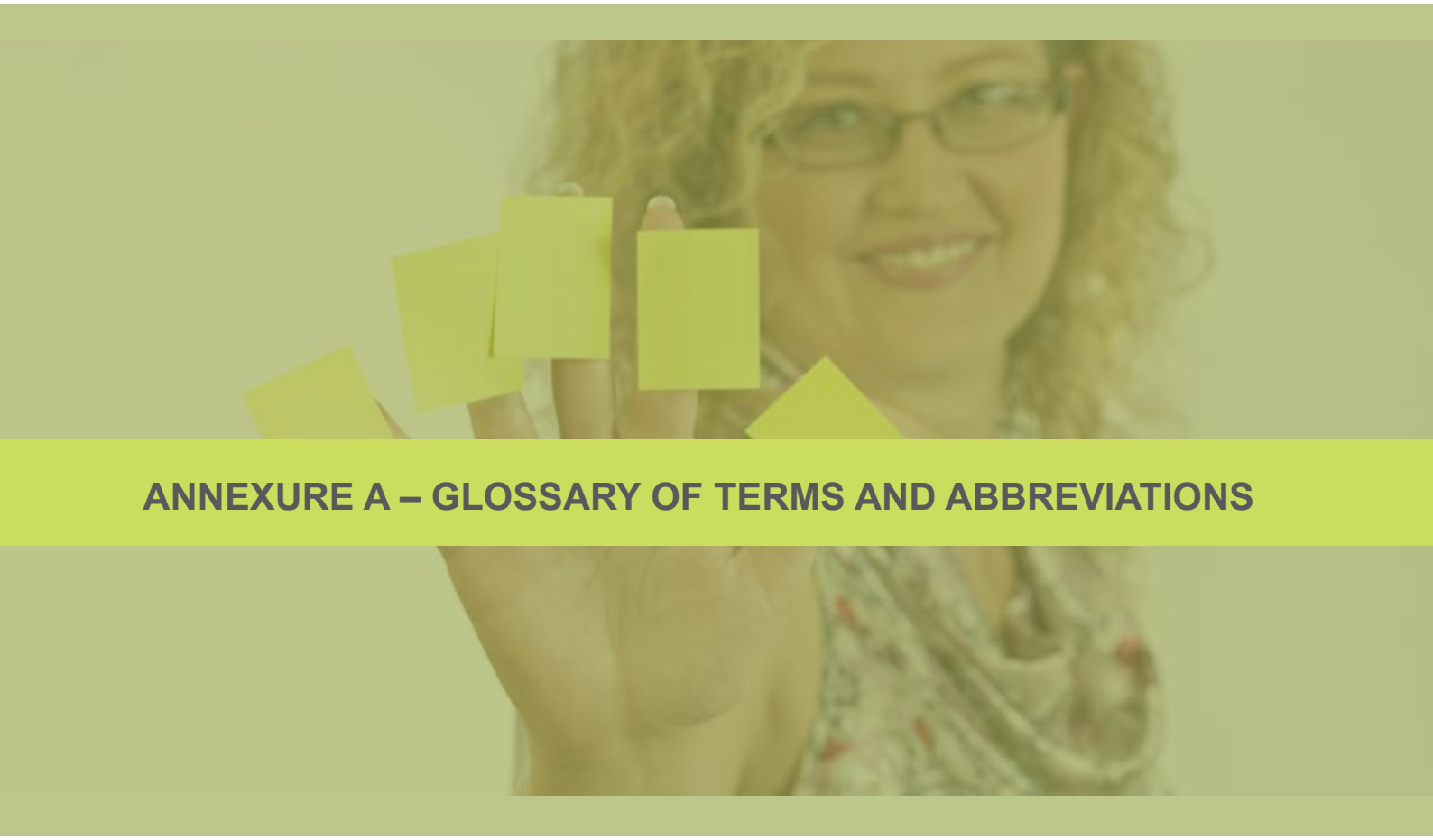
	Audited / Actual performance		Estimated Target	Planned Target	Medium-term targets		
	2014/2015	2015/2016	2016/17	2017/18	2018/19	2019/20	2020/21
	59% (Unclaimed benefits aging balance, 90% to be in the current year	Not measured	70% (% of the total unclaimed benefits amount relating to the current year (Should be higher)	80%	85%	90%	92%
	Not measured	Not measured	2%	5%	8%	10%	12%
	19	19	12	12	13	14	14
	New measure	New measure	New measure	100%	-	-	-
	New measure	New measure	New measure	70%	100%	-	-
	New measure	Self-service terminal implemented (Kingsley WIC)	Not measured	100%	-	-	-

	Audited / Actual performance		Estimated target	Planned Target	Medium-term targets		
	2014/2015	2015/2016	2016/17	2017/2018	2018/2019	2019/2020	2020/2021
	94%	97%	85%	90%	94%	96%	97%
	New measure	New measure	65%	80%	84%	86%	88%
	91%	77%	80%	80% of benefits paid within 45 days	85% of benefits paid within 45 days	90% of benefits paid within 30 days	95% of benefits paid within 30 days
	91%	91%	80%	85% of benefits paid within 30 days	85% of benefits paid within 25 days	86% of benefits paid within 20 days	90% of benefits paid within 15 days
	79%	79%	95%	96%	96%	97%	98%
	100%	100%	96%	96%	96%	97%	98%

	Strategic Goals	Strategic Objective(s)	Performance Indicator	
13.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF contributions reconciled by the 22nd of the month	
14.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF Existing Member data confirmed annually with the member and/or the Employer Departments (to cleanse member data)	
15.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT pensioner records maintained	
16.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT suspended pensioners (overseas) reinstated after receipt of Life Certificates	
17.	Efficient administration of benefits	To pay benefits on time as per legislation	% of NT (Special Pensions) death benefits paid within 60 days after duly completed documents were received	
18.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of GEPF annual benefit statements issued within a set period after the yearly salary increases approved by the Fund (subject to approval in Q4 of the previous year)	
19.	Effective administration of benefits	To pay the right person who is the lawful member or beneficiary	% of NT membership certificates issued within 30 days of admission	
20.	Effective and efficient administration of benefits	All five strategic objectives are relevant	Number of dedicated Fund (NT & GEPF) Relationship Officer appointed	

Table 12 - Programme 2 - Benefit Administration Scorecard

	Audited / Actual performance		Estimated target	Planned Target	Medium-term targets		
	2014/2015	2015/2016	2016/17	2017/2018	2018/2019	2019/2020	2020/2021
	New measure	New measure	New measure	95%	95%	95%	95%
	New measure	New measure	New measure	25%	25%	25%	25%
	New measure	New measure	New measure	90%	95%	100%	100%
	New measure	New measure	New measure	100%	100%	100%	100%
	New measure	New measure	New measure	70%	70%	70%	70%
	New measure	New measure	New measure	90%	92%	93%	95%
	New measure	New measure	New measure	90%	92%	93%	95%
	New measure	New measure	New measure	1	1	1	1



ANNEXURE A – GLOSSARY OF TERMS AND ABBREVIATIONS

Annexure A – Glossary of terms and abbreviations

Term	Definition
AIPF	The Associated Institutions Pension Fund, as per the AIPF Act 41 of 1963, administered by the GPAA on behalf of National Treasury.
Client	A customer of a professional service provider, or the principal of an agent or contractor.
Customer	An entity that receives or consumes products (goods or services) and has the ability to choose between different products and suppliers or an entity directly served by an organisation.
Days	The days on the scorecard refers to working days.
Elements of the PI used for Measuring (indicator / Measure)	Quantitative or qualitative factors or variables that provide a simple and reliable means to measure achievement and/or to reflect the changes connected to an intervention.
Employers	Any government entity employing persons into government services.
Expected results	Outputs, outcomes or impacts
External audit	Periodic or specific purpose (ad hoc) audit conducted by external (independent) qualified accountant(s). Its objective is to determine, among other things, whether: (1) the accounting records are accurate and complete, (2) prepared in accordance with the provisions of Generally Accepted Accounting Principles (GAAP), and (3) the statements prepared from the accounts present fairly the organisation's financial position and the results of its financial operations.
GEP LAW	Government Employees Pension Law of 1996, as amended.
GEPF	The Government Employees Pension Fund. A pension fund governed by the Government Employees Pension (GEP) Law of 1996, as amended, administered by the GPAA on behalf of GEPF's Board of Trustees.
Government	The government of the Republic of South Africa
Government component	A government component can be established through Proclamation by the President on a recommendation from the Minister of Public Service and Administration.
GPAA	Government Pensions Administration Agency
Human capital	Human capital refers to the collective value of the organisation's intellectual capital (competencies, knowledge, and skills).
ICT	Information and Communication Technology
Internal audit	A frequent or on-going audit conducted by an organisation's own (as opposed to independent) accountants to: (1) monitor operating results, (2) verify financial records, (3) evaluate internal controls, (4) assist with increasing efficiency and effectiveness of operations and, (5) to detect fraud. Internal audit can identify control problems and aims at correcting lapses before they are discovered during an external audit. Although the internal auditors are the organisation's employees, they normally do not audit themselves or their own departments, but usually entrust this function to independent/external auditors.

Term	Definition
NT	National Treasury Programme 7 funds.
Outcome(s)	Short- and medium-term effects of an intervention's output.
Output(s)	Products, capital goods and services which result from an intervention.
Performance Area(s) (PAs)	Areas that, if the business focuses on and does well, will determine its competitive edge/differentiation or competitive advantage.
Performance Indicator(s) (PIs) (indices)	Performance indicators (PIs) are quantifiable measurements agreed on beforehand that reflect the critical success factors of an organisation.
PFMA	Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999)
PSA	Public Service Act of 1994
SLA	Service Level Agreement
Stakeholder	A person, group or organisation that has a direct or indirect stake in an organisation because it can affect or be affected by the organisation's actions, objectives and/or policies. Key stakeholders in an organisation include creditors, clients, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions and the community from which the business draws its resources.
TEPF	The Temporary Employees Pension Fund, as per the TEPF Act 75 of 1979, administered by GPAA on behalf of National Treasury.

Table 13 – Glossary of terms

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