Executive Agencies Pension Scheme

Section 16 of the Executive Agencies Act states that the Minister may, after consultation with persons likely to be affected thereby, make schemes for the award of pensions, gratuities or other retiring or disability benefits to persons in the employment of Executive Agencies including provisions for the grant of benefits to the dependants and legal personal representatives of such employees.

On July 19th, 2002, given the powers conferred on the Minister, the Executive Agencies Pension Scheme was established.

This superannuating fund for employees of Executive Agencies is governed by the trusts, powers and provisions contained in the Scheme and the Rules.

Each employee hired on or after the effective date and is in the employment of a participating employer may elect to join the Scheme on the first day of any subsequent month, provided that he has not attained age 65. Basic contributions of five percent (5%) of his pensionable salary, made through monthly payroll deductions will be made. These contributions will cease given the member's normal, early, ill-health or late retirement date, or at the date of his death or termination of employment, whichever occurs first.

Each participating employer shall be an ordinary annual contributor to the Scheme for the purpose of providing benefits payable under the Scheme. Such ordinary contributions shall be equal to the amount varying according to the member's pensionable service as specified in the table below.

Years of Pensionable Service	Employer's Contributions (% Pensionable Salary)
Less than 5 years	5
5 but less than 10 years	7½
At least 10 years	10

Ministry of Finance & Planning

The Executive Agencies Monitoring Unit
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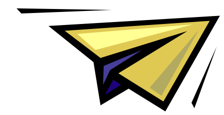
Ministry of Finance & Planning

Public Expenditure Policy Co-ordination Division

presents



Fact Sheet #11

September 29, 2004

- Performance Management in Executive Agencies
- Executive Agencies Pension Scheme

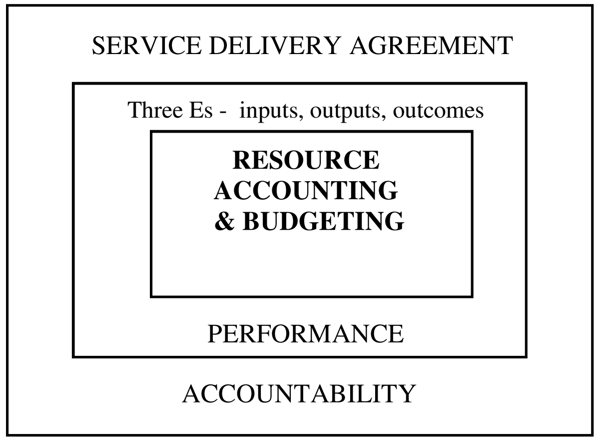
Performance Management in Executive Agencies

The emphasis on performance management in the public sector as a whole and executive agencies specifically, is a part of the wider initiative for modernizing government. Performance measurement – i.e. setting objectives and targets – is perceived as a basis for better management and a way of ensuring a clear discharge of accountability, is critical in the public sector.

Executive agencies were introduced to deliver services more efficiently and effectively within available resources. They are still a part of the public sector but are governed by their individual Framework Document which establishes the operating framework between the agency and the Portfolio Minister. They are subjected to overall budgets agreed with the Ministry of Finance, they have delegated authority to employ their own staff and to organize service provisions in ways best suited to meet customer needs.

Agencies are directly accountable to Ministers and headed by Chief Executive Officers, who are Accounting Officers and are personally responsible for day-to-day operations. Performance management in executive agencies could be illustrated within the context of the framework that follows. With the shift in the way the agencies operate represented by resource accounting and budgeting as seen at the centre of the diagram and the movement away from cash to accrual accounting, long term planning is more encouraged with the onus being on the effective management of resources.

Changes in the way that agencies will operate in the future, including how they will be reviewed, is an indication of how significant the impact of performance management will be as the new system outlines the basis in which accountability is not merely an exercise of recording and reporting facts but, a means to indicate the extent to which stated objectives were achieved.

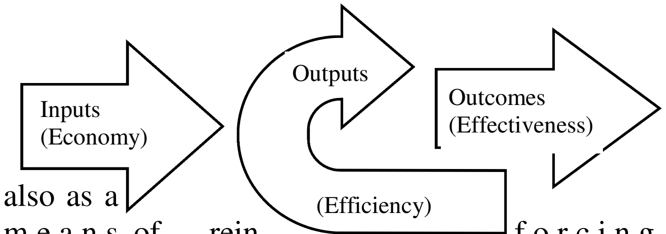


Adopted from McCrindell, J. 1999

The success of any performance management system depends on clearly defining the parameters of what is to be measured. The three dimensions of service recommended for consideration are:

- ***Inputs*** - the resources contributing to production and delivery of goods or services.
- ***Outputs*** - the final products produced by the agency for delivery to the customer.
- ***Outcomes*** - impacts or consequences for the public of the activities of the government.

Inputs, outputs and outcomes taken together allow us to assess whether an agency is achieving value for money based on the three Es - economy, efficiency and effectiveness. Performance management can be viewed not only as a driver for improvements in the public sector but



also as a means of reinforcing accountability.

Performance management should be used as a tool to help entities manage, rather than exist as an end in itself. Emphasis needs to be rightfully placed on the correct set of performance indicators. Value can only be created by effective action that is appropriate, measured and controlled. Similarly, effectiveness shows whether the strategies employed have any actual impact on the system. If the outputs do not translate into desired outcomes then the objectives and strategies must be revised.

Thus, it is essential that executive agencies measure the effectiveness of their services, as only then can there be any basis for discharging accountability. Resources have to be linked to outputs and outcomes in a transparent, cohesive and consistent manner which may be used as an indicator suggesting that given the presence of sound performance management systems, the requirement for transparency is met.