

# STRATEGIC PLAN

## 2015/2016 – 2019/2020



the gpaa

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Department:  
Government Pensions Administration Agency  
**REPUBLIC OF SOUTH AFRICA**

# SUBMISSION OF THE STRATEGY TO THE EXECUTIVE AUTHORITY

Mr Nhlanhla Nene (MP)  
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 2015 to 31 March 2020.



Goolam Aboobaker

Chief Executive Officer  
Government Pensions Administration Agency





## Foreword by the Executive Authority



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

An efficient GPAA will bring confidence to stakeholders, while at the same time improving the well-being of members after retirement.

The GPAA's primary objective is to deliver a quality service to its members, many of whom devote many years of their lives in service to the public of our country. It is important that all public servants, including those who are now in retirement, know that we are taking care of their benefits and fulfilling our responsibility.

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

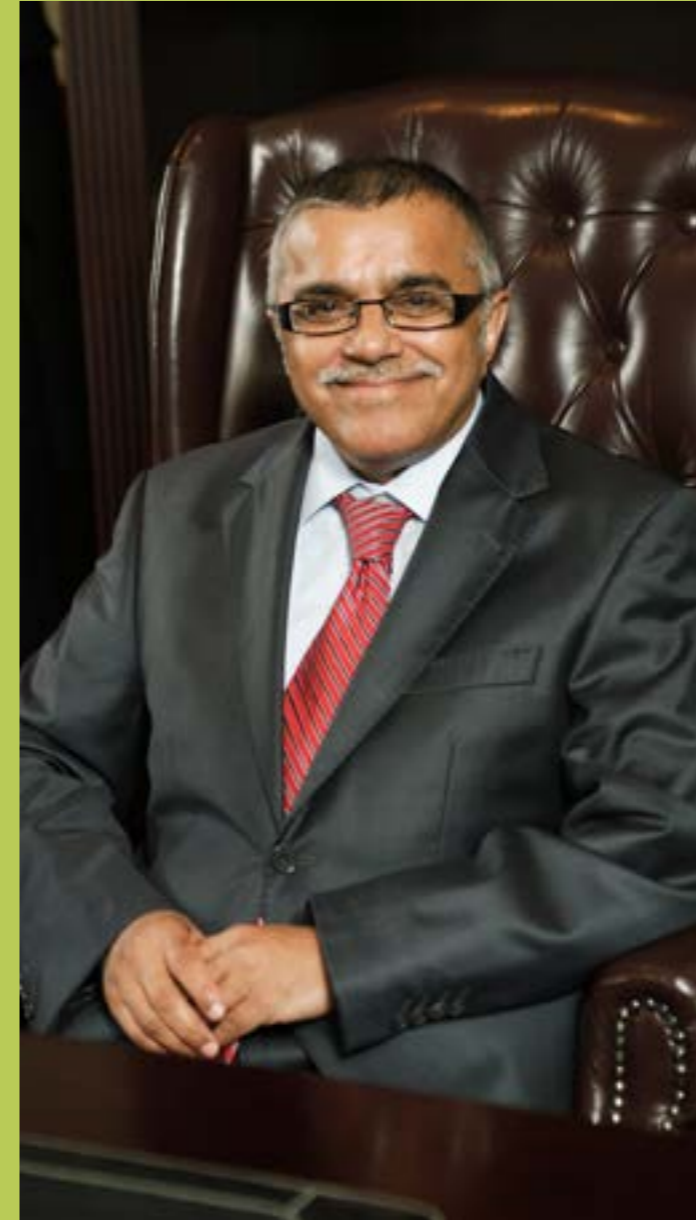
I once again implore our partners, employer departments, to accompany us on the journey of transformation so that we can serve our members better.

2015 will mark five years since the inception of the GPAA. The success of making GPAA a provider of government services of note depends mainly on our ability to improve our processes, technology and people competence while at the same time building mutually beneficial relationships with employer departments. I believe that this is possible.

**Nhlanhla Nene**  
**MINISTER OF FINANCE**



## Overview From The Chief Executive Officer



The GPAA's current strategy fully embraces the Modernisation programme adopted in 2011 as a 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.

As part of the benefit process automation, the GPAA has already successfully automated the life verification of pensioners through the interface with the Department of Home Affairs. This automatic life verification process has brought huge relief to pensioners who are no longer required to annually send the GPAA proof of their existence. Automatic life verification, however, only applies to those pensioners who live within the borders of South Africa.

Our next target is to pay retiring member benefits within 30 days of their exit from service. To this end, the GPAA has adopted a dedicated project, the Retirement Member Campaign (RMC), which allows us to trace 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. Going forward, the GPAA expects to receive an updated list of such members through its database.

The GPAA will be five years old in 2015 and in the first phase of its existence has laid a solid foundation as a modern pension fund administrator. The challenge that the organisation is faced with in the next three years 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 the GPAA is to fully adhere to industry best practice. This 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. We strongly believe that this is achievable.

**Goolam Aboobaker**  
**CHIEF EXECUTIVE OFFICER**  
**Government Pensions Administration Agency (GPAA)**



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# PART A: STRATEGIC OVERVIEW



# 1 Introduction

The Government Pensions Administration Agency (GPAA) is a government component that provides administration services to the Government Employees Pension Fund (GEPF) and National Treasury (NT). The provision of services is regulated by Service Level Agreements (SLAs). The funds and schemes that are currently administered by the GPAA are as follows:

- GEPF in terms of the Government Employees Pension (GEP) Law of 1996 on behalf of 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 Public Service Co-ordinating Bargaining Council (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 (IOD) 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.

The medium-term strategic plan takes into account current and anticipated challenges facing the GPAA. The strategic plan for 2010 2014 has been reviewed in order to address challenges with the service requirements of GEPF and National Treasury's Programme 7's members, pensioners and beneficiaries. This new strategy provides a base upon which the GPAA can accelerate service improvement through the next phase of implementation of the Modernisation programme. The organisation's strategic plan for 2015 - 2019 responds well to the Medium-Term Strategic Framework (MTSF) 2014 - 2019, the National Development Plan (Vision 2030) and the New Growth Path proposed by the Department of Economic Development in 2011.

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.

In the past five years the modernisation drive has brought a number of innovations to the fore, including but not limited to:

- Our national footprint has increased from 13 to 15 regional and satellite offices in all the provinces;
- The eChannel online exit document submission system has resulted in a reduction in the turnaround time for payment from case received to case paid. This is primarily due to the elimination of the time it would have taken to courier the documents from the employer to

the GPAA and the reduction of errors with the exit documentation due to online validation.

- Currently employers representing 81% of GEPF's membership have adopted eChannel;
- Outreach, in the form of mobile units, has been deployed to all provinces. These units are providing rural clients with access to services. 11 specialised vehicles have been acquired to support the mobile units;
- The Retirement Member Campaign (RMC) has resulted in a reduction in the turnaround time from 57 days to about 30 days from exit to date paid due to having the exit process complete prior to the retiree's retirement date;
- The Senior Management Service (SMS) organisational structure is in place and the entire organisational structure has been completed and is undergoing consultation with employees, employee representatives and other key stakeholders. A capacity development model is being developed and this will feed into the process of redeployment and retraining of staff in the new structure over the next couple of years;
- Core Business Process Mapping (BPM) has seen 90% of core business processes being mapped (as-is) and 50% are currently being re-engineered (to-be);
- The Call Centre Optimisation is progressing. A hosting solution for the call centre has been procured.
- The Pretoria walk-in centre and the call centre were successfully relocated to a more accessible location closer to the city centre; and,
- Implementation of the Technical Architecture Design (TAD) is under way. The Solution

Implementation Partner (SIP) for the TAD was appointed and key work packages are being implemented. Key ICT (SIP) infrastructure has been acquired and is being hosted on-site in a revamped data centre.

The strategy for 2015 - 2020 seeks to transform the GPAA's operational effectiveness and efficiency beyond its current Modernisation drive, enabling the organisation to have the capacity to meet and / or exceed its Service Level Agreements with GEPF and National Treasury. This will be possible through the overall modernisation of processes and systems and the creation of self-service options for clients in the future.

Human Capital Management (HCM) shall be focused on narrowing skills gaps, increasing efficiency and administrative competence, together with the overall wellness of staff. The GPAA shall continue to manage the roles and responsibilities of employer departments, vis-à-vis the administrator. Notwithstanding the aforementioned, the GPAA shall endeavour to reduce its carbon footprint in order to assist in sustaining natural resources.

### Legislative Mandate

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 GPAA's mandate is derived from the overall mandates of GEPF and National Treasury's Programme 7 – who are its primary 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).

**Government Priorities**

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. In this case, the GPAA is responsible for contributing towards Outcome 12 of the Government's 14 priority outcomes namely:

Addressing the challenges that affect the ability of the public service to play its full developmental and transformative role, the focus for 2009 -14 is on:

- Taking a more long-term approach to developing skills and a 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;
- 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;
- 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 that existing mechanisms for citizen participation are used effectively;
- Improving the management of the political-administrative interface and reducing the high

turnover in administrative leadership which leads to organisational instability;

- Achieving more effective inter-departmental co-ordination; and
- Combating corruption more effectively.

The GPAA has aligned its mission and operations with the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP) by:

- Establishing institutional mechanisms and building the necessary capacity within the organisation to undertake long-term planning. The GPAA aims to address the points raised in the NDP around building a capable state; and
- Revitalising of the Batho Pele programme for a more responsive benefits administration. The measures introduced include a particular focus on 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 GPAA shall develop their human resource capacity with a particular emphasis on ensuring that public service workplaces provide a conducive environment for staff to develop their skills throughout their careers.

**Strategic Overview**

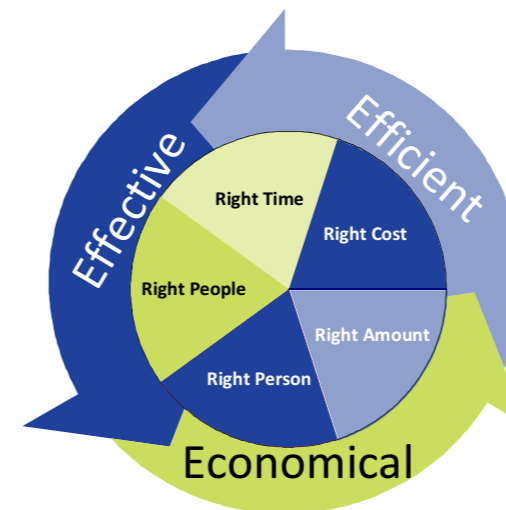
The medium-term strategic plan has been developed taking into account current and anticipated challenges facing the GPAA. The strategic plan for 2015 - 2019 has been reviewed to take account of the service requirements of GEFP and National Treasury's Programme 7.

The new strategy provides a base upon which

the GPAA can accelerate service improvement through the implementation and fulfilment of the Modernisation programme. It responds well to the Medium-Term Strategic Framework (MTSF) 2014 - 2019, National Development Plan (NDP) for 2030 and the New Growth Path proposed by the department of Economic Development Department in 2011. Thus the strategic focus remains to constantly improve the client experience and shall focus on the capability of the state to pay and administer pensions. This shall be done by paying benefits and pensions timeously and with greater ease than in the past. Consideration has been given to the fact that our client base is broad and spread throughout South Africa, including deep rural areas. It is also of the essence that the GPAA shall, in all of its endeavours, develop measures to eradicate fraud and corruption from its business.

It is put forward that the GPAA's strategy is coherent and aligned with the expectations of its customers (GEFP 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 outcomes are to be efficient, effective and economical and treat people with care.

Ultimately, the main question for the organisation is, what does the word "service" actually mean to the approximately 1.8 million clients, and how important is their benefit to them? The GPAA's response is: good service is when the right person gets paid the right amount, at the right time, with great care and at an economical administration cost. This is at the heart of what the GPAA does. To ensure that the entire organisation embraces the way forward, a succinct message in symbol form was formulated and is demonstrated in Figure 1 – The GPAA's goals and objectives. The five "rights" are positioned to focus the organisation on its core business:



- 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 at the right time as per legislation.
- 4) To employ the right people that are competent, performance driven and caring
- 5) To administer funds at the right cost - an economically acceptable cost of administration per member.

**Delivery on the GPAA's purpose**

The GPAA's objectives will be realised, and our service promise to our customers and clients will be delivered through:

**1. Paying beneficiaries the right amount**

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

**2. Paying benefits to the right person**

The GPAA will formalise 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.

**3. Paying benefits at the right time**

Being in direct contact with the beneficiary and offering a self-service option to remove the excessive waiting times 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 30 days. This means that the GPAA requires 15 of the 30 days to process any pension benefit payments post the exit of the member.

**4. Paying beneficiaries through the right people**

To ensure 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 good wellness programmes. To ensure the highest level of competency of employees, a reskilling process will be embarked upon as early as 2015 / 2016 and will continue as processes are automated. There will further be a greater focus on developing skills that are client-facing. Thus the reduction in the production staff headcount will allow 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.

**5. Paying 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 is high especially in the 2015 / 2016 financial year where most of the Modernisation budget will be spent on acquiring and setting up technological platforms.

In the 2016/2017 and 2017 / 2018 financial years 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 will be mainly on technology platforms and relevant consulting services. 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. Thus by 2017 / 2018 the GPAA will be able to charge a reduced per member fee for the administration of benefits.

**6. Modernisation**

Modernisation is the vehicle for the transformation to the new client and customer experience. It is envisaged that by the end of 2015 / 2016 resignation and retirement processes shall be automated. Thus the ideal is for the GPAA to pay benefits within 15 days of receiving duly completed documents - which is well within the legal framework.

**7. Cutting edge technology**

As early as 2015 / 2016 a self-service pilot is envisaged for the regional offices where clients can visit self-service stations at the walk-in centres and access benefit statements, remittance advice and tax certificates. Direct member engagement can be piloted with new members in the 2016/2017 financial year and the older members can be

incorporated into the exercise from 2017 / 2018 onwards.

As the GPAA moves from rather archaic technology to state-of-the-art systems with improved processes and automated facets of administration, it leaves behind a legacy of positive change. It has in recent years learnt from the past and, through experience, will excel into the future with automated systems that will be much less labour intensive, requiring less human intervention. This in itself shall probably be the greatest deterrent of fraudulent activity, which has an effect on the cost of administration. The GPAA will, however, continually be affected by change that will require continuous improvement through innovation.

**8. Early warning system for clients**

Addressing clients whose tax or bank matters are not in order, the GPAA has put SMS processes in place to notify clients of tax problems. Unfortunately, this is as far as the organisation can go to assist clients in terms of tax and bank matters.

The GPAA will proceed in the next year to automate Management Information Systems (MIS) capabilities and, once the Oracle data warehouse is fully functional, the standard and ease of reporting should increase dramatically. This development shall enable users to draw their own reports as and when they wish. By means of this improvement, up-to-date dashboards will be available for most of the GPAA's processes.

**9. Financial reporting capability**

The dire need for better financial reporting throughout the GPAA will be addressed in the 2015 / 2016 financial year when the financial systems and processes will be considered for



enhancement. To this end, the Softline Accpac Accounting Package software upgrade and the financial modules for Oracle shall be considered in the 2015 / 2016 technology spend.

**Summary**

In summary, within the next five years the GPAA is intending to:

- Pay benefits within 15 days of receipt of documentation;
- Have introduced self-service systems for clients;
- Have direct client interfaces in place;
- Reduce the cost of administration; and
- Reduce fraudulent activity and its carbon footprint by having a near paperless operation.

**Vision, mission and values**

The GPAA has developed the following vision, mission and values:



**Vision**

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



**Mission**

To serve clients by paying benefits accurately and timeously.



**Values**

**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.

**2 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 on the service delivery experience of the GPAA's clients and customers.

**Strengthening client and customer relations**

The core business of the GPAA is about the experience of the client, meaning 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 benefit for clients.





**Reduction of Administration costs**

The main 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 administration agreement with GEPF requires the implementation of a fee-based model by 2015 / 2016, thus the GPAA shall develop and propose such to GEPF within the next financial year. Therefore, the administration costing model will be benchmarked, analysed, designed and proposed to GEPF's Board of Trustees for implementation.

**Aligning business skills to modernised processes**

Throughout the Modernisation process, there has been a continuous improvement in both process and technology. This may result in a skills gap that will require training. It is important to be constantly aware of any gap between process, technology and skills. Modernisation is primarily concerned with doing business differently, hence the requirement for aligning business resources accordingly and ensuring that training and development are embedded in the processes to meet evolved business requirements.

**Going green**

Aligning to the NDP, the GPAA has decided to incorporate natural resource protection into its strategies. To this end, it shall reduce its carbon footprint through utilising alternative energy conservation and saving of water, the use of nature-friendly technology, the reduction in the use of paper and the implementation of recycling methods in its day-to-day operations.

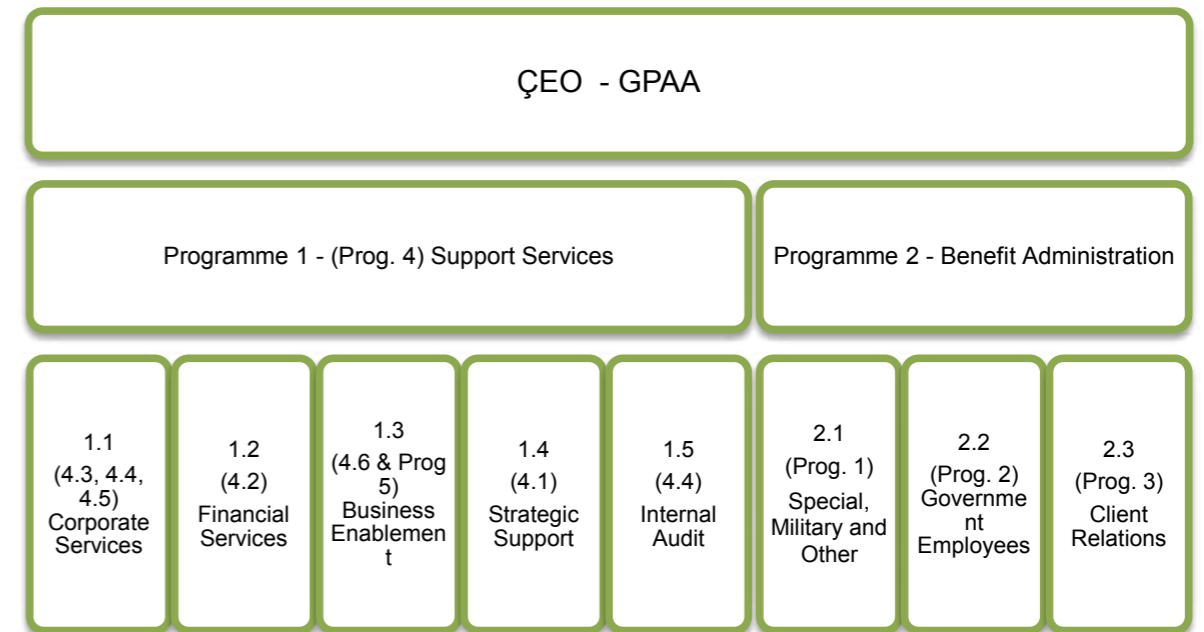
**Repositioning the GPAA**

The future role of the GPAA in the public sector will require a close alignment to Ministerial objectives, in particular the need for fiscal prudence and the possibility of administering other government funds. In essence, this repositioning is concerned with developing ongoing engagement with key stakeholders with a clear intention of aligning the operational efficiencies and the Modernisation programme to the outcome programmes of government. The evaluation of the operational efficiency and capability, however, has to be premised on the cost scenarios of potential competitors.

Taking into consideration the current competencies and the anticipation of a changing customer expectation of a responsive, flexible administration service, the GPAA should also consider the current customer SLAs. Competency benchmarks will enable the organisation to withstand competition from private and public sector alternatives. Thus, to reposition the GPAA properly and to ensure that it becomes and remains sustainable, it will seek to actively manage key stakeholder accounts. To this end, the administrative value will constantly be proven by a single point of contact with the GPAA's customers and employer departments.

**3 Organisational Overview**

The Structure for Managing the Strategic Plan1



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:



1 The programmes and sub-programmes for the 2014 / 15 financial year are indicate in brackets

**The GPAA's value chain**

The GPAA's 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 includes 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:

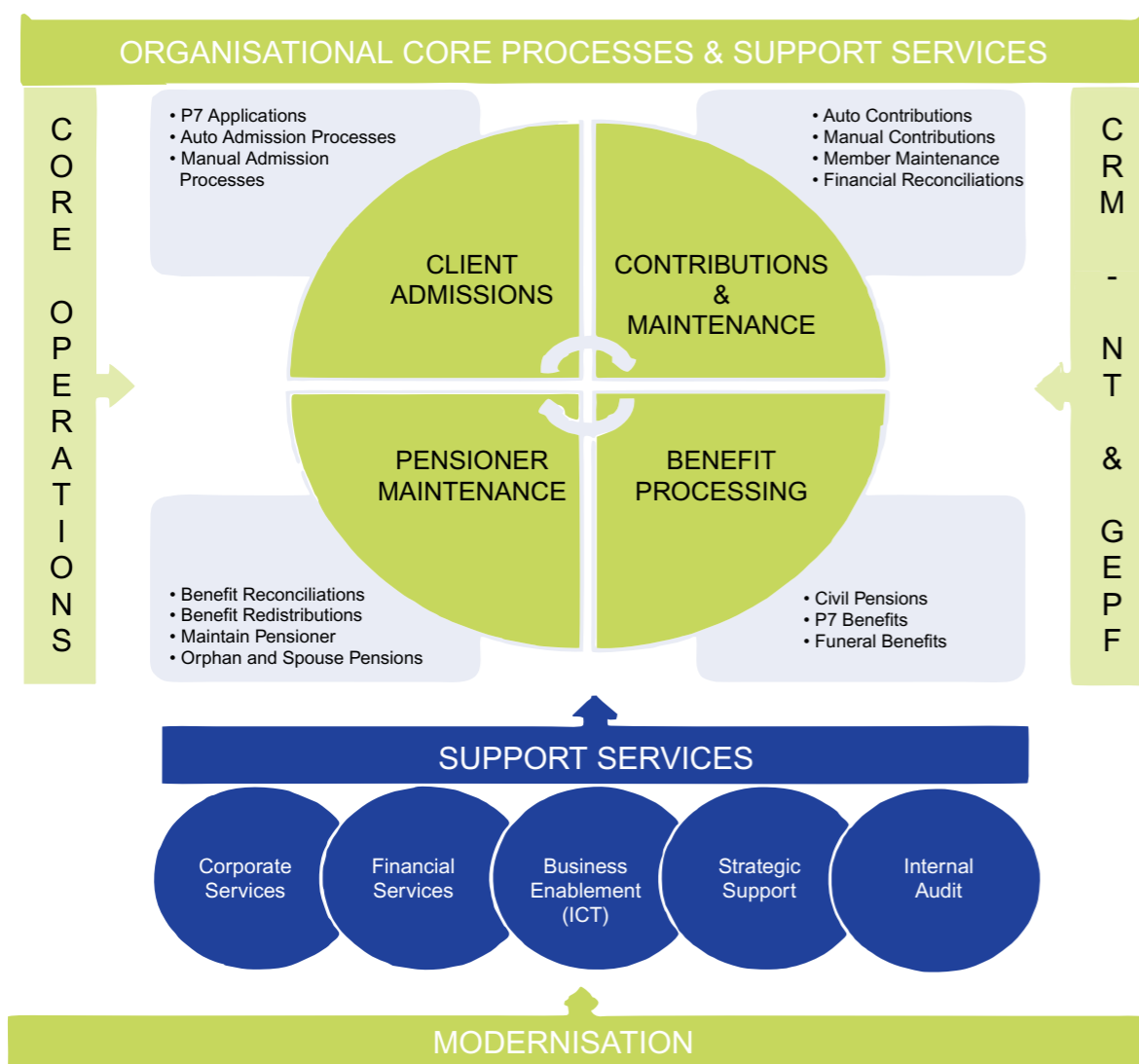


Figure 2 – The GPAA's value chain

**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 Figure 3 – The GPAA's operating model:

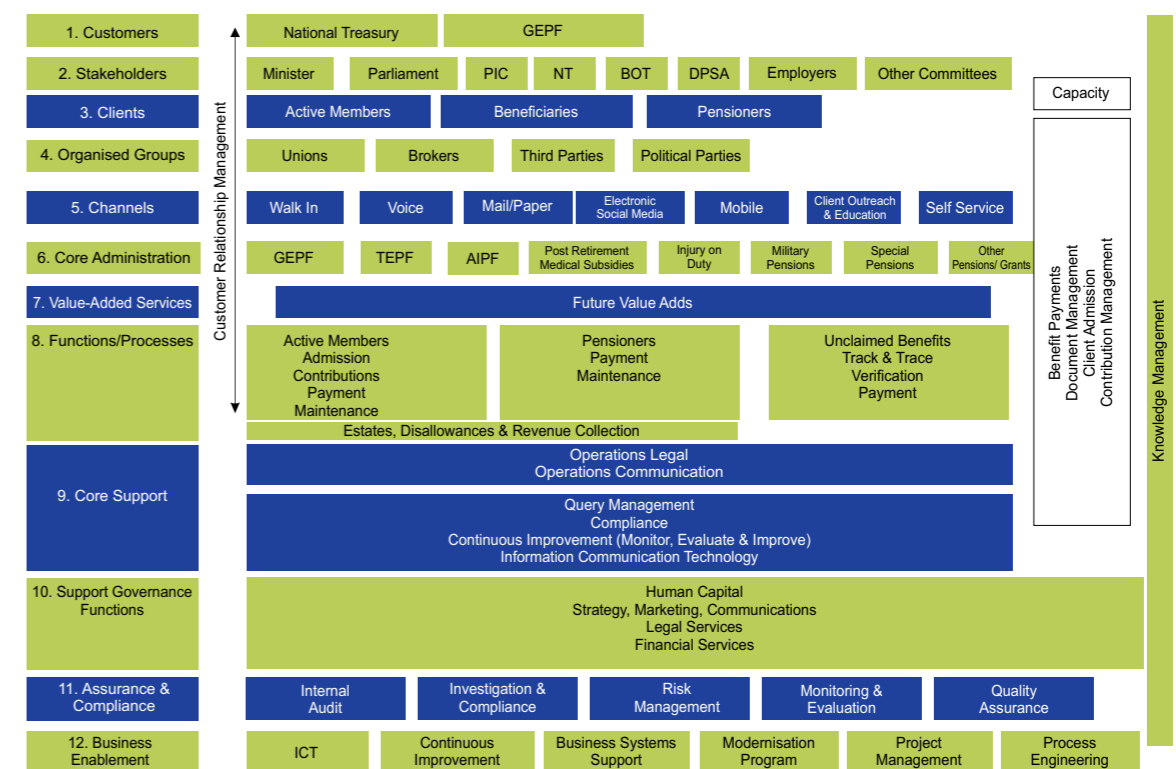


Figure 3 – The GPAA's operating model

The following section elaborates on the sub-programmes within Support Services (Programme 1) and Benefits Administration (Programme 2) to provide an overview of how the GPAA's operations contribute to the achievement of strategic goals and objectives.

**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 Corporate Services function provides support in terms of Legal, Human Resources, Facilities, Fraud Prevention, Forensic and Risk Management services.

Sub-Programme 1.1 essentially oversees the implementation of legislative requirements that govern the security, human resources, legal, risk management, fraud prevention and forensic spheres of the organisation. These support services provide mobility for the organisation's core services to deliver, and hence serve as a catalyst for enhancing client and customer relations.

**Sub-programme 1.2 - Financial Services**

The Financial Services function oversees the financial resources, governance and the reporting thereof in line with the applicable financial requirements and legislation.

**Sub-programme 1.3 - Business Enablement**

The Business Enablement function aims to implement three key activities. This will be achieved by including:

- Improving business processes;
- Automating business processes and digitising information; and
- Restructuring and resizing the organisation to suit new business processes.

**Sub-programme 1.4 - Strategic Support**

The Strategic Support function provides an oversight and strategic support role to the GPAA and hosts the various support functions of the CEO, which includes the Strategy, Policy, MIS, Monitoring and Evaluation, Business Continuity and Communications sections.

Strategic Support develops the strategy of the organisation and monitors the achievement of strategic goals and plans.

**Sub-programme 1.5 - Internal Audit**

The Internal Audit function provides independent and objective assurance to the Audit Committee that risk management, governance and internal controls are compliant with the necessary requirements.

Sub-programme 1.5 conducts periodic surveys and ensures that the performance of audits is directed at improving processes around client relationship management. The team is committed to living the values of the GPAA as auditors.

**Programme 2 - Benefits Administration**

**Sub-programme 2.1 - Special, Military and Other Benefits (National Treasury)**

This Sub-programme is primarily responsible for administration of Special, Military and Other Pensions under National Treasury's Programme 7.

The optimisation and automation of core processes will ensure that the GPAA can provide efficient and effective services to clients and customers. Human resources will be best positioned to ensure that service levels are optimised and that their focus is directed to strengthening relations with clients and customers.

**Sub-programme 2.2 - Government Employees' Benefits (GEPF)**

Sub-programme 2.2 is primarily responsible for the benefit administration of government employees and its customer is GEPF.

The optimisation and automation of core processes will ensure that the GPAA can provide efficient and effective services to clients and customers. Human resources will be best positioned to ensure that service levels are optimised and that their focus is directed to strengthening relations with clients and customers.

**Sub-programme 2.3 - CRM**

The GPAA's Client Relationship Management (CRM) function aims at managing relationships with stakeholders, including clients (members and beneficiaries), customers (National Treasury and GEPF) and employer departments.

CRM's core focus are to add value to stakeholders by reinforcing client-centricity. The first-contact-points in the regions, call centre and mobile offices

are the vehicles to achieve first contact resolution with stakeholders. The Sub-programme aims at optimising its queue management system for all channels by revamping all regional offices, the call centre and employing state-of-the-art technology to ensure first contact resolution thus meeting and exceeding SLAs in place and enhancing services with employer departments. In addition, CRM aims to strengthen relationships with customers by assigning and cultivating the abilities of Key Account Managers.

The Sub-programme will pursue a uniformed approach in regional and mobile offices to promote the GPAA's corporate identity and image. We aim to achieve this by reinforcing the TRICS principles of transparency, respect, integrity, courtesy and service excellence through change agents. Modernisation, reduction of administration costs and going green are concepts that are intertwined and CRM aims to effectively address these by:

- Automating processes within CRM and further enhancing existing platforms like eChannel;
- Employing a CRM reporting and MIS tool to support reliable reporting of the back-office, call centre, regional and mobile offices; and
- Significantly reducing back-office printing and accelerating to a paperless environment - within which the Modernisation programme will play a pivotal role

CRM acknowledges that the key resources needed to ensure an operational department is its people and thus aims to optimise the corporate culture by up-skilling staff and equipping them with the relevant tools to ensure a conducive environment.







## PART B: SITUATIONAL ANALYSIS



## 4 Situational Analysis

In 2011 the GPAA embarked on a Modernisation programme to equip itself to fulfil its legislative mandate. Below is a discussion that analyses the situation of pension schemes and pension reform, together with the analysis of where the GPAA currently fits into the pension landscape.

### Pension reform

Pension reform has been high on the agenda of many governments globally, with several in the process of reforming their pension systems in order to reduce their financial commitments and also to fulfil their social corporate responsibility towards pensioners and their dependants. Leading international organisations such as the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the European Monetary Institute (EMI), now the European Central Bank or ECB) and the European Commission have long identified and reported concerns regarding structural changes resulting in the rapid and unsustainable rise in the financial costs of pension systems. This represents the global context in which GPAA operates.

### Public service reform

Public service reform and modernisation is currently being realised through numerous strategies and its implementation throughout government departments and entities. Since strategic management is an instrument used by organisations to manage change and innovation, strategies should have objectives beyond setting goals, programmes and policy directives. With this in mind, a need was identified for the GPAA to understand the challenges that pension fund administration has to confront over the next two

decades. This would influence and affect the GPAA's internal environment.

### The GPAA as administrator

The GPAA administers benefits for the 1.5 million member-strong Government Employees Pension Fund (GEPF), together with other funds and schemes on behalf of the South African government. GEPF is a defined benefit scheme and the GPAA collects contributions, distributes pensions and undertakes an investment accounting function for GEPF, which has a separate asset manager in the PIC. GEPF membership has been increasing by an average of 1.86% per year during the past six years.

### Flexibility in service delivery

Our main concerns regarding service delivery are with regards to improved communication, enhancing member education, ensuring timely and accurate payments, and the strengthening of regional and satellite offices. Newsletters remain the main form of communication with clients, with a large number preferring paperless communication to paper-based communication.

A GPAA study identified an opportunity for the GPAA to educate members about GEPF products, services and benefits. The study also identified raising financial literacy level amongst members as important. Other areas of interests identified included death benefits, the implications of divorce for pension benefits and retirement preparedness and procedures.

### Governance

A review of pension governance emphasised the importance of administrative efficiencies and the increased co-operation between the fund,

administrator and the client. Good governance in pension systems promotes the timely and cost-effective delivery of benefits, as well as the administration of the pension in the best interests of pensioners, active members and their beneficiaries.

Good governance in the GPAA is increasingly being recognised as an important aspect for an efficient pension system, enhancing administrative performance and securing service delivery. Adoption of good a governance model in the GPAA shall promote the timely and cost-effective delivery of benefits and their administration. The proclamation of the GPAA made provision for the Minister to appoint an Advisory Board for the administration function and such a structure may strengthen the governance and executive oversight.

The Fraud Prevention and Integrity Framework is being implemented at GPAA. The framework is aimed at anti-corruption and ethics training, awareness by both internal and external stakeholders and development and improvement of policies and procedures. In addition, it encompasses the implementation of internal controls, conducting of fraud risk assessments, an effectively managed whistleblowing mechanism, co-operative agency liaison and effective investigations.

The GPAA plans to establish and implement its Materiality and Significance Framework. It is envisaged that the results of implementation and monitoring will be reported within the next three (3) years MTEF period.

### Self-service

A self-service portal is one of the technological advancements that could be adopted to improve

service delivery. Information can be retrieved and submitted in the portal, enabling the submission of applications, tracking of applications, calculating estimates, the sharing of National Treasury and GEPF products and benefit information. The portal could also provide information on financial planning, as well as policies and laws guiding the administration and investment of funds. As a basis for this, certain variables were identified that were deemed important in the development of the organisation outside of the modernisation space – in fact, beyond the modernisation space. Apart from predicting the state of 'the GPAA beyond Modernisation', it is critical to consider variables such as legislative developments in understanding the direction of the pension landscape.

We would like to see the GPAA as being an employer of choice amongst pensions administrators. It should be known widely for its service delivery ethos and reputation as a fund administrator of choice, putting its clients' interests first.

### Batho Pele Principles

In South Africa, there is a growing acknowledgment that the physical infrastructure and accessibility of one's services contribute to the effective and efficient running of organisations. Therefore, in line with the Batho Pele Principles, improved processes can ensure that our clients are informed and empowered. Such improvements further retirement preparedness, arming clients with knowledge to make informed and important decisions about their retirement. They are also in line with our current strategic objectives in ensuring that benefit and pension pay-outs are made to the right clients and are paid at the right time, which could increase stakeholder satisfaction, trust and confidence.

**National Framework for Sustainable Development**

The National Framework for Sustainable Development 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.

**The GPAA'S Organisational Environment**

The need for modernisation as an instrument for increasing efficiency and effectiveness in public institutions is extremely important. The GPAA therefore aims to understand pension developments, reforms and technological developments, and to utilise this information to become more economic, effective and efficient, while continuing to be a caring organisation (putting people first).

Modernisation in the GPAA is a vehicle journeying towards a sustainable organisation and striving to fulfil government legislative mandates. The implementation of the Modernisation programme is aimed at transforming the GPAA's operational effectiveness and efficiency, stakeholder management and governance so as to improve service delivery. This objective is in line with broad objective of improving service delivery programmes and committing to the Batho Pele Principles.

**The GPAA's demographic forecasts**

The GPAA's current client base is depicted in Figure 4 below.

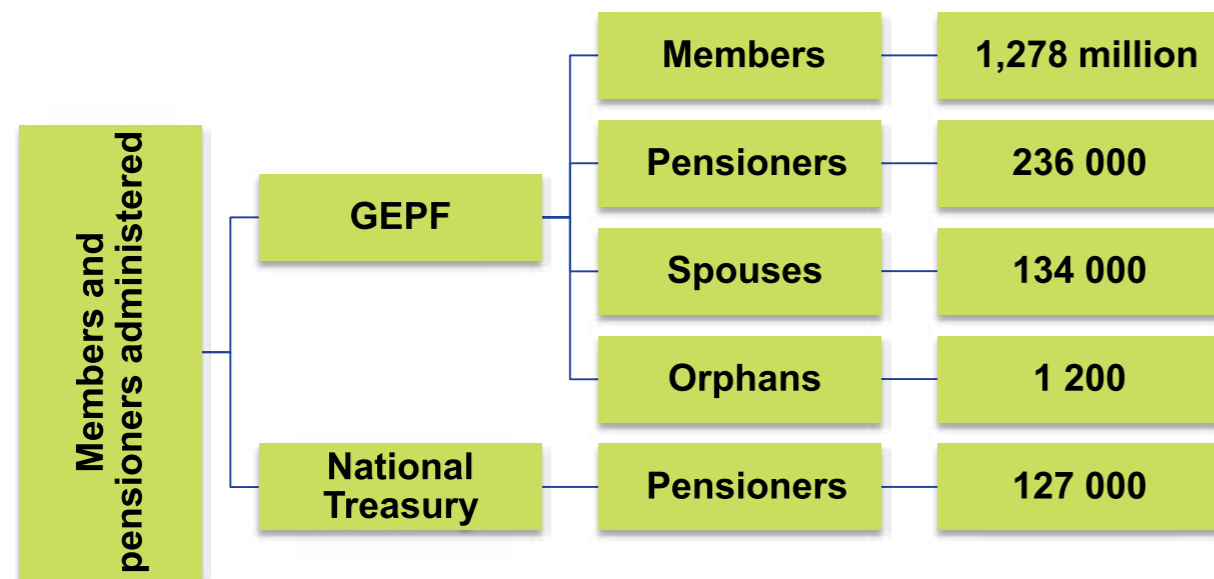


Figure 4 – The GPAA's clientele (October 2014)

National Treasury clients amount to about 127 000 in about eight different funds. 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 GPAA clients has increased by an average of 2.19% per year during the past six years, from 1 467 560 clients in July 2008 to 1 674 759 in June 2014, which is an overall increase of 14.12% over the six-year period. The total number of GPAA clients (i.e. active members, pensioners, spouses and dependents) can therefore be expected to increase by an average of 1.25% per year in the coming 10 years, to reach about 1 897 354 clients in 2024.

The GPAA can expect to service about 1 797 328 clients per year in the coming 10 years. The diversification and expansion of government departments might have contributed to the increase in the client base and, as government departments stabilise, the growth may be minimised.

**Cost of administration**

Pension fund administrators and custodians of pension funds ought to charge an administration fee which is in accordance with the services provided and market requirements to protect clients' retirement savings (Thyne & Chetty, undated).

**Cost saving drivers**

As the GPAA embarks on designing its costing model for the next five years of its administration of funds, there are three areas in which administration costs can be stabilised, namely: by leveraging off intergovernmental contracts supply chain

resources will be relieved and, secondly, an overall cost cutting exercise where budget under-spends are drastically curbed. Furthermore, a third factor, National Treasury's cost containment measures, are being implemented and are already yielding a number of savings.

**Problems with death and divorce**

Clients' understanding of information about death and divorce within the GEP Law is critical since these are circumstances that cannot easily be predicted and one can never be certain about how to prepare for them.

**The GPAA's policy development opportunities**

A number of policy development opportunities were identified in a GPAA Policy Review Report and are listed below:

- An opportunity for the GPAA to align its Injury on Duty Programme (IOD) with Compensation House and develop consistent policy frameworks for paying dependants. Currently, the maximum age at which the GPAA can pay dependants is not clear and employees tend to use their own discretion. Developing policy frameworks may thus curb abuse of the system. Taking into consideration that IOD only pays at the end of the value chain, it will be a harmonious move for the administrators of the larger portion of the value chain (Compensation Commission) to determine the conditions of payment.
- An opportunity for the GPAA to revise its Death Distribution Policy. The policy needs to provide alternative scenarios for death distribution to protect the Fund from negative legal implications. Currently, process role



players use their own discretion when distributing death payments and this can be questioned in a court of law. The gap emanating from the GEP Law needs to be addressed.

- An opportunity for the GPAA to decrease payment duplication by identifying a reliable tracking system of verifying service dates of employees of former TBVC states (Transkei, Bophuthatswana, Venda and Ciskei).
- The need to identify the root cause of unclaimed benefits - possibilities are that the root cause of the problem might link up with tracing needs. There is therefore a necessity to know the real cause of unclaimed benefits in order to take an accurate policy position.

**Current and future technological developments within the pensions administration landscape**

Technological innovations in financial institutions like the Government Pensions Administration Agency (GPAA) have a critical role to play since the technology in these institutions is integrated with core business processes. The GPAA foresees that in future, benefits administration will use technology to advance core service delivery initiatives and respond quickly to the needs of pensioners, members, customers and stakeholders.

As a pensions administrator, the GPAA's technology will be fully integrated and will evolve in an unprecedented manner, enabling real-time solutions, updates and predictive capabilities that will support stakeholder needs in a seamless manner.

**The Modernisation programme**

In order to fully represent what will be taking place in the upcoming three years, the end-state diagram of the Modernisation programme is depicted in Figure 5 - Modernisation desired state by 2016/2017.

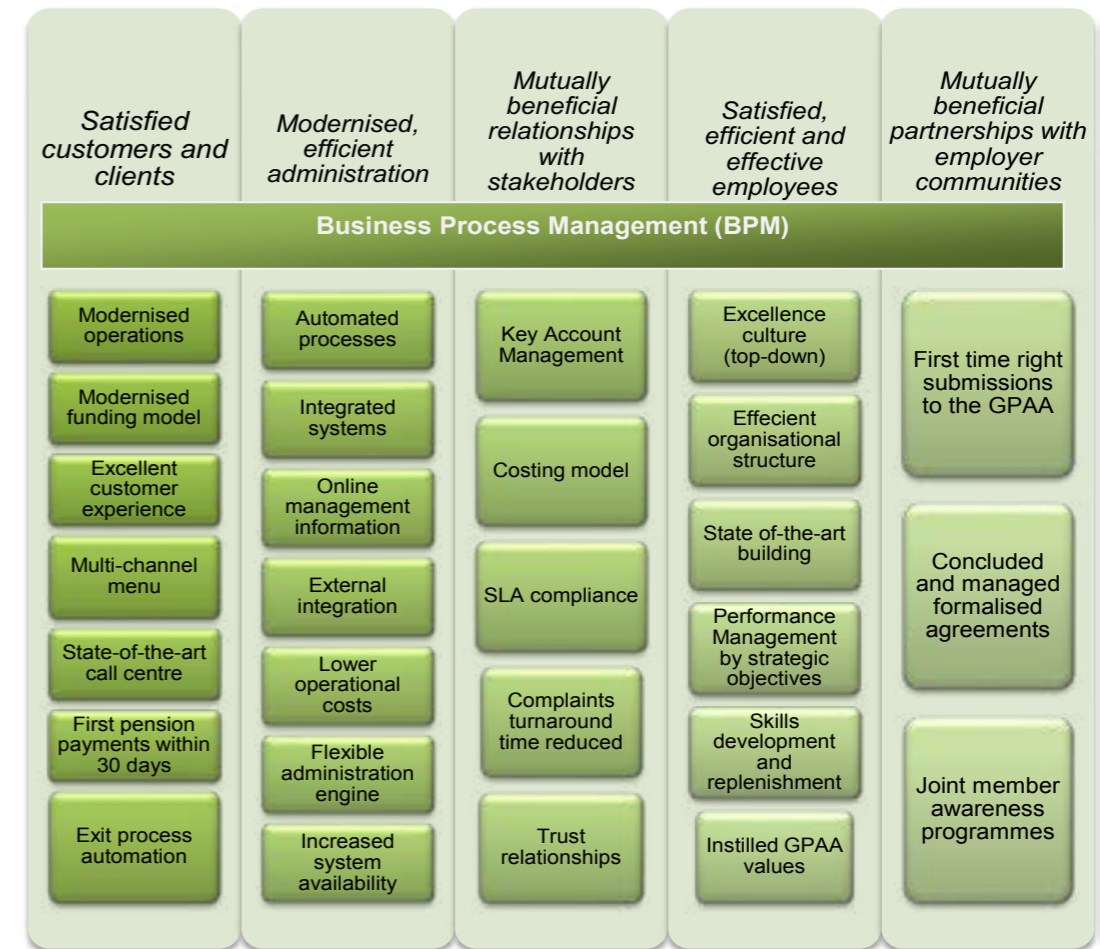


Figure 5 - Modernisation desired state by 2016/2017

The Modernisation programme was the central pillar of the GPAA's previous strategy and will continue to be so for the next two to three years. It is expected that all systems in the GPAA will reach maturity within five years. A graphical representation is seen in Figure 6 - Capability, agility and Modernisation.

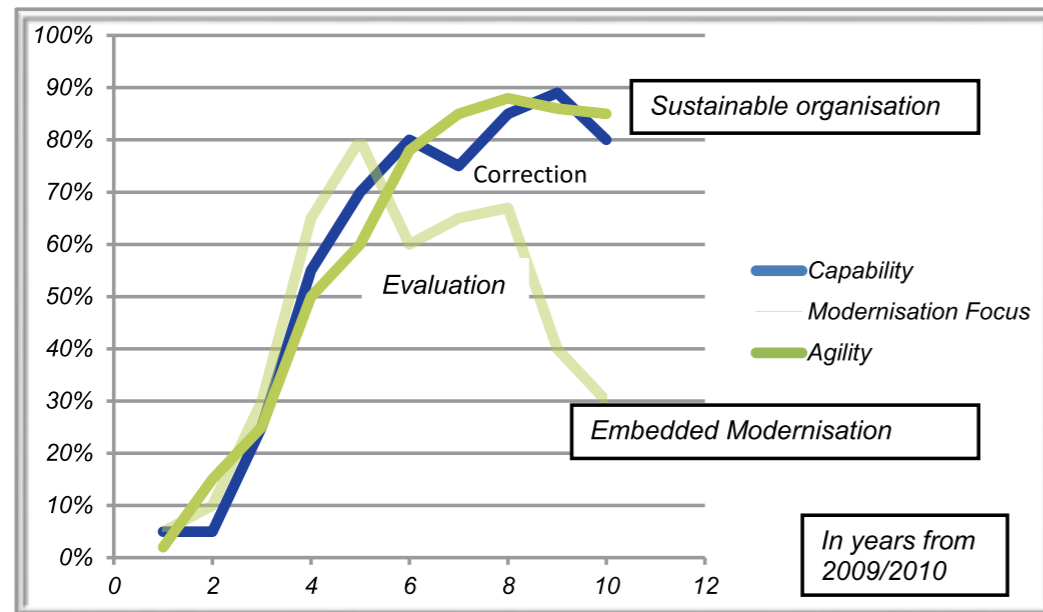


Figure 6 - Capability, agility and Modernisation

After corrective measures are implemented, Modernisation shall subside to become an ongoing organisational offering, leaving behind a stable and self-sufficient organisation.

When key tenders were awarded in March and April 2013, the Modernisation programme started moving forward and after key decisions were taken around the call centre and the implementation of the Technical Architecture Design (TAD) in August and September 2013, momentum increased further. Since the beginning of 2014, with the appointment of the Solution Implementation Partner (SIP) for the TAD, this progress has accelerated. It is envisaged that these business improvements will become a reality once the key Modernisation interventions are fully implemented by the end of 2017.

Information on best governance practices, costs of administering pensions and technological developments that could influence pension administration in the near future has been collected. It is envisaged that this will inspire new thinking, enabling the GPAA to envision itself within the changing pensions landscape and influence the strategic direction of that landscape. The GPAA, through its Modernisation approach, has 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 2018.

**Phased strategic implementation**

Three stages of strategic implementation are described hereafter.

**2014 / 2015 and beyond**

In the 2014 / 2015 financial year, the Modernisation programme in its current form has successfully put in place the technology infrastructure and platforms required to run the application systems necessary for an administrator of the GPAA's size and complexity. The Business Enablement capability has been designed to provide direct support to the GPAA's business through process, technology and systems design, development and implementation through the utilisation of effective project management principles and practices.

The design leg was mandated with the design, development and implementation of effective process and applications architecture to support the highly efficient pension administration operation of the GPAA's size and significance. To this end, the IBM mainframe and Oracle super-cluster were commissioned and shall undergo further development in the following three financial years. The GPAA's systems are being redesigned to allow the organisation to meet the cutting-edge standards required by post-millennium pension funds.

**2015 / 2016**

It is expected that the design leg will be completed and the Modernisation programme will transition into the Business Enablement organisational form during this financial year. This will allow the programme to begin to integrate and inculcate a culture of process and technology advancement into the GPAA's business. For this reason,

the people-focused projects currently run by the Human Capital Management (HCM) stream within the Modernisation programme will move under the Corporate Services Sub-programme and the Process and Technology-based initiatives will move into the Business Enablement Sub-programme.

The HCM leg, under Corporate Services, will focus on skills development and transitioning the organisation into the newly approved process-based organisational structure; while the Business Enablement leg will focus on re-engineering, re-designing, developing and implementing new application systems across the GPAA's business with the aim of transforming the nature of service delivery and client experience in aspects that are important to the GPAA's client base.

The main thrust of Modernisation in the 2015 / 2016 year will be to automate the pension administration processes, including both benefits payment and membership administration.

To support these processes, Modernisation is seeking to implement Enterprise Content Management (ECM) and Client Relationship Management (CRM) systems which are part of the Oracle super-cluster that the GPAA has already acquired. In addition, work shall continue on three complementary projects, including Back-Scanning, Data Quality Improvement and Human Capital Management (HCM). This approach will ensure rapid and consistent delivery of value-adding business functionality for both the core and support functions within the organisation.

**2016 / 2017**

In the 2016 / 2017 financial year, the Modernisation programme intends to complete the automation

of the core pension administration functions, including both benefits payment and membership maintenance. The operationalisation of the key ECM and CRM systems will mean that there should be a dramatic improvement in first call-resolution (whatever channel) because case management and document retrieval will largely be digital (all records, whether voice or paper, will be retrievable in real-time, facilitating the resolution of queries). The Back-Scanning project will have captured the most critical records (those relating to current members and pensioners) and the appropriate governance and system modifications would have been done to ensure data integrity. With the completion of work on the core pension administration processes, it will be possible to accelerate the automation and digitisation of key non-core corporate functions such as Finance, Human Resource Management (HRM) and Procurement (SCM). A major proportion of HCM should be complete and the work will focus on transitioning people from the current structure to the restructured organisation. As more and more business processes at the GPAA become automated, people will be re-skilled and redeployed to enhance the GPAA's client-facing functions.

**2017 / 2018**

By the 2017 / 2018 financial year, most Modernisation projects will be reaching closure and the emphasis will shift to a continuous improvement programme as part of Business Enablement. Business Enablement will incorporate three key components of business support: ICT, Process Innovation and Project Management. These units will support the on-going business of pensions administration by maintaining the newly-acquired ICT systems and applications, introducing continuous improvement and managing any complementary projects.

**5 Planning and Performance**

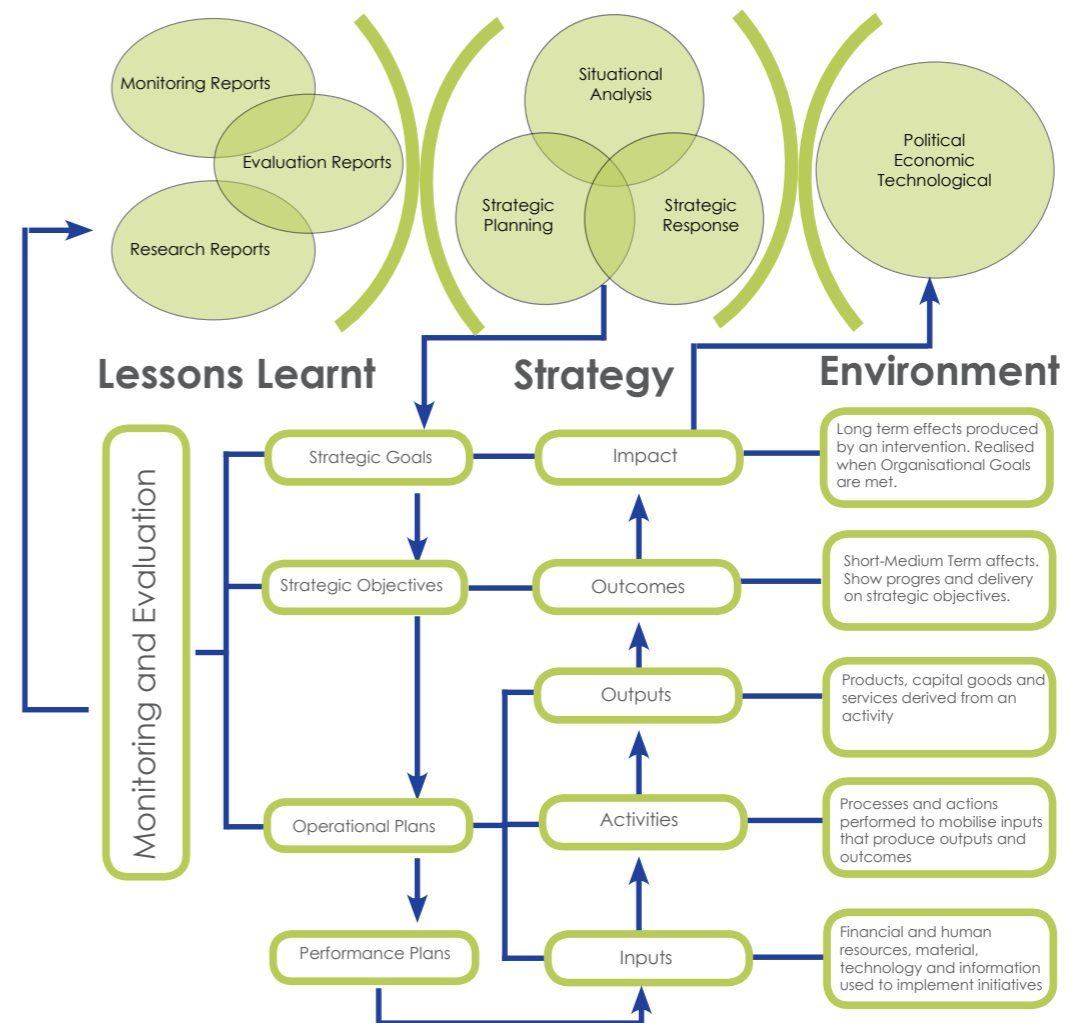
The GPAA has adopted government's results-based planning, performance and monitoring and evaluation approach to deliver services to members, pensioners and beneficiaries. In planning and utilising this approach, the GPAA has identified strategic goals for the realisation of its organisational mandate. 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 Figure 7 - Strategic process and planning. The GPAA monitors performance by tracking progress through Performance Indicators (PIs), while progress is reported on a quarterly basis, as well as on a 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.

**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.

A strategic plan for 2015 / 2016 - 2019 / 2020 has been developed and all Sub-programme strategic plans have been aligned to the new corporate strategy. The GPAA's strategic management process is depicted in Figure 7 below:





# PART C: ORGANISATIONAL STRATEGIC RESPONSE



## 6 Goals and objectives

After careful consideration of the Minister’s contract, the GPAA’s operating environment, different analysis methods, the situational analysis, the outcomes of an extended Exco retreat and the 2014 Lekgotla, strategic goals were formulated.

The strategic goals, objectives and performance areas shown in Table 1 as Goals, objectives and performance areas, have collectively been set at various workshops and interventions with management teams and executives:

Goals	Objectives	Performance areas
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service
	1.2 To pay the right person who is the lawful member or beneficiary	
2. Efficient administration of benefits	2.1 To pay benefits on time as per legislation	b) Administration agreements and SLAs
	2.2 To employ the right people that are competent, performance-driven and caring	c) Human capability d) Employee satisfaction
3. Economical administration of benefits	3.1 To administer the funds at an economically acceptable cost of administration per member	e) Governance
		f) Administration cost
		g) Carbon footprint

Table 1 - Goals, objectives and performance areas

### Goal 1 - Effective Administration of Benefits

The key programmes aimed at achieving Goal 1 will be: Programme 2 - Benefit Administration, Sub-programmes 1.3 - Business Enablement and 2.3 - Client Relationship Management.

#### Objective 1.1

**To pay the right amount as per the legal entitlement as prescribed by legislation and rules**

**Performance area: (a) Client experience**

The GPAA endeavours to improve the client experience by developing and implementing a self-service system which will allow clients real-time access to their personal information and status of transactions. The exit process is intended to be automated during 2015 / 2016, which will incorporate the applicable legislation, rules, National Treasury and GEPF requirements to ensure that the right amount is paid to the member or beneficiary. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Self-service introduced</li> <li>Benefit Payment Automation (BPA) for the majority of cases</li> <li>Call centre upgraded - capability optimisation achieved</li> <li>Electronic case management introduced</li> <li>Complaints turnaround time improved</li> </ul>	<ul style="list-style-type: none"> <li>Balance of BPA completed</li> <li>Membership maintenance automation introduced</li> <li>Modernised operating model in place</li> <li>First pension payment 10 days after retirement</li> <li>Multi-channel service model based on segment requirements introduced</li> <li>State-of-the-art call centre with automated case management in place</li> <li>First call resolution improved, based on implementation of ECM and CRM systems</li> <li>Complaints turnaround time improved</li> </ul>	<ul style="list-style-type: none"> <li>Modernised front office operation</li> <li>Excellent customer experience</li> <li>Multi-channel menu in place</li> <li>Complaints turnaround time improved</li> </ul>

#### Objective 1.2

**To pay the right person who is the lawful member or beneficiary**

**Performance area: (a) Client experience**

The objective will be ensured through client data integrity which is critical in ensuring that the GPAA pays the right person, to reduce fraudulent activity and to enable faster turnaround times. It is envisaged to develop an electronic document repository as part of the modernisation project which will propel the GPAA towards a paperless environment with safer and more secure document control. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Electronic document depository introduced</li> <li>Process re-engineering for 90% of the core processes                             <ul style="list-style-type: none"> <li>a) Admissions</li> <li>b) Contributions</li> <li>c) Member maintenance</li> <li>d) Benefits payment</li> </ul> </li> <li>Increased third party data usage</li> <li>Customisable automated reports</li> <li>Improved Disaster Recovery capability</li> <li>IBM Mainframe and Oracle super-cluster on-going development to accommodate automation</li> <li>Modernisation design leg completed and</li> <li>Business Enablement introduced</li> <li>Implement Enterprise Content Management (ECM) and Client Relationship Management (CRM) systems which are part of the Oracle super-cluster</li> </ul>	<ul style="list-style-type: none"> <li>Integrated GPAA systems</li> <li>Integrated systems with third parties</li> <li>MIS dashboards and automated reporting developed</li> <li>Faster response times of legacy systems in general</li> <li>Increased system availability</li> <li>IBM mainframe and Oracle super-cluster on-going development to accommodate automation</li> </ul>	<ul style="list-style-type: none"> <li>Automated processes</li> <li>Integrated systems</li> <li>Online Management Information</li> <li>Increased system availability</li> <li>Retirement of legacy systems</li> <li>IBM mainframe and Oracle super-cluster on-going development to accommodate automation</li> </ul>

**Goal 2 - Efficient Administration of Benefits**

The key programmes aimed at achieving Goal 2 will be: Sub-programmes 1.1 - Corporate Services, Sub-programmes 1.3 - Business Enablement and 2.3 - Client Relationship Management.

**Objective 2.1**

**To pay benefits on time as per legislation**

**Performance area: (b) Administration agreements and SLAs**

The GPAA intends to improve efficiencies to ensure that benefits are paid when due, as regulated by legislation, while also putting the necessary systems in place to exceed the prescribed requirements. The GPAA will introduce training material, in collaboration with GEPF and National Treasury, to promote member education. It is also envisaged to improve the management of administration agreements and SLAs through additional key activities such as appointing Key Account Managers, formalising employer management information, educating of members well in advance of their impending retirement and providing them with the necessary resources that will assist in financial planning. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Formalised agreements with employer organisations</li> <li>Enhance education of members on:                             <ul style="list-style-type: none"> <li>a) GEPF products,</li> <li>b) GEPF product requirements, and</li> <li>c) Financial advice and planning</li> </ul> </li> <li>Clarify the assumptions of the new Special Pensions Act</li> </ul>	<ul style="list-style-type: none"> <li>Concluded and managed formalised agreements with employer organisations</li> </ul>	<ul style="list-style-type: none"> <li>Key Account Managers rolled out to employer organisations</li> </ul>

**Objective 2.2**

**To employ the right people that are competent, performance-driven and caring**

**Performance area: (c) Human capability**

In order to achieve its Modernisation objectives, the GPAA requires a competent, motivated workforce with the right skills and knowledge. The Human Capital Management programme will focus on ensuring that targeted training and development interventions are put in place, as well as talent management and succession planning, to ensure that growth opportunities are created for high performance employees. The roadmap to enhance human capability is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Transition into the new process-based organisational structure</li> <li>Standardised operations with focused training and development interventions aligned to organisational priorities</li> <li>Capacitated operational environment with focused succession and development processes</li> <li>Enhanced strategic Change Management activities</li> <li>Improved recruitment turnaround times</li> </ul>	<ul style="list-style-type: none"> <li>An efficient, fit for purpose organisational structure</li> <li>Fully capacitated operational environment with focused continuous improvement to succession and development processes</li> <li>Effective management and leadership cadre with best-in-class competencies</li> <li>Automated HR systems introduced</li> </ul>	<ul style="list-style-type: none"> <li>Efficient organisational structure</li> <li>Skills development and replenishment</li> </ul>

**Performance area: (d) Employee satisfaction**

The GPAA strives to be an employer of choice, not only in the public service but also in the benefits administration industry. In this regard, regular employee satisfaction surveys have been introduced to allow the organisation to continuously improve its employment practices.

Employees seek an environment that stimulates personal growth and also brings physical and mental rewards to the fore. The GPAA endeavours to make employees proud of where and how they work, through focused interventions that will entrench the organisation's values as depicted in the "TRICS" value model. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Talent management strategy developed</li> <li>Outcomes-based performance management</li> <li>HR policies refined - disciplinary and grievance policies</li> <li>Improved employee safety and security</li> <li>Culture of coaching, mentoring and continuous personal development</li> <li>Refurbishment of the GPAA's facilities to create a conducive working environment, improve labour / employee trust and create focused Change Management interventions</li> <li>Performance management by strategic objectives achieved as planned</li> </ul>	<ul style="list-style-type: none"> <li>Instilled performance-focused organisational culture</li> <li>A conducive facility that facilitates the seamless achievement of the GPAA's strategic objectives</li> <li>Performance management by strategic objectives achieved as planned</li> </ul>	<ul style="list-style-type: none"> <li>Entrenched performance-driven culture in the organisation</li> <li>Enhanced facilities and buildings</li> <li>Instilled GPAA values</li> <li>Employer of Choice Performance management by strategic objectives achieved as planned</li> </ul>

**Goal 3 - Economical Administration of Benefits**

The key programmes aimed at achieving Goal 3 will be: Sub-Programmes 1.1 - Corporate Services, 1.2 - Finance, 1.3 - Modernisation and ICT and, 1.4 - Strategic Support

**Objective 3.1**

**To administer the funds at an economically acceptable cost of administration per member**

**Performance area: (e) Governance**

The focus for 2015 / 2016 is aimed at improving governance structures of the fund administration by implementing an overarching governance framework to govern GPAA from the following aspects: Audits, Committees, Communication, Ethics, Facilities, Finance, Fraud Prevention, HR, ICT, Policy, Risk Management, Service Level Agreements, Stakeholder Engagement and Strategy. The aforementioned framework is planned to be constituted against the backdrop of technological, financial and human capabilities to meet and exceed customer and stakeholder expectations. The roadmap follows:



2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Overarching governance framework developed</li> <li>On-going compliance with exit process SLAs</li> <li>Level of reporting in finance determined as per PFMA requirements</li> <li>Delegation, processing and audit challenges addressed</li> <li>SCM function on-going compliance with regulations monitored</li> </ul>	<ul style="list-style-type: none"> <li>GPAA consideration of being FSB compliant as a pension fund administrator (with adherence to certain legislative exclusions / provisions as applicable to a government agency)</li> <li>Automation and digitisation of key non-core corporate functions such as Finance, Human Resource Management and Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of governance</li> </ul>

**Performance area: (f) Administration cost**

The GPAA will implement firmer controls to contain expenditure and to limit budget to the minimum required for administration. This will be supported by a process to identify duplicate processes as well as the automation of processes which will subsequently create efficiencies in the organisation’s staffing and production activities. The interim use of consultants will gradually be reduced as systems are deployed, further decreasing personnel costs. The IT capability which was implemented provides the platform for automation of processes to ensure increased productivity, effectiveness and efficiency, which is also aimed at reducing administration costs.

By the 2017 / 2018 financial year, most Modernisation projects will be reaching closure and the emphasis will shift to a continuous improvement programme as part of Business Enablement. Business Enablement will incorporate three key components of business support: ICT, Process Innovation and Project Management. These units will support the on-going business of pensions administration by maintaining the newly acquired ICT systems and applications, introducing continuous improvement and managing any complementary projects. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Blueprint developed of funding model</li> <li>Implemented Business Process</li> <li>Management processes costed</li> <li>Stabilised and upgraded the foundation of core legacy systems CIVPEN upgrade / replacement completed</li> <li>Real-time MIS for all processes</li> <li>Capability optimisation started</li> </ul>	<ul style="list-style-type: none"> <li>Implemented administration costing model and methodology</li> <li>Optimised core processes</li> <li>Optimised supporting processes</li> <li>Institutionalised business improvement capability</li> <li>Lower operational and maintenance costs</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of funding modernised model</li> <li>Lower operational costs</li> <li>Flexible administration engine</li> <li>Closure of most Modernisation projects and focus shifted to maintenance of ICT infrastructure and continuous improvement through process innovation and project management</li> </ul>

**Performance area: (g) Carbon footprint**

The main activities identified to significantly reduce the GPAA’s carbon footprint are to reduce the amount of paper used for administration, making use of bulk printing stations to reduce energy consumption and to minimise disposable printer material. The GPAA plans to investigate the installation of solar cells as an alternative source of electricity on the eight north-facing roofs of its Head Office building. The water table at Head Office is also sufficient to serve as an alternative source of fresh water at a low cost. The waste management component is planned to be improved to further reduce the organisation’s carbon footprint. The roadmap is as follows:

2015 / 2016	2016 / 2017	2017 / 2018
<ul style="list-style-type: none"> <li>Implement 50% alternative energy supply</li> <li>50% reduction of office printers</li> <li>Waste sorting</li> <li>Capability optimisation</li> </ul>	<ul style="list-style-type: none"> <li>75% clean energy supply</li> <li>50% reduction of paper printing</li> <li>Alternate water supply</li> <li>30% waste reduction</li> <li>20% reduction of gassed air-conditioning</li> </ul>	<ul style="list-style-type: none"> <li>80% alternative electricity usage</li> <li>60% less paper used as a baseline</li> <li>40% waste reduction off baseline</li> <li>50% alternate water supply used</li> <li>30% reduction of gassed air-conditioning</li> </ul>

## 7 Organisational Response to Strategic Goals and Objectives

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

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

- Meeting the service levels as per 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 the modernised administration system.
- Reducing the long term cost of administration.

The GPAA's Corporate Performance Indicators

CORPORATE PERFORMANCE INDICATORS AND PROJECTED TARGETS 2015 / 2016 - 2019 / 2020 '

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014				Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
			Progress in developing the self-service system	New measure	New measure			New measure	Self-service system piloted	Self-service functionality developed for updating client contact details	Self-service functionality developed for accessing client benefit statements	Self-service functionality developed for viewing the status of benefit transactions	Self-service functionality enhanced
	1.2 To pay the right person who is the lawful member of beneficiary		% of benefits paid accurately	National Treasury: 98.8% GEPF: Pilot	National Treasury: 100% GEPF: 93%			80%	80% of benefits paid accurately	80% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately
			% of compliance to Customer SLAs	95%	90%			90%	90%	90%	90%	92%	95%
2. Efficient administration of benefits	2.1 To pay benefits on time as per legislation	b) Administration agreements and SLAs	% of benefits paid on time	National Treasury: 95.4% paid within 60 days GEPF: 78% paid within 60 days	National Treasury: 94% paid within 60 days GEPF: 77% paid within 60 days			75%	80% of benefits paid within 45 days	80% of benefits paid within 30 days	85% of benefits paid within 20 days	85% of benefits paid within 18 days	85% of benefits paid within 18 days
			% of workplace skills plan (WSP) training completed (based on training curriculum and PDPs)	New measure	70% WSP training completed			70% of WSP training completed	70% of WSP training completed	70% of WSP training completed	75% of WSP training completed	75% of WSP training completed	75% of WSP training completed
	2.2 To employ the right people that are competent, performance driven and caring	c) Human capability	% Employee Satisfaction Level (ESL)	74% ESL	45% ESL			45%	45% ESL	60% ESL	75% ESL	80% ESL	80% ESL
3. Economical administration of benefits	3.1 To administer the funds at an economically acceptable cost of administration per member	e) Governance	% Compliance to Governance Framework	New measure	New measure			Developed	Progress on adopting governance framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework
		f) Administration cost	Progress on development of Costing Model	New Measure	New Measure			New Measure	Developed fee-based costing model	2% reduction in administration costs	5% reduction in administration costs	10% reduction in administration costs	10% reduction in administration costs
		g) Carbon footprint	% reduction in the GPAA carbon footprint	New measure	New measure			New measure	Develop methodology to determine Carbon Footprint baseline	2% reduction in the GPAA's carbon footprint	5% reduction in the GPAA's carbon footprint	10% reduction in the GPAA's carbon footprint	15% reduction in the GPAA's carbon footprint

Table 2 - Corporate Scorecard 2015 / 2016 - 2019 / 2020

**Programme 1: Support Services**

Sub-programme 1.1 - Corporate Services projected targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets					
				2012 / 2013	2013 / 2014				Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels Focussed on appropriate facilities	64%	60%				New measure  Adjusted for Corporate Services	60% client satisfaction levels  Target adjusted	65% client satisfaction levels	70% client satisfaction levels	75% client satisfaction levels	80% client satisfaction levels
2. Efficient administration of benefits	2.2 To employ the right people that are competent, performance driven and caring	c) Human capability	% of workplace skills plan (WSP) training completed (based on training, curriculum and PDPs)	New measure	70% WSP training completed				70% of WSP training completed	70% of WSP training completed	75% of WSP training completed	75% of WSP training completed	75% of WSP training completed	75% of WSP training completed
		d) Employee satisfaction	% Employee Satisfaction Level (ESL)	74% ESL	45% ESL				45%	45% ESL	60% ESL	75% ESL	80% ESL	80% ESL
3. Economical administration of benefits	3.1 To administer the funds at an economically acceptable cost of administration per member	e) Governance	% Compliance to Governance Framework	New measure	New measure				Developed	Progress on adopting governance framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework	100% Compliance to Governance Framework
		g) Carbon footprint	% reduction in the GPAA carbon footprint	New measure	New measure				New measure	Develop methodology to determine Carbon Footprint baseline	2% reduction in the GPAA's carbon footprint	5% reduction in the GPAA's carbon footprint	10% reduction in the GPAA's carbon footprint	15% reduction in the GPAA's carbon footprint

Table 3 - Sub-programme 1.1 - Corporate Services Scorecard 2015 / 2016-2019 / 2020





Sub-programme 1.2 - Financial Services projected targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
3. Economical administration of benefits	3.1 To administer the funds at an economically acceptable cost of administration per member	e) Governance	% Compliance to Governance Framework	New measure	New measure			Developed	Clean audit opinion in terms of Ministerial report	Identify findings that will result in a clean audit opinion	50% of Auditor-General's findings that will result in a clean audit opinion	100% of Auditor-General's findings that will result in a clean audit opinion	Clean audit opinion obtained in terms of Ministerial report
		f) Administration cost	Progress on development of Costing Model	New measure	New measure			New measure	Developed fee-based costing model	2% reduction in administration costs	5% reduction in administration costs	10% reduction in administration costs	10% reduction in administration costs

Table 4 Sub-programme 1.2 - Financial Services Scorecard 2015 / 2016-2019 / 2020

Sub-Programme 1.3 - Business Enablement projected targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
			Progress in developing the self-service system	New measure	New measure			New measure	Self-service system pilot developed	Self-service functionality developed for updating client contact details	Self-service functionality developed for accessing client benefit systems	Self-service functionality developed for viewing the status of benefit transactions	Self-service functionality enhanced

Table 5 - Programme 1.3 - Business Enablement Scorecard 2015 / 2016-2019 / 2020

Sub-programme 1.4 - Strategic Support projected targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
Sub-programme-specific Item			% average of strategic scorecards achieved	No measure	83%			82%	84% average of strategic scorecards achieved	85% average of strategic scorecards achieved	87% average of strategic scorecards achieved	88% average of strategic scorecards achieved	90% average of strategic scorecards achieved

Table 6 - Sub-programme 1.4 - Strategic Support Scorecard 2015 / 2016-2019 / 2020

Sub-programme 1.5 - Internal Audit projected targets 2015 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
3. Economical administration of benefits	3.1 To administer the funds at an economically acceptable cost of administration per member	e) Governance Implemented Audit Plan	% progress on implemented <i>Audit Plan</i>	No measure	87%			85%	90% of progress on implemented Audit Plan	90% of progress on implemented Audit Plan	90% of progress on implemented Audit Plan	90% of progress on implemented Audit Plan	90% of progress on implemented Audit Plan

Table 7 -Sub-programme 1.5 - Internal Audit Scorecard 2015 / 2016-2019 / 2020



**Programme 2: Benefit Administration**

Sub-programme 2.1 – Special, Military and Other Benefits Administration (National Treasury) projected

targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance				Projected targets					
				2012 / 2013	2013/2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
			% of benefits paid accurately	98.8%	100%			80%	80% of benefits paid accurately	80% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately
	1.2 To pay the right person who is the lawful member of beneficiary	b) Administration agreements and SLAs	% of compliance to Customer SLAs	95%	90%			90%	90%	90%	90%	92%	95%
2. Efficient administration of benefits	2.1 To pay benefits on time as per legislation	b) Administration agreements and SLAs	% of benefits paid on time	95.4% paid within 60 days	94% paid within 60 days			75%	80% Benefits paid within 45 days	80% Benefits paid within 30 days	85% Benefits paid within 20 days	85% Benefits paid within 18 days	85% Benefits paid within 18 days

Table 8 - Sub-programme 2.1 – Special, Military and Other Benefits Administration (NT) Scorecard 2015 / 2016 - 2019 / 2020

Sub-programme 2.2 – Government Employees Benefits Administration (GEPF) projected targets

2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance				Projected targets					
				2012 / 2013	2013/2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective administration of benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
			% of benefits paid accurately	Pilot	93%			80%	80% of benefits paid accurately	80% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately	85% of benefits paid accurately
	1.2 To pay the right person who is the lawful member of beneficiary	b) Administration agreements and SLAs	% of compliance to Customer SLAs	95%	90%			90%	90%	90%	90%	92%	95%
2. Efficient administration of benefits	2.1 To pay benefits on time as per legislation	b) Administration agreements and SLAs	% of benefits paid on time	78% paid within 60 days	77%			75%	80% Benefits paid within 45 days	80% Benefits paid within 30 days	85% Benefits paid within 20 days	85% Benefits paid within 18 days	85% Benefits paid within 18 days

Table 9 - Sub-Programme 2.2 Government Employees Benefits Administration (GEPF) Scorecard 2015 / 2016-2019 / 2020

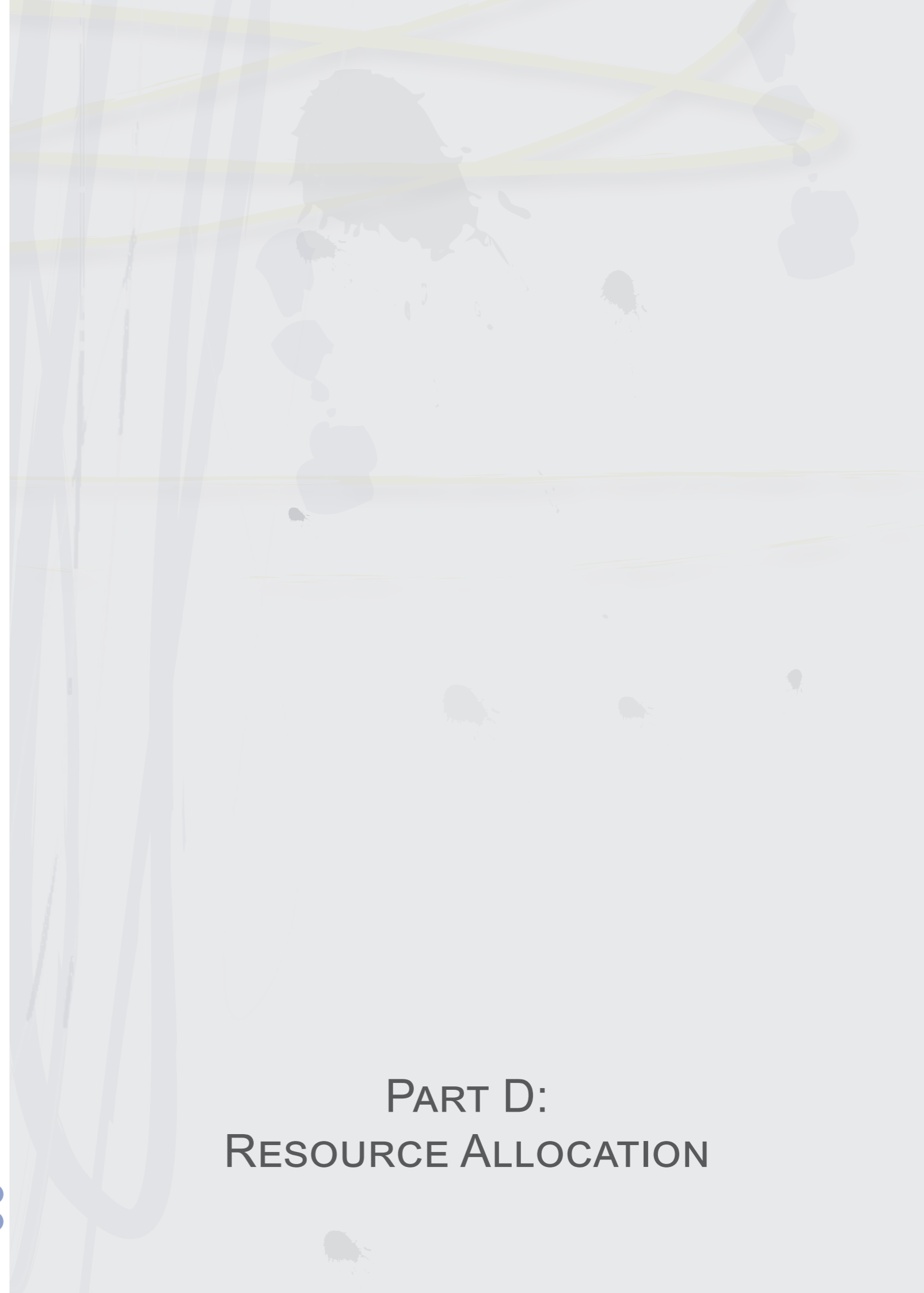


Sub-programme 2.3 – Client Relations projected targets 2015 / 2016 - 2019 / 2020

Goal	Objective	Performance area	Performance indicator	Audited performance					Projected targets				
				2012 / 2013	2013 / 2014			Current estimate	Success indicators 2015 / 2016	Success indicators 2016 / 2017	Success indicators 2017 / 2018	Success indicators 2018 / 2019	Success indicators 2019 / 2020
1. Effective Administration of Benefits	1.1 To pay the right amount as per the legal entitlement as prescribed by legislation and rules	a) Client experience and self-service	% client satisfaction levels	64%	60%			80%	80% client satisfaction levels	85% client satisfaction levels	90% client satisfaction levels	94% client satisfaction levels	96% client satisfaction levels
	1.2 To pay the right person – the person who is the lawful member or beneficiary	b) Administration agreements and SLAs	% of compliance to Customer SLAs	95%	90%			75%	80%	90%	90%	92%	95%

Table 10 - Sub-Programme 2.3 Client Relations Scorecard 2015 / 2016-2019 / 2020





## PART D: RESOURCE ALLOCATION



## 8 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;
- Business units plan, spend on programmes and project according to an agreed three-year expenditure envelope, contributing to certainties and affordability over the medium term;
- 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 staff, 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 2014 / 2015 serves as the baseline.

### Assumptions

- Costs associated with the new organisational structure for Senior Management Services

(SMS) such as staff and related costs relating to staff changes have been budgeted for. Where possible, the new SMS structure will be implemented and the 2015 / 2016 financial year will be a transitional year.

- Costs related to the organisational structure from levels 1 to 12 are based on the old structure and the needs of the organisation, rather than on the new structure as it has not yet been finalized. This structure is in the process of being finalized and the match and place process that will take place in 2015 / 2016 may only start in the second quarter, and may thus only be completed in the following financial year (2016/2017).
- Salary increases are based on National Treasury's 2015 Medium-Term Expenditure Framework (MTEF) guidelines of 5.6%, 5.5% and 5% for the 2015 / 2016, 2016 / 2017 and 2017 / 2018 financial years respectively. 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.
- Costs will increase significantly in 2015 / 2016 as more ICT resources are brought on board for the next phase of automation. A decline in costs is predicted in 2016 2017 – 2017 2018, when the Modernisation programme is nearing completion and the attendant support services in relation to number of staff decreases and is aligned to the expected norm in the Public Service in relation to the ratio between core business and support services.
- 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 the total payroll spend has been added

for the purpose of training , in line with the Skills Development Act and Skills Levy Act, in addition to the 1.5% that has been added for performance bonuses (which are regulated).

### Summary

The total budget requested from GEFP over the three-year MTEF period is R3.6 billion. R474 million of the total budget is earmarked for the Modernisation programme.

The budget requested for the 2015 / 2016 financial year is R1.3 billion, which is 8% higher than the 2014 / 2015 approved budget. The expenditure analysis per programme and per economic classification follows:

Expenditure analysis per economic classification:

Description	Actual	Actual	YTD	Approved	Adjustments					Budget		
	Expenditure	Expenditure	December	Budget	Budget	MTEF			Variance			
	2012/13	2013/14	2014/15	2014/15	2014/15	2015/16	2016/17	2017/18	Total	2015/16	2016/17	2017/18
Compensation Of Employees	250 875	280 779	246 015	403 066	341 499	412 633	434 555	455 640	1 302 829	2%	5%	5%
Goods and Services	207 441	250 691	258 514	358 317	366 172	588 737	465 217	488 492	1 542 446	64%	-21%	5%
Current Expenditure	458 316	531 471	504 529	761 383	707 671	1 001 370	899 772	944 132	2 845 275	32%	-10%	5%
									-			
Capital Expenditure	8 024	14 734	27 779	92 188	158 321	121 605	99 356	104 751	325 712	32%	-18%	5%
									-			
Modernisation	13 696	96 040		378 153	217 324	204 337	191 533	78 479	474 350	-46%	-6%	-59%
									-			
<b>Total</b>	<b>480 036</b>	<b>642 245</b>	<b>532 308</b>	<b>1 231 724</b>	<b>1 083 316</b>	<b>1 327 313</b>	<b>1 190 661</b>	<b>1 127 363</b>	<b>3 645 337</b>	<b>8%</b>	<b>-10%</b>	<b>-5%</b>

Table 11 - Expenditure analysis per economic classification

Expenditure Analysis per Programme:



DESCRIPTION	Actual expenditure	Actual expenditure	Year to date September 2014	Approved budget	Revised budget	MTEF			Total	Variance		
	2012/13	2013/14	2014/15	2014/15	2014/15	2015/ 16	2016/17	2017/18		2015/16	2016/17	2017/18
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	%	%	%
Programme 2 - Employee Benefits	48 426	61 528	28 745	81 319	64 753	76 907	80 988	84 903	242 798	-5%	5%	5%
Programme 3 - Client Relations Management	121 289	137 937	73 358	168 503	166 950	313 346	193 120	202 513	708 979	86%	-38%	5%
Programme 4 - Auxiliary Divisions	153 208	195 332	104 019	361 703	313 225	364 917	382 396	401 252	1148565	1%	5%	5%
Programme 4.1 - CEO's Office	26 005	44 349	22 774	69 023	66 693	60 883	64 198	67 378	192 459	-12%	5%	5%
Programme 4.2 - Financial Services	39 830	42 350	22 754	72 003	60 721	66 033	69 584	72 990	208 607	-8%	5%	5%
Programme 4.3 - Corporate services	64 863	80 955	42 493	177 983	143 892	190 734	199 315	209 158	599 207	7%	4%	5%
Programme 4.4 - Risk and Audit	15 061	17 322	9 561	28 441	26 250	30 135	31 236	32 771	94 142	6%	4%	5%
Programme 4.5 - Legal services	7 448	10 356	6 436	14 253	15 670	17 133	18 063	18 955	54 151	20%	5%	5%
Programme 5 - Business Enabling	135 036	247 447	142 962	620 198	538 388	572 142	534 157	438 695	1544995	-8%	-7%	-18%
Programme 5.1 - ICT services	121 340	151 407	62 353	242 045	321 064	367 805	342 624	360 216	1070645	52%	-7%	5%
Programme 5.2 - Modernisation Project	13 696	96 040	80 610	378 153	217 324	204 337	191 533	78 479	474 350	-46%	-6%	-59%
<b>TOTAL</b>	<b>457 959</b>	<b>642 245</b>	<b>349 084</b>	<b>1 231 724</b>	<b>1 083 316</b>	<b>1 327 312</b>	<b>1 190 661</b>	<b>1 127 363</b>	<b>3645337</b>	<b>8%</b>	<b>-10%</b>	<b>-5%</b>

Table 12 - Expenditure analysis per Programme

## PART E: GPAA RISK MANAGEMENT



## 9 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	Risk	Risk description	Contributing factors
1	Governance	Fraud, corruption, maladministration and theft	Lack of good corporate governance (policies and procedures) Business systems and process gaps Illegal or improper acts of employees resulting in loss of organisational assets and resources Loss or compromise of organisational information to perpetrate fraud/corruption	Collusion with service providers, beneficiaries, syndicates and other government officials for the purpose of fraud and corrupt activities Unethical conduct Manual processes (interception of documents)
2	Governance Client experience and self-service	Protection of private information	Inability to protect the personal information of members in line with the new Protection of Private Information Bill Inability to restore information in the correct form	Organised crime syndicates Internal staff disclosure of personal information Business system inadequacies External threats such as hackers Staff discipline
3	Client experience and self-service Governance	Accuracy and completeness of information from employers	Lack of commitment and co-operation from employer departments to provide complete and accurate information on members Non-adherence by employers to Government Employees Pension Law	Movement of members between employers Incomplete and inaccurate information supplied

4	Client experience and self-service Governance	Confidentiality of information	Loss or compromise of organisational information. Inability to restore information in the correct form.	Inadequate classification and encryption of information Inadequate control to access of information (hard and soft copy information)  Fraud and corruption
5	Client experience and self-service	Accuracy, completeness, and timely payment of benefits	Payment of benefits outside the stipulated timeframes, i.e. as per statutory requirements, and agreed service levels per service level agreement	Negative socio-economic impact on the recipients of benefits Longer payment turnaround times Reputational damage Partner departments do not submit exit documents in a timely manner
6	Human capability Client experience and self-service	Staff skills, capability and productivity	Misalignment of human resources to the modernised capabilities	Adoption of Modernisation operating model Resistance to change
7	Human capability Employee satisfaction	Critical skills / talent attraction and retention	Inability to attract the correct calibre of staff and retain key/critical skills	Image of the GPAA Attractiveness of the working environment Remuneration and benefit structures Training and development programmes Absence of a retention strategy Un-conducive work environment and office accommodation
8	Client experience and self-service  Human capability	Project implementation risk	Inability to implement projects	Size, nature and complexity of projects (understanding of project requirements) Availability of skills to implement projects Funding available to implement projects
9	Governance	Adequacy and availability of ICT systems	Degradation of IT services	Delay in procuring products/services vital for ICT delivery Dependency on outsourced ICT services/resources Ineffective governance with external customers Inefficiencies of legacy system Reliance on internal third parties

10	Human capability Employee satisfaction	Suitability of office accommodation and adherence with Occupational Health and Safety (OHS) Act	Inappropriate office accommodation which does not adhere with OHS and Modernisation requirements	Available capacity versus staff numbers Heritage status of the Head Office building
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Table 13 – Strategic risk management

**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.
BoT	The Government Employees Pension Fund's Board of Trustees. (GEPF is governed by a Board of Trustees in terms of the GEP Law).
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.
EDP	Executive Development Plan
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 ongoing 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.
MDP	Management Development Programme
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 14 – Glossary of terms

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the gpaa

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