



the gpaa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

Government Pensions Administration Agency

Strategic Plan 2012-2015

SUBMISSION OF THE STRATEGY TO THE EXECUTIVE AUTHORITY

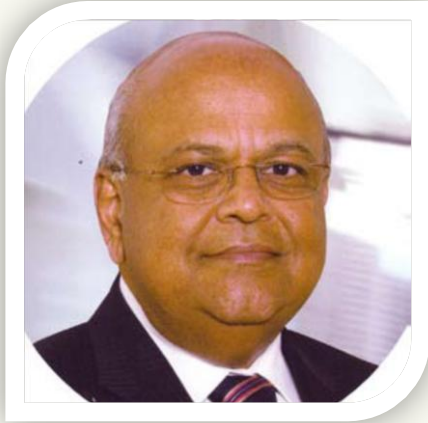
Mr Pravin Gordhan
The Minister of Finance,

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 2012 to 31 March 2015.

Phenias Tjie

Chief Executive Officer
Government Pensions Administration Agency

FOREWORD BY THE MINISTER OF FINANCE



This is the second year of our effort to modernise the business operations of GPAA with a view to improving service delivery to members. This journey of transforming the culture and ethos of service delivery will result in GPAA being among the best pension fund administrators in the industry.

An efficient GPAA will bring confidence to our stakeholders while at the same time improving the wellbeing of our members after retirement.

Our primary objective is to deliver quality service to our members who devote many years of dedicated service to the public. We cannot afford to do them a disservice when they retire and expect us to serve them.

I believe strongly that the modernisation programme will benefit stakeholders, members, pensioners and their beneficiaries in the medium to long term.

I once again implore our partners, i.e. employer departments to traverse the journey of transformation with us so that we can serve our members better.

The success of making GPAA a service provider of choice depends mainly on GPAA's ability to improve on its processes, technology and people competences while at the same time building a mutually beneficial working relationship with employer departments. I believe that this is possible.

Our pursuit of service excellence is paramount in the medium to long term and believe that we will walk this journey together with all the role players and stakeholders.

Pravin Gordhan

MINISTER OF FINANCE



The current GPAA strategy fully embraces the modernisation programme that was adopted in the previous year as a tactic to enable us to realise our strategic goals.

The strategic goals identified by GPAA and which once realised will make GPAA the leading and preferred fund benefits administrator are:

- *Satisfied customers and clients*
- *Modernised efficient administration*
- *Mutual beneficial relationships with stakeholders*
- *Satisfied efficient and effective employees*
- *Mutual beneficial partnerships with employer communities*

GPAA believes that if it continues with the modernisation programme, its approach and practices towards service delivery, will successfully transform GPAA for the better.

Through the modernisation programme, GPAA aims at automating key processes, build a competent workforce through training and development, increase interaction with employers and members through the existing client liaison officer's programme and pay exit benefits accurately and on time.

OVERVIEW FROM THE CHIEF EXECUTIVE OFFICER

As part of the process automation, GPAA has already successfully automated the life verification of pensioners through the automation of interfaces with the Department of Home Affairs. This Automatic Life Verification (ALV) process has brought a huge relief to pensioners who are no more required to annually send GPAA proof of their existence. The aforementioned ALV however, applies only to those pensioners who live within the borders of South Africa.

Our next target is to pay retiring member benefits within thirty days of their exit from service. To this end GPAA has adopted a dedicated project to trace these members and inform them well in advance of what they need to do in order to be paid their benefits timeously. Going forward GPAA expects to receive an updated list of such members through its database.

The challenge that GPAA is faced with in the next three years however, is to finalise its new operating model and acquire appropriate technology to enable it to implement more of the envisaged service delivery improvements.

The ultimate goal of GPAA is to fully adhere to industry best practice. This will enable GPAA to fully meet the requirements of the service level agreements it signed with its clients.

We believe that our journey of transforming GPAA operations to one of the best in the pension industry is on course but requires dedication and commitment from all role players. We strongly believe that this is achievable.

Phenias Tjie

CHIEF EXECUTIVE OFFICER

Government Pensions Administration Agency
(GPAA)

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PART A:
STRATEGIC
OVERVIEW

PART A: STRATEGIC OVERVIEW

1 INTRODUCTION

The medium term strategic plan has been developed taking into account current and anticipated challenges facing the Government Pensions Administration Agency (GPAA). The strategic plan for 2011-2014 has been reviewed to take account of the service requirements of the members, pensioners and beneficiaries of the Government Employees Pension Fund (GEPF) and National Treasury's Programme 7. The new strategy provides a base upon which GPAA can accelerate service improvement through the implementation of the Modernisation programme.

The GPAA is an Agency that provides administration services to the GEPF and National Treasury. The provision of services is regulated by service level agreements (SLAs). The funds and schemes that are currently administered by GPAA are as follows:

- The GEPF in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of the GEPF's Board of Trustees;
- The TEPF in terms of the Temporary Employees Pension Fund (TEPF) Act 75 of 1979 on behalf of National Treasury's Programme 7;
- The AIPF in terms of the Associated Institutions Pension Fund (AIPF) Act 41 of 1963 on behalf of National Treasury's Programme 7;
- Post-Retirement Medical Subsidies as provided for and regulated by PSCBC resolutions on behalf of National Treasury's Programme 7;
- Military Pensions in terms of the Military Pensions Act 84 of 1976 on behalf of National Treasury's Programme 7;
- Injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 on behalf of National Treasury's Programme 7; and
- Special Pensions in terms of the Special Pensions Act 69 of 1996 on behalf of National Treasury's Programme 7.¹

Our strategic plan for 2012-2015 responds well to the new institutional arrangement and as such the strategic plan addresses the gaps and takes into account the service agreement between the Minister of Finance and the President of the Republic, the Presidency's green paper on strategic planning, and the SLAs between GPAA, the GEPF and National Treasury.

Our focus is to constantly improve the quality of service we offer by paying benefits and pensions timeously. Taking into account that the membership of our client base is broad and spread throughout South Africa, including deep rural areas, we have in the last five years:

- *Established Provincial offices to increase our national footprint;*
- *Built relationships with employer departments thereby encouraging them to submit more accurate documentation;*
- *Built relationships with stakeholders to improve member awareness about GPAA and its products;*
- *Built capacity to meet increased service demands; and*
- *Addressed benefit payments and backlogs to the extent that the bulk of current exits are being executed within 60 days upon receipt of duly completed documentation.*

¹ *Special Pensions is in a transition phase from being administered by National Treasury to GPAA administration. This transition and agreements should be concluded by mid 2012.*

The strategy for 2012-15 seeks to transform GPAA’s operational effectiveness and efficiency, stakeholder management and governance. The strategic plan is based on the need to realise the following:

- *Enhancement of the GPAA’s administrative capacity;*
- *Modernising of Processes and Systems;*
- *Human Capital – the enhancement of people competence and wellness;*
- *Meeting Service Levels as per Service Level Agreements (SLA); and*
- *Managing the roles and responsibilities of employer department’s vis-à-vis the GPAA.*

The **Vision** of GPAA is:

To be the Leading and Preferred Fund Benefits Administrator.

The vision of GPAA will be realised by the following factors as depicted in Figure 1 - Realisation of GPAA Vision



Figure 1 - Realisation of GPAA Vision

The **Mission** of GPAA is:

To Effectively and Efficiently Administer Fund Benefits on Behalf of Our Clients and Stakeholders.

The *Values* of GPAA are:

Value	Description
<i>Client focus</i>	Focus on our clients shall be through consultation, setting service standards, increasing access, providing information, ensuring courtesy, transparency, redress and value-added services.
<i>Commitment</i>	We pledge to create an efficient and well-managed environment for the administration of benefits and funds.
<i>Excellence</i>	Our operational excellence is demonstrated by results that reflect sustained modernisation and improvement over time, improvement in all areas of importance, and performance at a level that is at, or superior to, 'best in class' benefit and fund administrators.
<i>Integrity</i>	Our focus on how we put our principles, values and what we believe is right into action. " <i>Integrity is putting your values into action</i> " - Robin Siemens.
<i>Interdependence</i>	Our interdependence is the dynamic of being mutually and physically responsible to, and sharing a common set of principles with, all our internal and external clients and stakeholders.
<i>Professionalism</i>	The expert skills, competence, and character displayed by GPAA Human Capital.
<i>Transparency</i>	Our observed degree of clarity, openness, measurability, and verifiability in law, regulations, financial management, agreements and / or practice.

Table 1 - GPAA Values

2 MANDATE

2.1 Government Mandate

The Executive Authority (for GPAA, the Minister of Finance) is accountable to the President of the Republic of South Africa in terms of their approach to service delivery for which a performance agreement has been signed. In this case, GPAA is responsible for contributing towards Outcome 12 of the Government's 12 priority outcomes namely:

- *Service Delivery Quality and Access;*
- *HR Management and Development;*
- *Business processes, systems, decision rights and accountability management; and*
- *Reducing corruption in the Public Service.*

These outcomes underscore the collective approach government has taken toward the improvement of service delivery. GPAA's strategy will comply with the National Framework for Strategic and Annual Performance Plans.

2.2 Legislative Mandate

The GPAA reports to the Minister of Finance, as its Executive Authority, and its mandate is to administer pensions on behalf of the GEPF and National Treasury in respect of Post-Retirement Medical Subsidies, Military Pensions, Special Pensions, Injury on Duty payments and other Programme 7 functions. GPAA's mandate is derived from the overall mandate of the GEPF and National Treasury's Programme 7 – who are its primary clients.

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).

3 ORGANISATIONAL ENVIRONMENT

3.1 Summary of Programmes

Programme 1 – Civil and Military Pensions (National Treasury’s Programme 7): Administered by GPAA on behalf of National Treasury. This 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 Subsidy and Injury on Duty (IOD) payments are benefits administered under this 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. NT is considering the possibility of GPAA administering Special Pensions on their behalf.²

Programme 2 – Employee Benefits GEPF: Administered by GPAA on behalf of the Government Employees Pension Fund (GEPF) in terms of the Government Employees Pension (GEP) Law. The activities involved in this Programme are: member admissions, contribution collection, member/pensioner/beneficiary maintenance, and benefit processing. Benefit processing starts from benefit application, the processing of all relevant forms and documentation, and ends with the finalisation of the benefit from the Fund. These key processes ensure the accurate and timely payment of benefits to GEPF’s members and beneficiaries.

Programme 3 - Customer Relationship Management (CRM) GEPF & NT: CRM is aimed at managing the relationships with all stakeholders, that is 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 Centre, ensure effective support of the interface between the GPAA and its client base through accepting, resolving and monitoring all service requests or queries made by clients. CRM also provides Employer Education and Training through its Regional and Employer Liaison Sub-Programmes. In addition, CRM oversees the document management process to support GPAA’s core process and business processes. This includes the conversion of paper documents into electronic format and the indexing, tracking and storage of these documents.

Programme 4: Involves the GPAA’s Auxiliary Sub-Programmes. These Sub-Programmes play a supporting role to the provision of primary services.

Sub Programme 4.1 - Office of the CEO

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. This group of Business Units is therefore responsible for ensuring that the organisation is effectively managed in order to deliver services that meet or exceed the requirements of clients. Finally, the Office of the CEO is responsible for the overall performance of the organisation.

Sub Programme 4.2 – 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

² Programmes 1,2 and 3 have taken joint responsibility for the administration of the AIPF and TEPF funds.

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. Relook CEO Job Agreement

The programme structure is depicted in Figure 2 – GPAA Programme Structure

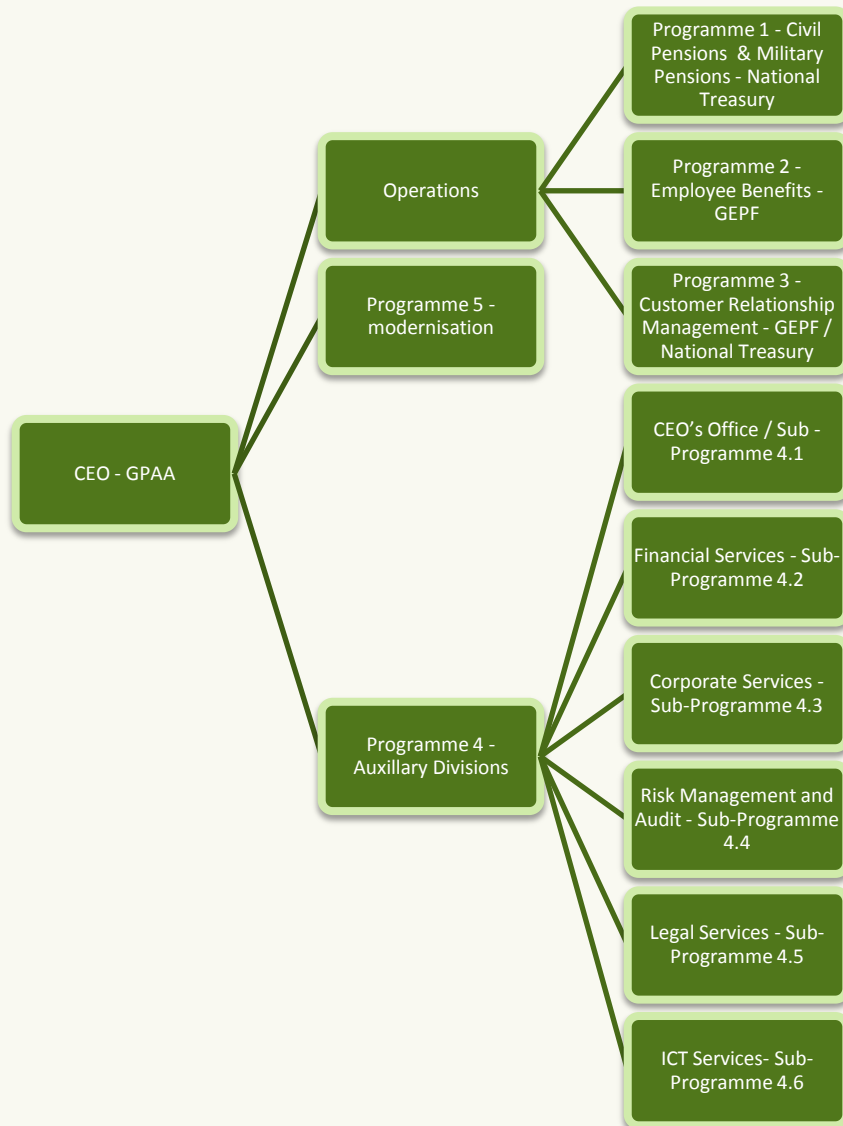


Figure 2 – GPAA Programme Structure

Sub Programme 4.3 – Corporate Services

The primary aim of this Sub-Programme is to support GPAA in achieving its strategic goals through the management, co-ordination and oversight of all management support and human resources services within the organisation. In working towards the realisation of these goals, the Sub-Programme ensures compliance with legislative requirements for human capital and facilities policy formulation and frameworks. This Sub-Programme therefore works to provide a conducive environment for the employees of the organisation in order to promote optimum service.

Sub Programme 4.4 – Risk and Audit Services

This Sub-Programme has three key responsibilities, namely to promote a fraud-free environment within GPAA, to manage enterprise-wide risks and to provide an internal audit service within the organisation.

Sub Programme 4.5 – Legal Services

The purpose of this Sub-Programme is to provide an enterprise-wide legal service. As GPAA renders services to both the GEPF and the National Treasury, the Sub-Programme is responsible for providing a full and comprehensive legal support and advisory service in all areas of operations for which the GPAA is responsible.

Sub Programme 4.6– Information and Communication Technology (ICT) Services

This Sub-Programme directs and manages the organisation's ICT resources, including the data centre (servers and storage area network), wide and local area networks (LAN and WAN), applications, desktop equipment and databases. It is therefore the enabler of the organisation's operations and management as it provides the building blocks and the interoperability required to deliver on GPAA's mandate. The Sub-Programme strives to provide leading-edge technology solutions and high-quality pension administration support services based on established best practice frameworks, models and standards. In this regard, the Sub-Programme ensures the security and integrity of the organisation's ICT systems while maintaining a clear organisational chart which lays out the approved levels of authorisation for staff. The Sub-Programme also maintains defined and role-based access controls with appropriate authorisation by both ICT and user Sub-Programmes.

Programme 5 – Modernisation

GPAA has embarked on a modernisation programme that spans across the entire organisation. It seeks to modernise and to enhance efficiencies and efficacy of human capital, systems, processes and technology whilst fostering beneficial relationships with clients and stakeholders. The objective of modernisation is to effectively be the vehicle that will be used in the journey toward a sustainable organisation so that the government and legislative mandates can be fulfilled.

The scoping of the GPAA modernization programme [detail conceptual process technology, people and infrastructure designs] is likely to evolve differently than initially outlined in the medium estimate 2011/4 resulting in the need to adjust the funding requirements in the MTEF. The full implementation of the modernization programme will transform GPAA's operational effectiveness and efficiency, stakeholder management and governance.

The modernization program will form the Centre Pillar of GPAA's strategy for the next five years and beyond, ensuring that efficiency gains realized through the programme are sustained.

5 SITUATIONAL ANALYSIS

Since its establishment in 2010, the Government Pensions Administration Agency (GPAA) has embarked on a modernisation programme to equip itself to fulfill its legislative mandate) the service levels requirements of its primary clients. The strategy broadly focuses on 5 main areas:

- a) *Satisfied customers and clients*
- b) *Modernised efficient administration*
- c) *Mutual beneficial relationships with stakeholders*
- d) *Satisfied Efficient and effective Employees*
- e) *Mutual beneficial partnerships with employer communities*

The successful implementation of the modernisation programme will indeed assist GPAA to realise these key focus areas.

Located within a competitive environment and industry that is changing and re-aligning itself in the public and private sectors, the agency is challenged to review its current business model. Private sector service providers look for opportunities in the public sector and target the agency's client base. The legislation already allows some public sector entities outside of the GEPP (e.g. provincial legislatures) to engage service providers of their choice. Furthermore, there's no certainty as to the exact form of the relationship between GPAA and GEPP beyond the current agreement that expires 31st March 2015. The future role of GPAA is likely to be defined by the competencies it develops in the coming 3 years. It will be imperative to develop and implement a strategic model that takes into account the need for resilience in a market place that has various alternatives for the kind of services that GPAA offers.

5.1 Global Trends

The current world financial crisis raises substantial issues about public and private pension schemes. As such, any type of attempted plan to pave away from the latter situation leads to different losses, this situation demands a redefinition of the current pension system. In detail, pension systems that have been most exposed to the financial crisis are those of Chile, El Salvador, Mexico and Peru. Workers that are members of the above countries' pension systems who retire in the midst of the crisis are the most exposed to the negative consequences of the financial crisis.

In African countries citizens who are near retirement may be forced to stick in the workplace for a few more years or learn to live on less. The world economic crisis has also affected South African pension fund system because gratuities and annuities must be protected against pension related investment and inflation risk. There is a greater need to steer the funding ratio via changes in contribution rates that ultimately affect current contributing members' income.

GPAA is a global Pension and benefits Administrator that administers the almost R 1 Trillion Government Employees Pension Fund (GEPP) together with other funds and schemes on behalf of the South African Government. Both the national and international landscape has interplay on GPAA's longevity and success whilst it serves government employees and retirees.

Public servants traditionally rely on employer-funded benefits to provide for their retirement income. Globally, this situation is changing, as there is increasing awareness of employees' personal responsibility for their financial needs, both now and in the future. This trend that is also prevalent in the private sector has led to renewed effort to promote and enhance alternative products that

will supplement the employee's retirement programmes and has resulted in the need for changing service provider competencies:

- *Financial Risk Management, Analytical and Research services*
- *Additional supplementary services like Asset Management, audit facilitation, etc.*
- *Managing Employee Assets and income streams throughout their retirements*
- *Innovation in plan types (defined benefits, defined contributions, Member Investment choice, flexible risk benefits)*
- *Growing emphasis on supplemental retirement plans in the public sector*

Another key trend is consolidation of service providers. According to FA News, the last decade has seen a contraction of pension and provident funds from more than 13 000 to somewhere in the mid-4000s in South Africa. This trend in the competitive environment creates both opportunities and threats for GPAA. As this trend engulfs the public sector, GPAA competitors could position themselves favourably for the consolidation and potentially position themselves as good alternatives for the administration of the Government Employees Pension Fund (GEPF).

There is a growing trend of aggregation of different funds and services under the same roof. Whilst the trend is relevant in the private sector as 'umbrella funds'³, it is also evident that Government aims to introduce new benefit types that will change the public sector retirement industry. The proposed National Social Security system (retirement reform) as well as the proposed National Health Insurance will lead to a re-alignment of the retirement funds industry in response to these structural and legislative developments. Furthermore, pension schemes are compulsory in many countries. Should they become compulsory in South Africa, a 'new market would be created for GPAA. To effectively position themselves for the future, fund administrators are building competencies for managing other types of benefits.

Beneficiaries require active forms of engagement in the management of their accounts. There is a growing preference for different types of service medium:

- *Call centres for simple needs, such as changing an address, queries etc.*
- *Internet for customer service contacts e.g. account balances and interactive information sharing*
- *Face-to-face for more complex questions and for those who are not comfortable with using technology as a communication medium*

Members require direct 'one on one' communication around retirement planning, the importance of preserving retirement savings and the benefits in retiring later.

Automation of key processes in pension administration is a crucial requirement for competitiveness. Generally, the following processes are targets for automation: Customer, Benefits & Risks, Product management, Account, Contributions, Payments and Investment Management. In this respect automation projects are expected to provide responsiveness to multi-fund administration competencies. Adding to this it is understood that State Employer Departments do expect the fund administrators to provide statutory reports, fund performance reports, contribute to efficient audit controls (compliance standards - SAS70, ISAE 3402) and total audit cost reduction.

³ *An umbrella fund is an investment term used to describe a collective investment scheme which is a single legal entity but has several distinct sub-funds which in effect are traded as individual investment funds.*

In summary, the competitive space within the service provider expense is defined by the ability to offer clients improved service and better value through innovation. .

5.2 *Dependency on Two Customers*

Currently, the business of GPAA is virtually defined as administering two funds, the Government Employees Pension Fund for which 93% of its budget is derived and National Treasury's Programme 7 from where another 7% budget is derived. The life of the business is governed by a contractual arrangement that expires 31st March 2015. The dependency imposes an uncertainty on the future of the agency although it is generally understood that GPAA was created for the purpose of providing administration services for GEPF and National Treasury. Furthermore, some members of the public service are no longer compelled to stay within GEPF for their pensions. In past years, the business reduction was due to the exodus of some public sector organisations, notably state-owned enterprises (SOE's), in favour of setting up autonomous funds and, by default, having their own administration arrangements.

The threat of losing business to potential competitors is real and will be even higher at the expiry of the current contractual agreement. Private sector service providers eye public sector pensions as a potential business opportunity and have already started to engage employer organisations in this regard.

5.3 *GPAA internal Assessment*

The modernisation team has been appointed to manage the modernisation programme which is now well underway with the first successful project was the automation of the Life verification system that now makes use of third party data for this function and has a major impact on the livelihood of pensioners and beneficiaries. Notwithstanding the successes, the team has identified a number of integral challenges which have a direct impact on service delivery which must be attended to as a matter of urgency.

GPAA processes are labour intensive, there is a lack of integration between systems and many of the business processes are duplicated, not documented and process design standards are not met. As modernisation takes its course it has become necessary to invest in management development programmes, operational training programmes and soft skill development. Together with the up-skilling require across the board there is a necessity for current management information and data in order to enable executives to make informed decisions and to report accurately to stakeholders. This leads to a further requirement for automated performance reporting against strategic objectives from a central data warehouse.

In human capital management a requirement exists for an appropriate performance management system that will positively address the behavior and culture of employees. To bring about a culture that will make employees live out the GPAA values in the organisation is long overdue. Unfortunately the current building environment is not conducive and dampens the spirit of modernisation.

Last but not least it is important to note the legacy Pensions Administration technologies are ineffective and situations exist where integration to other systems becomes difficult or impossible notwithstanding the longer time taken for each transaction due to this phenomenon.

6 STRATEGIC CONSIDERATIONS

The situational analysis presented provides the backdrop for the strategic considerations considered from here on, in this document. Specific emphasis is given to the stakeholder relationship management and client satisfaction in the proposed strategies. The entire strategy will focus on how best to modernise GPAA as an entity so as to ensure sustainability. These in turn will be the five pillars on which the GPAA modernisation strategy is built.

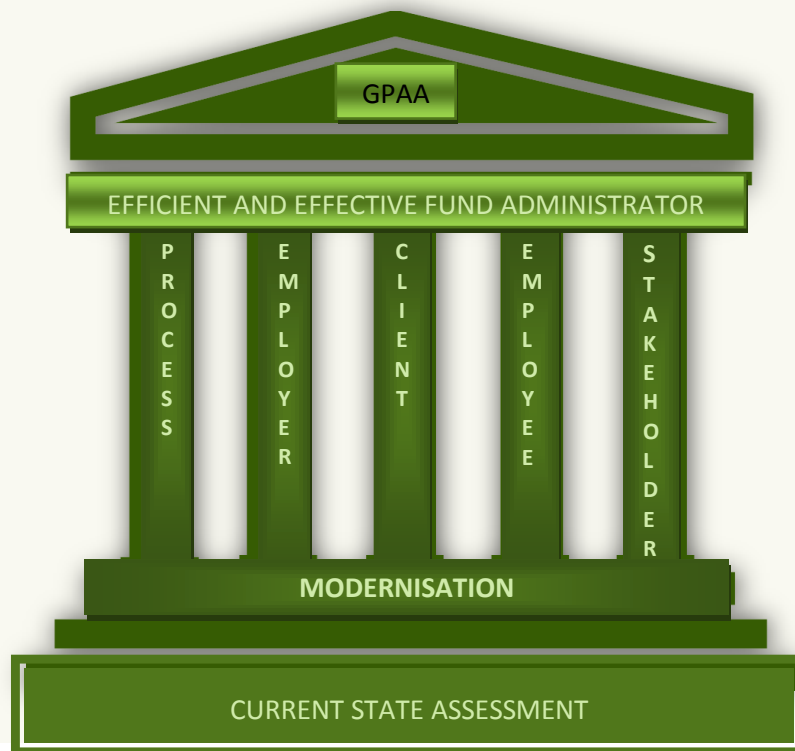


Figure 3 –GPAA goals supported founded on Modernisation

6.1 Modernisation Programme

The Modernisation programme, the foundation, is grounded on the Current State Assessment (CSA) done by the Minister of Finance and SARS in 2010. The key recommendation emanating from the assessment led to the development of the Modernisation programme that replaced the then Service Delivery Improvement Plan (SDIP). The modernisation programme is now well underway and will reach finality on 31st march 2016. The modernisation strategy is seen to improve and modernise all facets of the organisation including human capital.

6.1.1 PROCESSES

A fundamental area of concern is with the undocumented processes and standard operating procedures. Process management, a pillar of modernisation, will be executed by means of a process management system and Aris software. Whilst modernisation GPAA administration processes the modernisation design team will continually look into systems integration and technological improvements.

6.1.2 EMPLOYER COMMUNITIES

GPAA is dependent on the employer communities to complete the relevant documentation that kicks off the benefit payment cycle. GPAA will forge strategic mutual relationships with such to enhance the service at the employer and GPAA offices for the end user.

6.1.3 CLIENTS

The access to GPAA services is key to the success of the modernisation approach. The modernisation programme is client centric to maximum customer satisfaction. Modernisation will seek to supply the client with a preferred channel to services without frustrating the client.

6.1.4 STAKEHOLDERS

Stakeholders such as the Minister of Finance, GEPP and national Treasury will be considered in any event when changes are made to technology, systems, processes and procedures. Stakeholder satisfaction is linked to the upgraded MIS and reporting systems that are to be developed throughout the modernisation programme. Stakeholder satisfaction includes good governance, best practice, Business Continuity, Fraud prevention and the like.

6.1.5 HUMAN CAPITAL (EMPLOYEES)

Due to modernisation and automation of systems and processes talent management will play a key role in the redeployment of staff. GPAA aims to maximise the use of talent and the efficiency of its staff members within the corporate structure. This includes the reengineering of the entire corporate structure by the “people stream”.

Proceeding from the modernisation strategy the GPAA modernisation team have established a modernisation approach that will cause the realisation of a sustainable organisation with a good funding model by 2015. The agenda is mapped out in Figure 4 - Modernisation Roadmap.



Figure 4 - Modernisation Roadmap

6.2 Repositioning Tactics

The future role of the agency in the public sector will require a close alignment to the ministerial objectives, in particular the need for fiscal prudence and the possibility to administer other Government Funds.

The objective of the repositioning tactics is defined as one of demonstrating self-sufficiency in funding the operational requirements of the agency. This best practice of operational efficiency could set the scene for future government programmes that relate to funds administration. An achievement of this strategic goal could provide the rationale for building scale around GPAA to service the proposed National Pensions Scheme and to re-consolidate funds administration.

In essence, this tactic is concerned with developing on-going engagement with the key stakeholders with a clear intention of aligning the operational efficiencies and the modernisation programme to the outcome programmes of Government. It is particularly the expedient processing of the exit processes that is consciously linked to the ministerial objectives. The evaluation of the operational efficiency capability has to be premised on the cost scenarios of potential competitors. The positioning strategy described below is therefore concomitant to the achievement of this goal.

Taking into consideration the current competencies, the anticipation of a changing customer expectation of a responsive, flexible administration service GPAA should also consider the current Clients of GEPF and their need for new services such as investment management. Competency benchmarks will enable GPAA to stand competition from the private and public sector alternatives. GPAA should therefore develop the 'economies of scale' value proposition and 'sell' that in conjunction with a low cost positioning.

To reposition GPAA properly and to ensure that it becomes and remains sustainable GPAA will seek to actively manage the key stakeholder accounts. To this end the administrative value will constantly be proven by a single point of contact with the GPAA SLA customers and Employer Departments. Once the value of the key account management is realised GPAA will be more mature and also the relationships with the GEPF and NT will be enhanced. GPAA will reach a stage of maturity where its value will be realised throughout Government.

7 STRATEGIC RESPONSE:

In response to the environment and performance trends realising the five strategic goals set in Section 6 of this document a further five strategic objectives were developed to attract tactical response from each Sub-Programme. Prior to discussing these objectives it was paramount to understand what GPAA wants to achieve, preserve and avoid in the next strategic term.

This strategy, a forming strategy for the time beyond 2015/16 for GPAA, will determine the maturity, self-sufficiency and sustainability of the organisation in the future. Thus in the next MTEF term GPAA must reposition itself as an administrator that has the capability to administer funds both in the public and private sectors. From 2012 to 2015 GPAA will proceed to ensure that it repositions itself within the Funds Administration space, in so doing it can attract business in both public and private sectors which will allow for a sustainable future for the agency, its stakeholders and employees.

From the strategic drivers and SWOT Analysis undertaken in 2008, a number of strategic themes have been identified. The annual strategies of GPAA have been instrumental in

the development and maturation of the organisation. Moving from the past through the present into the future, Figure 5 - Strategic Journey indicates the way forward and the milestones achieved.

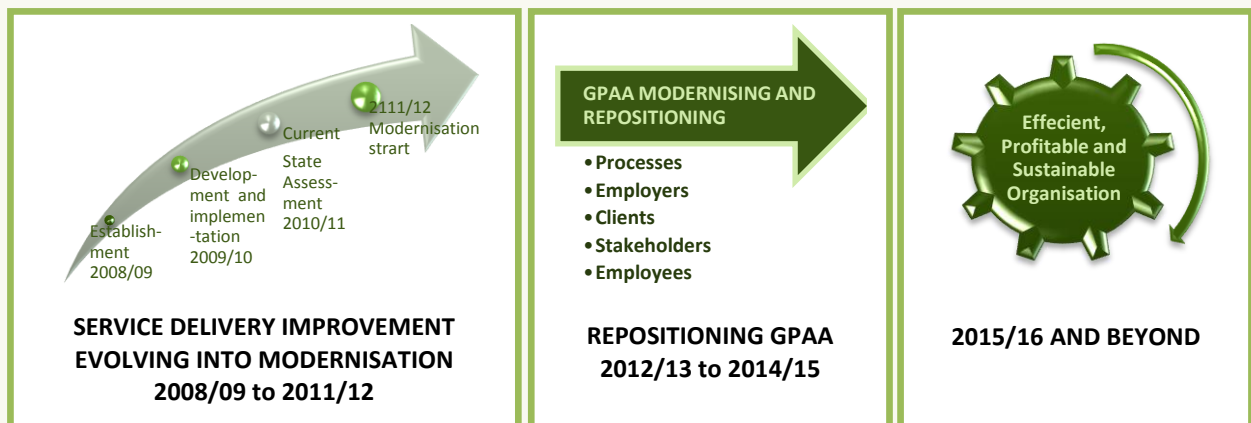


Figure 5 - Strategic Journey

7.1 Service level Agreements

GPAA will continue to deliver services in line with the following Service Level Agreements (SLAs) but will improve its services by virtue of modernisation. These SLAs are:

- Administration of the GEPF in terms of the Government Employees Pension Law of 1996 on behalf of the GEPF's Board of Trustees;
- National Treasury SLA for Programme 7

7.2 GPAA Planning and Performance

GPAA has adopted government's results-based planning, performance, monitoring and evaluation approach to deliver services to members, pensioners and beneficiaries. In planning, utilising this approach, GPAA 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 Figure 6 - Strategic Process and Planning

GPAA monitors performance by tracking progress through Performance Indicators (PIs), while progress is reported on a quarterly basis and accumulated 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.

GPAA evaluates the Outcomes and Impacts of its initiatives periodically and lessons learnt are fed back into the strategic planning processes.

7.3 Performance Measures

Our approach for 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. A strategic plan for 2012-2015 has been developed and all the Sub-Programme strategic plans have been aligned to the corporate strategy.

The following operational plans will be developed for the five Programmes and Sub-Programmes, namely:

Operations

- Programme 1 – Civil Pensions (National Treasury's Programme 7)
- Programme 2 – Employee Benefits (GEPF)
- Programme 3 – CRM (GEPF & NT)

Programme 4 –Auxiliary Divisions

- 4.1 CEO's Office
- 4.2 Finance Services
- 4.3 Corporate Services
- 4.4 Risk and Audit Services
- 4.5 Legal Services
- 4.6 Information Communication Technology (ICT) Services

Programme 5 - Modernisation

The Corporate Strategic plan was developed and aligned with the GPAA strategic goals and objectives.

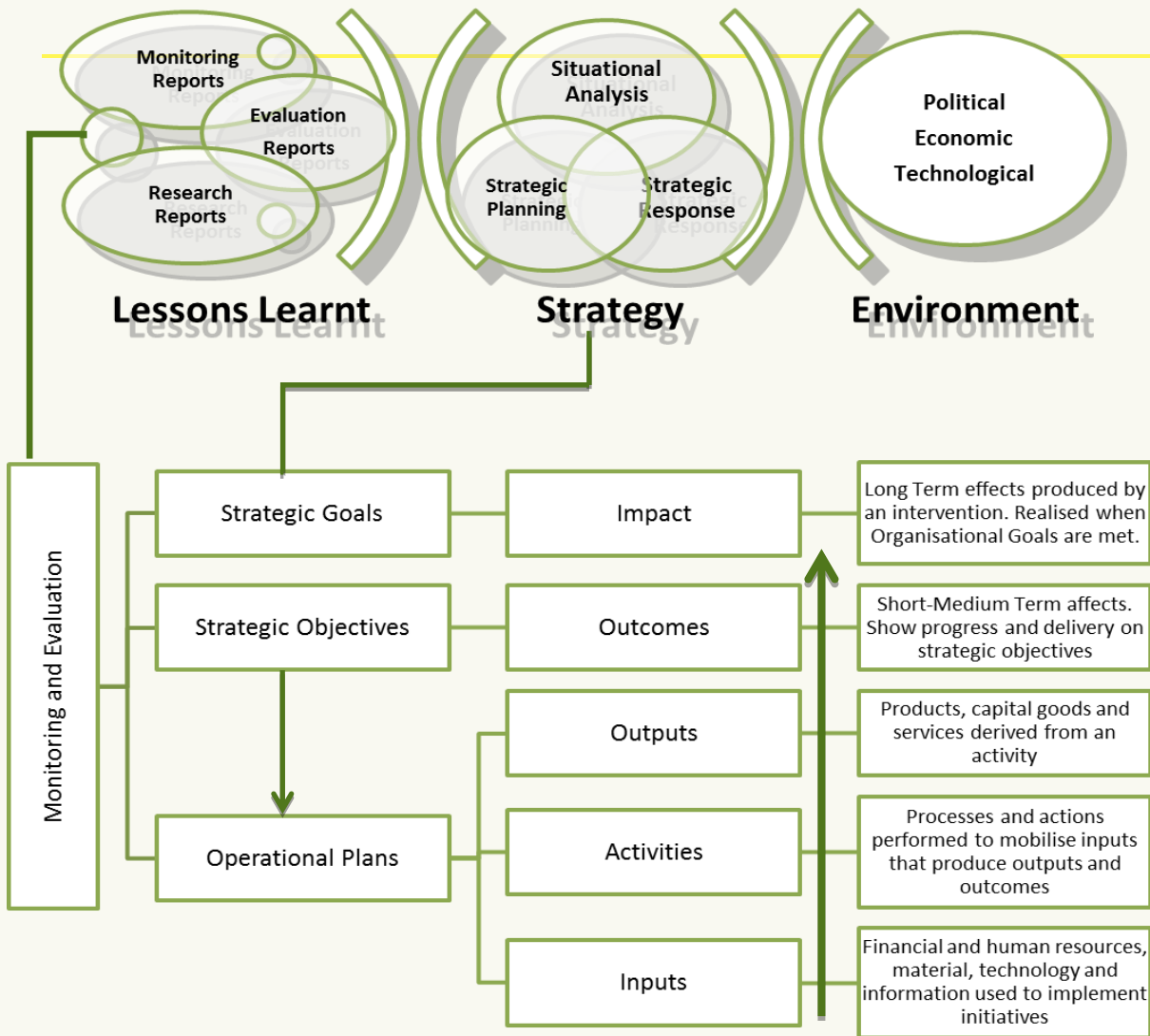


Figure 6 - Strategic Process and Planning

PART B:

STRATEGIC

OBJECTIVES

PART B: STRATEGIC GOALS AND OBJECTIVES

8 STRATEGIC OUTCOME-ORIENTED GOALS OF THE ORGANISATION

After careful consideration of the Minister's Contract, our environment, different analysis methods and the outcomes of the SARS current state report of 2010 together with the modernisation strategy, strategic goals were formulated.

8.1 Five strategic goals

1. *Satisfied customers and clients*
2. *Modernised efficient administration*
3. *Mutual beneficial relationships with stakeholders*
4. *Satisfied Efficient and effective Employees*
5. *Mutual beneficial partnerships with employer communities*

9 STRATEGIC OBJECTIVES

9.1 Objective 1

To increase the level of customer and client satisfaction through operational excellence through:

- a) *Timeous and accurate payments of benefits*
- b) *Reduction of backlogs*
- c) *Improvement of customer service experience*
- d) *GPAA Modernised Capability (Operating) and Funding Models*

9.2 Objective 2

To have efficient corporate governance and financial management frameworks through:

- a) *An unmodified External Audit opinion with no matter of emphasis*
- b) *Addressed Internal Audit findings*
- c) *Sound Financial Management and controls*
- d) *Enterprise Wide Risks Management (including fraud and corruption and Business Continuity management)*
- e) *Compliance to Stakeholder SLA's*
- f) *Institutionalised Key Account Management*

9.3 Objective 3

To enhance service delivery through enabling technology and well-documented processes through:

- a) *Efficient and managed processes*
- b) *Deployment of applicable technology to automate processes*
- c) *Institutionalised business improvement capability*

9.4 Objective 4

To develop core skills and human capabilities to achieve professional and efficient administration services through:

- a) *An efficient Organisational Structure*
- b) *Human capabilities delivering professional and effective administration*
- c) *Enhanced wellness programmes*
- d) *An appropriate reward and recognition system*

9.5 Objective 5

To enhance mutual beneficial partnerships with employer communities through:

- a) Compliant Employer departments to pensions and other benefit related matters
- b) Concluded and managed formalised agreements
- c) Joint member awareness and empowerment programmes

10 ORGANISATIONAL RESPONSE TO STRATEGIC GOALS AND OBJECTIVES

Programme 1,2,3& 4 will contribute to the fulfillment of GPAA strategy by ensuring performance improves from the current levels.

In this regards the efforts the programmes will be geared towards:

- *Backlog reduction*
- *Improved customer and stakeholder services(focusing on response and resolution times); and*
- *Improved institutional governance*

In addition, the programmes will form a proactive fraud prevention and effective risk management . A risk control framework will be adopted for managing ICT risk in particular and a QMS will be developed and implemented.

All the above will be supported through acquisition and implementation of monitoring tools& remodeling of the data centre.

In turn ICT Services will maintain and enhance existing infrastructure at levels similar or better than current levels. In support of stakeholder satisfaction it will adopt the ICT risk control framework and implement QMS together with the quality unit and develop a backup strategy and implementation thereof. In the following period it will be mandatory to document a number of ICT processes and related SOPs.

To modernised administration it will be necessary for the acquisition and implementation of ICT monitoring tools together with the remodeling of the data centre to tier 4. It is the objective of ICT to improve response and resolution turn-around times within its ambit and to facilitate storage of historical information in GPAA.

10.1 Programme 5 – Modernisation

GPAA has embarked on a modernisation programme that spans across the entire organisation. It seeks to modernise and to enhance efficiencies and efficacy of human capital, systems, processes and technology whilst fostering beneficial relationships with clients and stakeholders. The objective of modernisation is to effectively be the vehicle that will be used in the journey toward a sustainable organisation so that the government and legislative mandates can be fulfilled. The modernisation Approach follows in 10.2

10.2 Modernisation Approach

The scoping of the GPAA modernization programme [detail conceptual process technology, people and infrastructure designs] is likely to evolve differently than initially outlined in the medium estimate 2011/4 resulting in the need to adjust the funding requirements in the MTEF. The full implementation of the modernization programme will transform GPAA’s operational effectiveness and efficiency, stakeholder management and governance.

The modernization program will form the Centre Pillar of GPAA’s strategy for the next five years and beyond, ensuring that efficiency gains realized through the programme are sustained GPAA Modernisation approach

The modernisation approach is aligned to the strategy. The modernisation approach will impact on all areas of business and this is depicted in Figure 7 - Modernisation

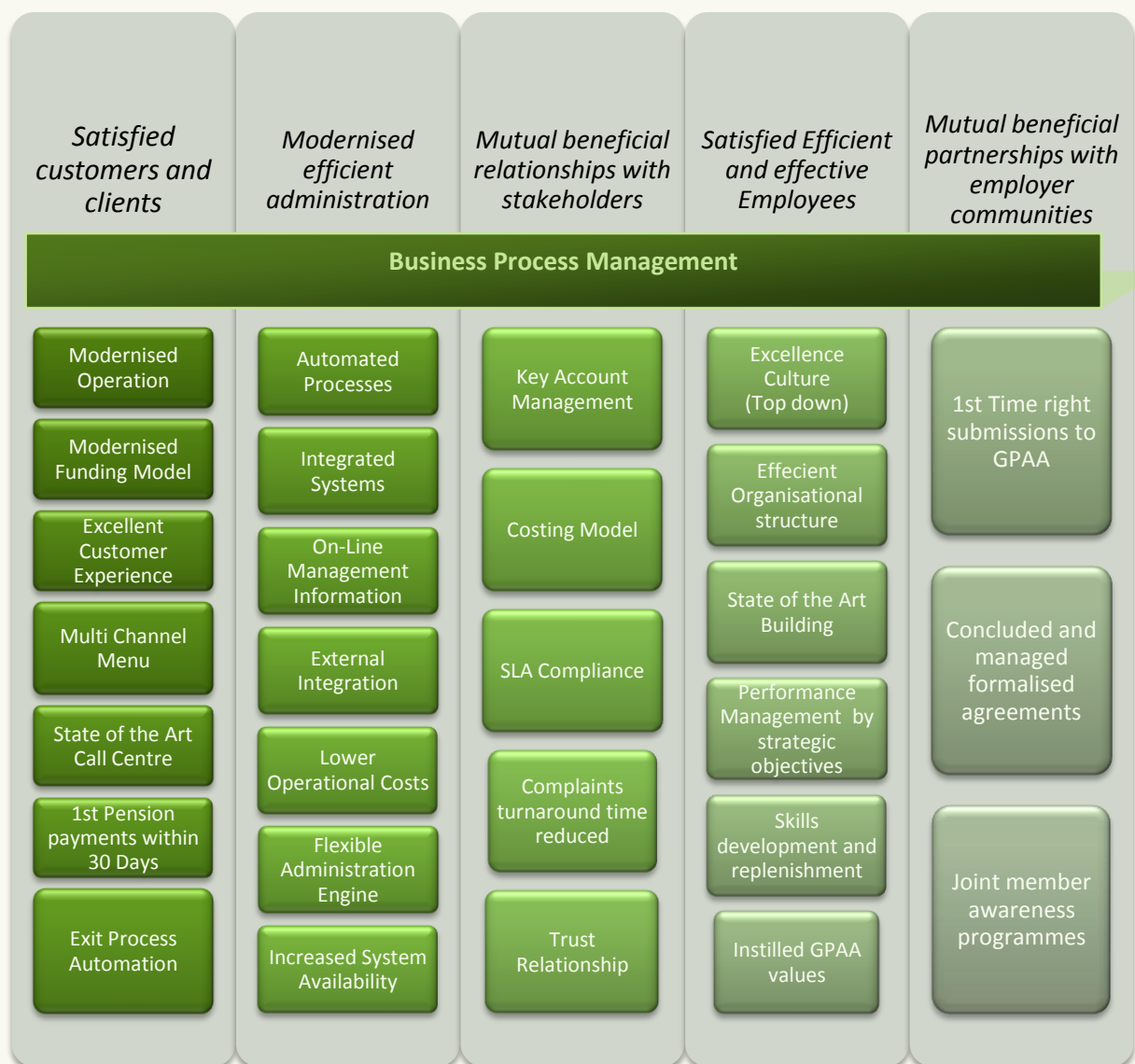


Figure 7 - Modernisation Desired State

Throughout the modernisation cycle of about five years, GPAA will focus on listening to the voice of the customer, using the analysis of data and the application of the 80/20 principle to identify GPAA’ key modernisation opportunities. These selected modernisation interventions shall ideally focus on

the automation of GPAA bulk, manual, repetitive and people intensive tasks. Modernisation of these processes will enable GPAA to free up valuable resources which can be redeployed to focus on value adding client service and compliance orientated activities.

It is expected that Modernisation will be accepted as a principle within GPAA by every employee and that the modernisation approach will harmonise with every area of business. Taking the current state into account GPAA has developed the modernisation approach for the next three years and it will be encompassed into the Medium Term Strategy of the Agency.

In realising the GPAA’s long term vision the goal of modernisation is to ensure the GPAA becomes an agile self-sustaining organisation that administers benefits for Government efficiently and effectively. This will occur when:

- GPAA employees are customer focussed*
- GPAA is able to easily accommodate increased volumes*
- When GPAA can increase volumes without increasing the number of staff*
- When GPAA can quickly and effectively implement new products and services*
- GPAA has become a learning organisation which internally develops key skills that are required rather than hiring such externally*

In the abovementioned approach the modernisation approach seeks to move from a current state to a desired state within a window period of about five years. Furthermore it is expected that modernisation becomes an embedded principle that will continue throughout the life of GPAA. The agenda aims for an increase in capability which in turn causes the organisation to become agile. It is expected of all systems in GPAA to reach maturity within 5 years. A graphical representation is seen in Figure 8 - Capability, Agility and Modernisation.

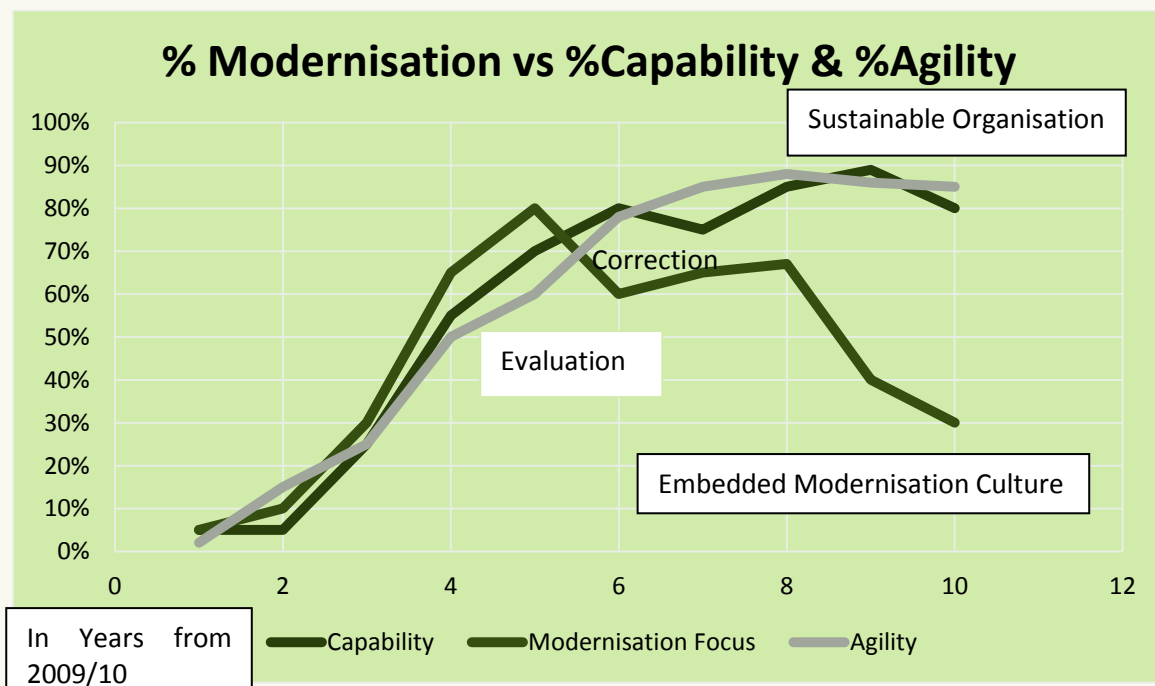


Figure 8 - Capability, Agility and Modernisation

To understand the Capability and Agility graph one must understand that modernisation is the vehicle that will bring about the desired agility and capability. Over the next period of about five years modernisation teams will be improving almost every process and system in the organisation.

This will cause an intended increase in capability resulting in the required agility. When modernisation is complete, after the five year period, there may be a natural decline in ability which will call for an evaluation phase. After corrective measures are implemented modernisation shall subside to an ongoing organisational culture leaving behind a stable and self sufficient organisation.

GPAA through the modernisation approach have tabulated the expected modernisation current states, deliverables in the next year, deliverables for the MTEF period and the desired state which will be realised at the end of the modernisation term in March 2016.

10.2.1 SATISFIED CLIENTS

The tables should be read from left to right. The left column is the current state and the subsequent columns lead to the desired state.

CURRENT STATE - 2011/12	Component Business Model of November 2007	EXPECTED STATE - END 2012/13	Blueprint for an Administration Model	EXPECTED STATE - END 2013 /16	GPAA's Modernised Capability Model	DESIRED STATE	Modernised operating model Accredited Pension Administrator
	Budget Based Funding Model		Budget Based Funding Model		Blueprint of the GPAA funding Model		Modernised Funding Model based on actual costs
	Exit process performance does not comply with agreed service level		Automate Exit Process		Automate other benefit payment processes		Improvement of customer service experience : Timeous and accurate payment of benefits
	Client access limited to call centre and physical branches		Increase access mechanisms: Mobile branches Co-location opportunities		Increase access mechanisms: Self service		Improvement of customer service experience: Multi Channel service model based on segment requirements
	Client queries taking too long to resolve		Upgraded call centre: Improved technology Automated case management Improved MIS		Upgraded call centre: Online tracking of queries		Improvement of customer service experience : Efficient state-of-the-art call centre with automated case management
	Exit process performance does not comply with agreed service level		Employer Education to minimise process failures resulting in lengthy claims turnaround time MOU to support the Benefit Process Automation Member Awareness and empowerment Automate the exit process Review benefit payment's processes		Automate all benefit payment's processes Increase access mechanisms and Self service		Improvement of customer service experience : 1 st pension payment 30 days after retirement

Table 2 – Satisfied customers and clients

10.2.2 EFFICIENT CORPORATE GOVERNANCE AND FINANCIAL MANAGEMENT FRAMEWORKS

The tables should be read from left to right. The left column is the current state and the subsequent columns lead to the desired state.

CURRENT STATE 2011/12	Current SLAs not being met	EXPECTED STATE - END 2012/13	Focus on Retirement process to reduce time to first payment.	EXPECTED STATE - END 2015 /16	Automate remaining benefit payment processes	DESIRED STATE	Compliance to Stakeholder SLAs
	No Key Account Management function exists		Automate retirement process		Appoint Key Account Managers for all employers		Key account managers for each employer
			Define Key Account Management role				
			Define Key Account Management processes				
			Pilot Key Account Management approach				

Table 3 - Efficient Corporate governance and financial management frameworks

10.2.3 ENHANCING MUTUALLY BENEFICIAL PARTNERSHIPS WITH EMPLOYER COMMUNITIES

The tables should be read from left to right. The left column is the current state and the subsequent columns lead to the desired state.

CURRENT STATE 2011/12	Employers don't comply with benefit payment requirements and timelines	EXPECTED STATE - END 2012/13	Engage relevant authorities to institute formal agreements	EXPECTED STATE - END 2015 /16	Finalise formal agreements with employers	DESIRED STATE	Employer departments compliant with benefit requirements
	Employer performance not actively managed		Pilot Key Account Manager concept		Roll-out key account managers to all employers		Concluded and managed formalized agreements
	Members don't understand or are not aware of GEPF products / services and corresponding requirements		Engage and educate retiring members		Formalise education of members / pensioners: 1)GEPF products 2)GEPF product requirements 3)Financial advice & planning		Joint member awareness and empowerment programmes

Table 4 – Mutually Beneficial Relationships with Employers

10.2.4 ENHANCING SERVICES THROUGH ENABLING TECHNOLOGY AND WELL DOCUMENTED PROCESSES

The table should be read from left to right. The left column is the current state and the subsequent columns lead to the desired state.

CURRENT STATE 2011/12	Processes mostly labour intensive.	EXPECTED STATE - END 2012/13	Automated “benefits payment” process.	EXPECTED STATE - END 2015 /16	Improved all the core processes: 1) Admissions Contributions 2)Member / Pensioner maintenance 3)Exit / Benefit Payments Improved / automated supporting processes	DESIRED STATE	Automated processes
	Lack of integration between systems		Reduced time from retirement date to date of first payment.		Stabilised performance of all core processes. Increased 3 rd party data usage: Implementation of technical architecture design		Optimised core processes.
	MIS mostly manual and delayed		Improved data verification during capture.		Customisable automated reports on line and current .		Optimised supporting processes
	Minimal end-to-end view of processes		Implementation of technical architecture design Continued Quick Wins to maintain momentum		Implemented business process management. Processes costed		Integration internally between GPAA systems. External integration with 3 rd Parties
	Business processes not documented and standardised		Automated reports on line and current		Stabilised and upgraded the foundation of core legacy systems		Automated processes: MIS Dashboards and automated reporting with possibility of ad-hoc analysis
	Improved operational efficiency due to upgrades in operating software and hardware.		Improved Member Maintenance process. Implemented process repository. Core processes mapped		Civpen upgrade / replacement completed.		Institutionalised business improvement capability: Processes managed and continually improved
	Lower overall operational and maintenance costs of legacy systems.		Complete the future technical, information and MIS architecture design.		Real time MIS for all processes		Improved operational efficiency due to upgrades in operating software and hardware.
	Flexible Pension Administration engine		Complete the future technical architecture design.		Improve our Disaster Recovery Capability		Lower overall operational and maintenance costs of legacy systems.
	Faster response times of legacy systems in general.		Implement an MIS system to underpin future MIS requirements				Flexible Pension Administration engine
Increased system availability.			Faster response times of legacy systems in general.				
			Increased system availability.				

Table 5 – Enhanced service delivery through enabling technology and well documented processes

10.2.5 DEVELOPING CORE SKILLS AND HUMAN CAPABILITY

The table should be read from left to right. The left column is the current state and the subsequent columns lead to the desired state.

CURRENT STATE	Organisational structure does not support current operational requirements	EXPECTED STATE - END 2012/13		EXPECTED STATE - END 2015 /16		DESIRED STATE	An efficient Organisational structure
	Inadequate operational training and development		Implement an “Operational Management System” to begin to upgrade operational management skills.		Professionalise management planning, tracking and reporting processes.		Enterprise wide planning and business processes with tracking progress and performance against strategic objectives.
	Lack of specialized skills in key operational environments. Organisational skills requirements not identified nor strategy in place to address		An enterprise wide skills audit. Determine and define a strategy for closing specific skill gaps in employee development processes.		Implemented key initiatives such as recruiting, training and development, succession planning and repositioning of talent		Required skills continually developed and replenished
	Need to develop an effective change and performance management culture		Develop culture change strategy and roadmap. Initiate enterprise wide culture change based on roadmap		Create a trusting environment for all employees.		Instilled “do what is required to do the job and to deliver on time” culture. Instilled “follow the leader” culture
	Inadequate training and development for managers		Implement an Executive Development Program Implemented formal MMS and SMS management development programs.		Create a coaching, mentoring environment enterprise wide		Improved management
	A more appropriate performance management system is required		Implemented first phase of an automated performance management processes.		Implemented and improved performance management processes within an enhanced governance framework		Performance management system that underpins realisation of corporate strategy
	Current premises not conducive to efficient processing		A revised facilities strategy		Finalised facilities strategy		A conducive state of the art building environment.
			Identify facility requirements for the entire enterprise Space planning		Redesigned facilities to align with the new service model Upgraded facilities to suit GPAA business requirements		

Table 6 – Develop core skills and human capabilities

PART D:
RESOURCE
ALLOCATION

PART C - RESOURCE ALLOCATION

11 BUDGET PROPOSAL

This is a three year budget in line with the Medium Term Expenditure Framework (MTEF) and it provides a firm foundation for the integration of planning and budgeting of the administrative capacity improvements are set in advance allowing Business Units to plan and budget for service delivery improvements as outlined in the CEO's overview.

An average percentage of the budget over the MTEF period is classified as follows and is visible in Table 7 - Statement of Financial Performance

<i>Compensation of employees:</i>	52%
<i>Goods and services:</i>	38%
<i>Capital expenditure:</i>	2%
<i>Modernisation project:</i>	8%

Table 7 - Statement of Financial Performance

Statement of financial performance	Revised estimates R '000		Medium-term estimate R ,000		
	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue	463 866	604 002	666 670	703 338	737 654
Sale of goods and services other than capital assets	463 866	604 002	666 670	703 338	737 654
of which:					
Admin fees	463 866	604 002	666 670	703 338	737 654
Other non-tax revenue	-	-	-	-	-
Transfers received	-	-	-	-	-
Total revenue	463 866	604 002	666 670	703 338	737 654
Expenses					
Current expense	432 517	604 002	666 670	703 338	737 654
Compensation of employees	241 358	307 966	343 445	363 326	382 644
Goods and services	178 086	282 876	302 650	321 462	334 640
Depreciation	13 073	13 160	20 575	18 550	20 370
Transfers and subsidies	-	-	-	-	-
Total expenses	432 517	604 002	666 670	703 338	737 654
Surplus / (Deficit)	31 349	-	-	-	-

Table 8 - Statement of Financial Position

Statement of financial position	Revised estimates R '000		Medium-term estimate R '000		
	2010/11	2011/12	2012/13	2013/14	2014/15
R (,000)					
Carrying value of assets	37 009	43 487	42 989	42 952	43 670
of which: Acquisition of assets	37 009 ⁴	19 638	20 077	18 513	21 088
Inventory	636	750	830	1 109	1 109
Assets not classified elsewhere	25 999	25 700	26 000	26 500	27 000
Total assets	63 644	69 937	69 819	70 561	71 779
Accumulated surplus/deficit	31 349	-	-	-	-
Capital and reserves	-	32 197	33 045	33 893	34 741
Liabilities not classified elsewhere	32 295	37 740	36 774	36 668	37 038
Total equity and liabilities	63 644	69 937	69 819	70 561	71 779
Contingent liabilities	-	-	-	-	-

11.1 Expenditure trends

The revenue received increased from R463.9 million in 2010/11 to R604 million in 2011/12. This is an increase at an average annual rate of 30 percent, mainly due to increases in administration fees as approved by the GEPF's Board of Trustees. Over the medium term, revenue is expected to increase from R666.7 million in 2012/13 to R737.6 million in 2014/15; an increase at an average annual rate of 7 percent.

Expenditure increased from R432.5 million in 2010/11 to R593.5 million in 2011/12; an increase at an annual rate of 37 percent. The increase of 37% (R161m) is due to activities that were put on hold in 2010/2011 and were projected to take place in 2011/12, pending the implementation of the Modernisation Programme. The activities included: the moratorium placed on the filling of senior management positions, upgrading and renovating the Head Office building and parking area, as well as the buying of office furniture. Expenditure is expected to increase from R593.5 million in 2011/12 to R708.6 million in 2014/15, at an average annual rate of 6 percent mainly due to annual salary increases. The increase is split per Programme as follows:

⁴ These figures do not form part of the Total Assets line.

- *Civil and Military Pensions' (Programme 1) 2011/12 budget is R41.5m and increased to R58.7m in 2014/15.*
- *Employee Benefits' (Programme 2) 2011/12 budget is R70.4m and increased to R84.7m in 2014/15.*
- *Customer Relations Management's (Programme 3) 2011/12 budget is R124.5m and increased to R145.4m in 2014/15.*
- *Auxiliary Divisions' (Programme 4) 2011/12 budget is R318.6m and increased to R389.6m in 2014/15.*
- *Modernisation Programme's (Programme 5) 2011/12 budget is R49m and increased to R59.2m in 2014/15.*

Table 9 - Administration Budget MTEF

Administration Budget	Revised estimates R '000		Medium-term estimate R '000		
	2010/11	2011/12	2012/13	2013/14	2014/15
Programme 1 - Civil Pensions (NT Programme 7)	39 013	41 467	52 994	55 721	58 693
Programme 2 - Employee Benefits (GEPF)	54 330	70 369	76 028	80 399	84 662
Programme 3 - Customer Relationship Management - GEPF / National Treasury	109 003	124 530	130 860	138 379	145 424
Programme 4 - Auxillary Divisions	228 052	318 633	354 533	372 404	389 618
<i>CEO's Office / Sub -Programme 4.1</i>	31 174	56 119	65 391	68 226	71 606
<i>Chief Financial Officer / Finance Division - Sub-Programme 4.2</i>	29 685	34 754	39 841	41 904	44 114
<i>Head: Corporate Services - Sub-Programme 4.3</i>	69 174	88 682	99 096	104 176	109 508
<i>Head: Risk Management and Audit - Sub-Programme 4.4</i>	12 449	18 776	19 771	20 856	21 126
<i>Head: Legal Services - Sub-Programme 4.5</i>	5 230	8 544	12 502	13 180	13 876
<i>Chief Information Officer - Sub-Programme 4.6</i>	80 340	111 758	117 932	124 062	129 388
Modernisation	2 119	49 003	52 255	56 435	59 257
TOTAL ADMINISTRATION BUDGET	432 517	604 002	666 670	703 338	737 654

PART E:

RISK MANAGEMENT

PART D - GPAA RISK

12 RISK MANAGEMENT

The profile of the GEPF's key strategic risks was developed through formalised risk assessment workshops with the GEPF's Executive Committee in conjunction with each Business Unit's management team. This strategic risk profile has been used in developing the 2009-2010 Internal Audit Plan to direct Internal Audit efforts at those areas of higher risk to the GEPF.

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	Risk Name	Consequences/Cause (Background)	Inherent risk	Current Controls	Residual risk	Mitigating strategy	Action Owner
1	Non payments of benefits	Due to documentation not received on time, member non compliance and incomplete documentation received from employers	Extreme	Administrative capacity to pay benefits Employer government compliance with the pension requirements	Priority 1	1. Modernising of administration capacity 2. SLA with employer departments 3. Ongoing member communication and outreach	Head: Employee benefits & Head: CRM
2	Inappropriate form of entity to deliver on the mandate	Due to impracticality to operate within the government operating framework, budgeting process (GPAA being a Government component but not receiving funding from Fiscus) and due to GPAA restricted to government rules (DPSA)	Extreme	Request deviation from applicable legislative framework where necessary	Priority 1	1. Amendment to the GEP Law 2. Reviewing of the legal form of GPAA	1. Head: Legal & CFO 2. Head: Legal & CFO
3	Inability to meet 100% of SLA requirements	Due to (legacy systems) and lack of permanent EXCO team, moratorium on sms posts and competing responsibilities with clients(Fund)	Extreme	Acting Senior Managers Contract workers Oracle Business Intelligence Tool for reporting (OBIEE rollout) Framework on roles and responsibilities approved by the Board	Priority 1	1. Enabling organisational structure to meet the primary clients SLA requirements 2. EXCO to EXCO meetings 3. Dedicated account executives for National Treasury and GEPF	1. CEO 2. CEO 3. CEO

4	Inability to finalise historic cases	Due to lack of information on historic cases and employers inability to trace members and dependants	High	Reliance on employer departments to submit members and dependants Death benefit, distribution, investigation and review	Priority 1	1. Conduct data maintenance throughout the members lifecycle	1. COO and Head: Legal
5	Reliance on outsourced service providers	Due to GPAA not empowered to support outsourced processes , inability to attract and retain capacity and skills and limitations on decision making processes within outsourced areas	High	SLA management between service providers and GPAA	Priority 1	Manage the SLAs between GPAA and service providers	Heads of Programmes
6	Overlaps between parallel processes between GPAA and GEPF, Programme 8	Due to non-compliance with framework of roles and responsibilities approved by the fund and insufficient stakeholder relationships (lack of consultation, partnership, etc.)	Extreme	SLA management between the Government Employees Pension Fund, GPAA and National Treasury	Priority 2	Continuously review of the SLA's	CEO
7	Deadlines for SARS reconciliations not met	Over-reliance on SARS technology for reconciliations (technology failure)	Extreme	Engage with SARS and ICT division through formal meetings	Priority 2	The risk is affected by an external factor of reliance on SARS, however continuous monitoring of the SARS system to be conducted	CFO
8	Incorrect payments	Due to incorrect account information received, to administrative errors	Moderate	Segregation of duties Fraud prevention strategies	Priority 2	1. Pre-account verification and second level account validation 2. Enhance the application controls 3. Processes -IA to provide more info 4. Independent confirmation of changed banking details	1. Head: EB 2. CIO 3. Head EB 4.Head: FFP
9	Inability to keep up with changing training requirements	Due to non alignment between GPAA training requirements and modernisation and inadequate use of technology Due to incomplete skills audit and Job grading resulting in misalignment of positions	Moderate	Training committee	Priority 2	To conduct skills audit	Senior Manager: HR

10	Fraud and corruption	Due to failure to report known incidences of fraud and corruption and lack of reward system for informers	High	Whistle blowing policy and Fraud Hotline	Priority 3	Implement fraud prevention plan	Head: Forensic Investigation
11	Inability to realise strategic objectives effectively efficiently	Due to delays in the decision making processes	Moderate	Forging working relationship with NT and the Fund	Priority 3	Request role players to stick to their agreement Streamline project approval processes	CEO EXCO
12	Inappropriate working conditions and inadequate facilities	Due to poor working conditions/ environment (facilities), restrictive regulations governing the organisation (DPSA), insufficient information security and insufficient filing storage	Moderate	Open plan office space	Priority 3	Lease office Small scale office renovations	GM: Corporate Services GM: Corporate Services
13	Inability to recover in cases of disaster	Due to lack of defined recovery point objective and lack of defined recovery time objective	High	Business Continuity management steering committees Awareness Campaigns Training of practitioners	Priority 4	Conduct the business impact analysis	Chair: Business Continuity Project Steering Committee
14	Inadequate accessibility of GPAA to all the members	Due to the vastness of the area and inappropriate channels for reaching clients (technology)	Moderate	Regional Office network E-services Call centre catering for different languages	Priority 4	1. Research innovative ways to reach the members. 2. Enhance technology to cater for diverse groups. 3. Member and employer departments education	1. Head CRM 2. CIO 3. Head: CRM
15	Lack of streamlined business processes	Due to some processes not documented (sufficiency), reliance on institutional memory and no GPAA specific policies not being developed Results in Reputational Risk	Moderate	Process Governance User role profiling	Priority 4	1. Automation and streamlining of processes to mitigate manual intensive claim processing 2. Enhance Information Security role 3. Development of the overarching policy and compliance framework	1. CIO and COO 2. CIO & IS 3. Head: Legal

16	Technology not aligned to operational needs	Insufficient research prior to implementing technology solutions (relevant questions not asked in advance) and minimum clarity on all operational objectives prior to acquisition	Moderate	Review by Modernisation Steering Committee Sign-off by EXCO Place moratorium on large scale acquisition on ICT solutions	Priority 4	1. Monitor compliance on moratorium placed on ICT acquisitions through BIDCOM 2. BAU (Business As Usual) acquisition for impactful initiatives 3. Aligned with modernisation initiatives	1. CFO 2. CIO and COO 3. CIO and COO
17	Resistance to change	Due to employees being in a "comfort zones" - fear of loss of jobs / fear of the unknown and reluctance to learn	Moderate	Imbizos Publications on E-talk	Priority 4	Appointment of change management executive	GM: Corporate Services
18	Delay in implementing the Internal Audit recommendations	Due to lack of understanding of the importance and role of Internal Audit and absence of representative at EXCO meetings	Moderate	ICT Oversight MANCO conduct follow up on ICT Internal Audit resolutions Dedicated official at Internal Audit to coordinate the internal audit resolutions	Priority 4	Appointment of the GPAA Audit Committee	CEO

Table 10 – Strategic Risk management

PART E:

PERFORMANCE

INDICATORS

GPAA Performance Indicators in response to Strategic Objectives

STRATEGIC GOAL	STRATEGIC OBJECTIVES	EXPECTED RESULTS	PERFORMANCE INDICATORS
Satisfied Clients	Objective 1 To increase the level of client satisfaction through operational excellence	a) Timeous and accurate payments of benefits	1) Percentage of benefits paid accurately (Audited) 2) Percentage of benefits paid on time
		b) Reduction of backlogs	3) % Reduction of backlog (>60) baseline 4) % of cases in the unclaimed account successfully traced and paid.
		c) Improvement of customer service experience	5) Call centre service level 6) % QCR responded within 2 days 7) % QCR resolved within 7 days
		QCR = Query, complaint, or request	8) Customer Satisfaction Index (CSI) - Survey
		d) GPAA Modernised Capability (Operating) and Funding Models	9) Defined Operating and Funding Models
			10) Year on year reduction of significant matters of emphasis
			11) Year on year reduction of internal audit findings
Mutual beneficial relationships with stakeholders	Objective 2 To have an efficient corporate governance and financial management framework	a) An unmodified External Audit opinion with no matter of emphasis	12) % budget variance
		b) Addressed Internal Audit findings	13) % risks mitigated
		c) Sound Financial Management and controls	14) Year on year reduction of fraud cases 15) Extent of business continuity plan implementation.
		d) Enterprise Wide Risks Management (including fraud and corruption and Business Continuity management)	16) % compliance to GEPF SLA performance requirements 17) % compliance to NT SLA performance requirements
		e) Compliance to Stakeholder SLA's & key account management	18) Number of hours taken to respond to stakeholder complaints 19) Number of working days taken to resolve stakeholder complaints
			20) % mapped Core business processes
			21) % Core processes Automated
Modernised efficient administration	Objective 3 To enhance service delivery through enabling technology and well-documented processes	a) Efficient and managed processes	22) Capability Index
		b) Deployment of applicable technology to automate processes	23) Number of implemented training and development initiatives
		c) Institutionalised business improvement capability	24) Targeted Training Programmes
	Objective 4 To develop core skills and human capabilities to deliver professional and efficient administration services	a) Reduction of vacancies	25) % Wellness Index Rating
		b) Human capabilities delivering effective and professional administration	26) % level of compliance to the performance Management Plan
		c) Enhanced wellness programmes	27) % of Employer Department Staff trained
		d) Level of compliance to Performance Management Policy	28) Number of formalised agreements to support the Benefit Process Automation
Mutual beneficial partnerships with employer communities	Objective 5 To enhance mutual beneficial partnerships with employer communities	a) Compliant Employer departments to pensions and other benefit related matters	29) Number of member awareness and empowerment initiatives
		b) Concluded and managed formalised agreements	
		c) Joint member awareness and empowerment programmes	

GPAA Baseline & Targets in response to Strategy

	Baseline 31 March 2011 (Source Annual Report)	TARGET MILESTONE 2012/13	TARGET MILESTONE 2013/14	TARGET MILESTONE 2014/15
1)	Zero - New Measure	Develop measuring methodology	80% benefits paid accurately	90% benefits paid accurately
2)	78% of benefits paid within 60 days	80% of benefits paid within 60 days of receipt at GPAA	85% of benefits paid within 60 days of receipt at GPAA	78% paid on time
3)	Backlog reduced by 66% of previous baseline	Reduce backlog to 50% of baseline	Reduce backlog to 30% of baseline	Reduce backlog to 20% of baseline
4)	Zero - New Measure	Build tracing capability	30% of cases in the unclaimed account successfully traced and paid.	50% of cases in the unclaimed account successfully traced and paid.
5)	91% Service level	Service Level 90 %	Service Level 92%	Service Level 94%
6)	67% in >2 Days	80 % responded within 2 days	85 % responded within 2 days	90 % responded within 2 days
7)	67% in >7Days	70 % resolved within 7 days	80 % resolved within 2 days	85 % resolved within 2 days
8)	Zero - New Measure	Develop measuring methodology	60 % CSI Rating	70 % CSI Rating
9)	Zero - New Measure	Criteria for Operating and Funding Model defined	Operating and Funding Model developed	Operating Model Implemented
10)	Unmodified Audit Rating	100% significant audit findings resolved by specified date	100% significant audit findings resolved by specified date	100% significant audit findings resolved by specified date
11)	IA Matters addressed	85% resolution of IA findings	90% resolution of IA findings	95% resolution of IA findings
12)	17% Variance	±2% budget variance	±2% budget variance	±2% budget variance
13)	73% top risks mitigated	60% top risks mitigated	70% top risks mitigated	80% top risks mitigated
14)	40% Reduction	50% reduction of open cases	60% reduction of open cases	70% reduction of open cases
15)	Interim BC Plan	Plan implemented and exercised	Plan maintained and exercised.	Plan reviewed and exercised
16)	90% Compliance	95% compliance	96% compliance	98% compliance
17)	95% compliance	95% compliance	96% compliance	98% compliance
18)	<2 Working Days	2 hours taken to respond	2 hours taken to respond	2 hours taken to respond
19)	<7Working Days	5 working days	5 working days	4 working days
20)	Modernisation Programme initiated	60% Core business processes mapped	80% Core business processes mapped	100% Core business processes mapped
21)	Modernisation Programme initiated	30% Core processes Automated	60% Core processes Automated	90% Core processes Automated
22)	Modernisation Programme initiated	Determine capability index rating methodology	60% capability index rating	70% capability index rating
23)	Zero - New Measure	Develop Skills Plan	50% Skills plan implemented	80% Skills plan implemented
24)	2.5 days ave. targeted training per employee	2 Development Programmes implemented	4 Development Programmes implemented	6 Development Programmes implemented
25)	Employee Satisfaction Survey rating 89%	60% Wellness Index Rating	70% Wellness Index Rating	80% Wellness Index Rating
26)	Zero - New Measure	60% level of compliance to the performance Management Plan	70% level of compliance to the performance Management Plan	80% level of compliance to the performance Management Plan
27)	CLO Employer training	25% of Employer Department Staff trained	50% of Employer Department Staff trained	75% of Employer Department Staff trained
28)	Zero - New Measure	DPSA –Employer Departments Practice notes : pension and benefits regulations	Baseline for an Administration Agreement comprising , Fund , Administrator and Employers	Formal agreements with Fund , Administrators and Employers
29)	>3 Initiatives	4 Initiatives	6 Initiatives	8 Initiatives

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS AND ABBREVIATIONS

Term	Definition
GEPF	The Government Employees Pension Fund. A pension fund governed by the Government Employees Pension (GEP) Law of 1996, as amended, administered by GPAA on behalf of the GEPF's Board of Trustees.
GPAA	Government Pensions Administration Agency
TEPF	The Temporary Employees Pension Fund, as per the TEPF Act 75 of 1979, administered by GPAA on behalf of National Treasury.
AIPF	The Associated Institutions Pension Fund, as per the AIPF Act 41 of 1963, administered by GPAA on behalf of National Treasury.
BOT	Government Employees Pension Fund Board of Trustees. (The GEPF is governed by a Board of Trustees in terms of the GEP Law.)
PSA	Public Service Act of 1994
Government Component	A Government Component can be established through Proclamation by the President on a recommendation from the Minister of Public Service and Administration.
PDP	Personal Development Plan
SMDP	Senior Management Development Plan
QCR	Client Query, Complaints or Requests
EDP	Executive Management Plan
PROGRAMME 7	National Treasury portfolio of non-contributory pension and post-retirement medical benefits, military pensions, special pensions, injury on duty (IOD) payments and other benefits.
PFMA	Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999)
GEP LAW	Government Employees Pension Law of 1996, as amended
The Executing Authority of the GPAA	The Minister of Finance
SLA	Service Level Agreement
Client	A customer of a professional service provider, or the principal of an agent or contractor.
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 a business organisation include creditors, Clients, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions and the community from which the business draws its resources.
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.
Shareholder	An individual, group or organisation that holds one or more shares in a firm, and in whose name the share certificate is issued.
Government	The Government of the Republic of South Africa
ICT	Information and Communication Technology
Employers	Any Government entity employing persons into government services.
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.
Internal Audit	A frequent or ongoing audit conducted by a firm'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 firm's employees, they normally do not audit themselves or their own departments, but usually entrust this function to independent/external auditors.
Human Capital	Health, knowledge, motivation and skills, the attainment of which is regarded as an end in itself (irrespective of their income potential) because they yield fulfilment and satisfaction to the possessor. In an organisational context, human capital refers to the collective value of the organisation's intellectual capital (competencies, knowledge, and skills).
Key Performance Area(s) (KPAs)	Areas that, if the business focuses on and does well, will determine its competitive edge/differentiation or competitive advantage.
Key Performance Indicator(s) (KPIs) (Indices)	Key performance indicators (KPIs) are quantifiable measurements agreed on beforehand that reflect the critical success factors of an organisation.
Elements of the KPI 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.
Expected Results	Outputs, outcomes or impacts
Target Milestone	Targets are milestones that lead to the achievement of expected results. They are expressed in terms of quantity or timeframes.
Strategic Interventions	Strategic actions/interventions/projects to be undertaken to achieve expected results.
Output(s)	Products, capital goods and services which result from an intervention.
Outcome(s)	Short- and medium-term effects of an intervention's output.
Impact(s)	Long-term effects produced by an intervention.

Table 11 – Glossary of terms



the gpa

Department:
Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA



REPUBLIC OF SOUTH AFRICA

GOVERNMENT PENSIONS ADMINISTRATION AGENCY

HEAD OFFICE

PRETORIA

34 Hamilton Street, Arcadia, Pretoria

BRANCH AND SATELLITE OFFICES

Johannesburg- 2nd Floor, Lunga House, 124 Marshall Street

Bisho- No. 12, Global Life Office Centre, Circular Drive, Bisho

Pietmaritzburg- 3rd Floor, Brasfort House, 262 Langalibalele Street, Pietermaritzburg

Kimberley- 11 Old Main Road, Kimberley

Bloemfontein- No . 2 President Brand Street, Bloemfontein

Polokwane- 87(a) Bok Street, Polokwane

Mafikeng- Office No. 4/17, Mega City, Mmabatho, Mafikeng

Cape Town- 21st Floor, No. 1 Thibault Square, LG Building, Cape Town

Nelspruit- Block A, Ground Floor, 19 Hope Street, Ciliata Building, Nelspruit

Durban- 8th Floor Salmon Grove Chambers 407 Anton Lembede Street Durban

Port Elizabeth- Kwantu Towers, Ground Floor, City Centre

Mthatha- PRD Building, second floor, Sutherland street, Mthatha