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**DEPARTMENT OF SOCIAL
DEVELOPMENT**

**CONCEPT DESIGN OPTIONS FOR THE
INSTITUTIONAL FRAMEWORK**

This is a discussion document produced by the Department of Social Development for the purposes of debate. It therefore does not represent a final policy position of the Department.

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EXECUTIVE SUMMARY

This report proposes a fundamental overhaul of the social security institutional arrangements as an unavoidable requirement for establishing certain new social security functions and benefits. Such an overhaul (step-change) should enhance the process of incremental social security reform over time.

The central rationale for the approach adopted is that the social security system should be considered holistically in respect of the value chain, governance, and regulatory considerations. When this rationale is applied significant institutional restructuring is indicated.

With respect to the value chain the paper proposes that the following functions be centralised into separately accountable institutions:

1. All functions related to the direct interface with the public, including enrolment and communication.
2. The maintenance of a central social security registry containing personal information required by all social security organisations.
3. The collection of social security contributions, including those contributions in respect of people below the tax threshold, consolidated into the South African Revenue Services.
4. The investment of social security assets should be pooled, subject to an appropriate governance arrangement.

The following functions should be provided for in distinct separate organisations focusing on specific social security benefits (e.g. retirement, unemployment insurance, etc.):

1. The administration of benefits, including the maintenance of member accounts and entitlements.
2. The payment of benefits to beneficiaries, whether via transfer to associated institutions or direct.
3. The oversight of social security investments.

It is further proposed that a specific institution, the National Social Security Fund (“NSSF”) be established to deal with retirement and associated risk benefits.

The Governance framework should be provided for on three levels:

1. A social security council (“SSC”) which oversees all the independent boards of designated social security institutions;
2. Social security boards (“SSBs”), which oversee the executive operations of designated social security institutions; and
3. Executive structures of social security institutions.

The SSC and SSBs should require distinct nomination and appointment processes, with a separation between who can nominate and who can appoint. The terms of office should permit reasonable tenure but be subject to a lifetime ceiling.

The members of the SSC and key SSBs should incorporate an even split between representatives of affected groups, affected departments or social security institutions, and independent expertise. However, irrespective of the source of nomination, the individual selected must serve and be held accountable in their personal capacity.

All members of the SSC or SSBs should be fit and proper, exhibit no conflicts of interest, and pass through a review process before being appointed.

The appointment and removal of CEOs needs to be impartial and based on merit. To achieve this it is proposed that the SSBs appoint or remove CEOs (based on objective and legislated criteria) subject to final approval by the SSC.

The SSC should report to the Minister with responsibility for social security. However, policy responsibility for designated social security institutions should remain with relevant ministers and departments.

A coherent regulatory regime, incorporating multiple regulators, needs to be configured to have the locus to intervene with respect to any social security institution whether public, private or statutory. All related civil service social security arrangements must be brought within the ambit of an independent regulator.

All regulators must be independent and free from interference from any source. This would need to be achieved through the governance design of each regulatory authority.

1. OVERVIEW

This paper is provided as an input for consideration in relation to an institutional model for retirement reform. It draws on recommendations from the Taylor Committee (2002), The Department of Social Development (2007), and the South African Revenue Services (2007). The proposals are tentative and provided to stimulate discussion and do not reflect final positions.

A central consideration underpinning the proposed institutional framework is the need to address the architecture of the social security system holistically in preference to the partial approaches that have characterised developments thus far.

Although it may be argued that a partial approach could speed the implementation of retirement reform, the medium-term imperative, it may in fact slow it down as well as create distortions that will be difficult to correct timeously. In contrast to this an holistic approach could involve limited implementation trade-offs with retirement reform, while at the same time generating considerable efficiency improvements generally in the social security system.

Consistent with the holistic approach this paper considers the institutional framework in three areas:

1. The value chain;
2. The governance framework; and
3. The regulatory framework.

More space in this paper is devoted to the first two issues noted, with the regulatory framework requiring a more detailed assessment. Nevertheless, certain key strategic issues relevant to the regulatory environment are identified.

2. THE VALUE CHAIN

2.1 Overview

This paper briefly addresses key areas of the social security “value chain” to identify where institutional improvements are required. This involves the specification of a value chain component and assessing how it should best be addressed from an institutional perspective. For instance, an evaluation should identify whether a component of the system should be centralised, decentralised, or outsourced.

2.2 Value chain components

The high-level value-chain components relevant to the social security system and examined later in this paper are:

1. **Public interface:** This would include all aspects of the social security system that require a direct relationship with individual members of the public, e.g. enrolment, service enquiries);
2. **Registry maintenance:** The collection and maintenance of accurate personal information of members and beneficiaries;
3. **Revenue collection:** The collection of contributions establishing an entitlement to social security benefits;
4. **Management of entitlements:** The ongoing management and updating of changes in the entitlements of members and beneficiaries based;
5. **Financial management:** The management of:
 - a. Assets and liabilities;
 - b. Risks;
 - c. Policies and procedures; and
 - d. Investments.
6. **Payment of benefits:** The payment of benefits based on entitlements.

Certain of the above functions can be shared between components of the social security system, or offered within a specific-purpose institution performing a function in relation to a specific set of social security benefits.

The most appropriate option within each function will depend on an evaluation of the following:

1. **Efficiencies:**
 - a. Economies of scale; and
 - b. Returns to specialisation;

2. Governance implications:

- a. Focused oversight;
- b. Optimal accountability arrangements.

3. PUBLIC INTERFACE

3.1 Overview

Presently each part of the social security system has its own dedicated arrangement for interfacing with the public, e.g. the Road Accident Fund (“RAF”), Unemployment Insurance (“UIF”), Workman’s Compensation (“COID”), and the South African Social Security Agency (“SASSA”). However, despite having roughly similar public interface requirements they differ substantially in scale. Therefore, whereas it is justifiable to have walk-in centres for SASSA, this is not the case for UIF or RAF.

To overcome this systemic shortcoming *it is proposed that consideration be given to consolidating the social security public interface function into a dedicated institution which acts as a support to the purpose-designed social security organisations (e.g. NSSF, UIF, etc.) and related government departments with a service function (e.g. Home Affairs).*

3.2 Proposed framework

To maximise the economies of scale associated with the interface between public and the social security system it is proposed that a single entity (referred to here for convenience as the Social Security Interface or “SSI”) be established which focuses exclusively on this function. The SSI would provide this function on an agency basis for all social security institutions.

It is proposed that the SSI operate as a *national entity* with branch offices and local walk-in centres. However, the SSI would not take responsibility for application approvals as it will be limited entirely to operating as a specialised intermediary.

The purpose of the SSI should therefore be limited to the facilitation of enrolment, communication, advice, and certain related functions. The general public would therefore never communicate directly with any part of the social security system.

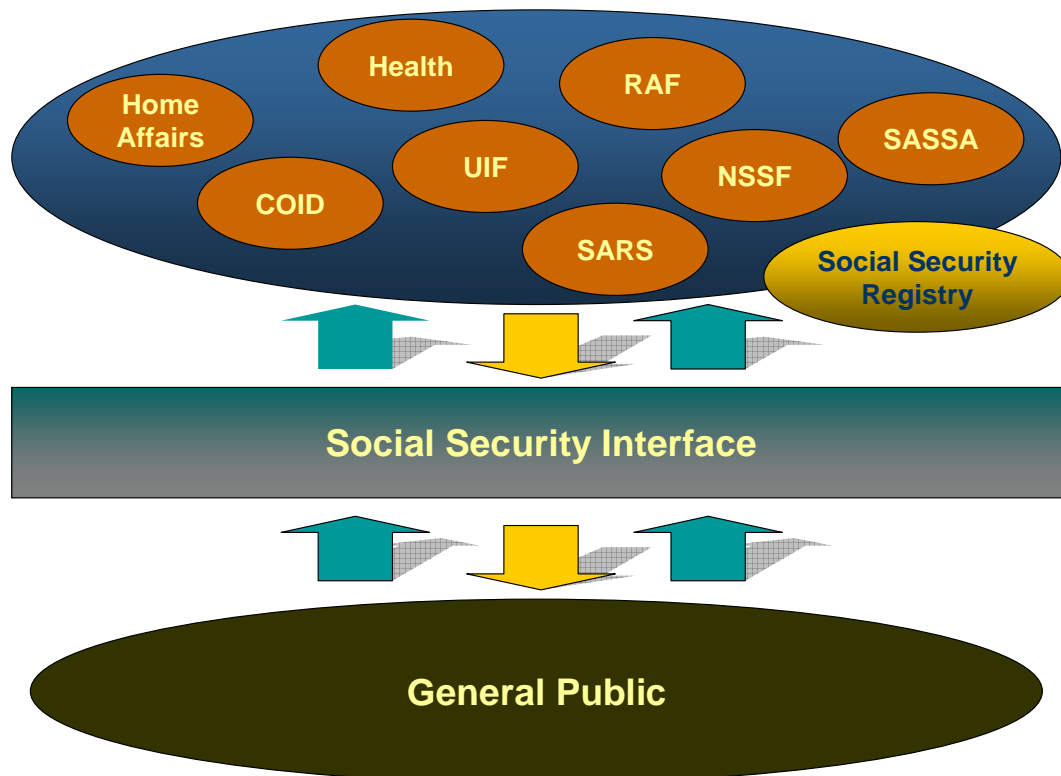
Were this proposal to be accepted, *all public interface functions currently resident in other parts of the social security system would need to be consolidated into the SSI. The social security institutions or relevant government departments could then redesign their business model to develop “wholesale” relationships with the SSI rather than the “retail” relationships with the general public.*

The SSI walk-in centres would then provide multi-purpose one-stop-shop functions with a high degree of reticulation made possible by the consolidation and the resulting efficiencies. Aside from managing the electronic interface with the social security system, the walk-in centres would become the public face of the social security system with offices within walking distance of the entire population.

:

1. Enrolment with respect to all social security benefits: National Social Security Fund (“NSSF”); SASSA; COID; RAF; Health; UIF; etc..
2. Facilitate applications for enrolment (this function would not extend to approving any enrolments).
3. The support requirements for general population registration currently performed by offices of the Department of Home Affairs: births; deaths; marriages; adoptions, identity documents; and passports.
4. Complaint applications and tracking in respect of all aspects of the social security system. This would not involve handling the complaints, only the intermediary function of receiving, referring, and tracking.
5. Communication with the public, including: social security advisors; a call centre; distribution of communication documents; web-based interfaces, and walk-in centres. This communication will include information on benefits and entitlements.
6. Maintenance of a registry of enrolees, including members and beneficiaries. This function would include a validation check of personal information for updating the Central Social Security Registry (“CSSR”).
7. Make social security benefit payments where beneficiaries are reliant on direct cash or cheque payments. This could be provided at the proposed multiple-purpose walk-in centres. However, the SSI would merely be in agent acting on behalf of a relevant part of the social security system.

Figure 4.1: Social Security Interface



3.3 Walk-in centres

The public face of the social security system would be the walk-in centres, which could be placed in close geographical proximity to the general population. This initiative would substantially improve the accessibility of the social security system. Any member of the public that wishes, for example, to apply for a social assistance grant could have all aspects of the application, including birth certificates, ID-book applications, etc., dealt with simultaneously. The SSI walk-in centre would then process applications on a batch basis with the relevant social security institution or government department.

An advantage to placing the public interface function within the domain of a single special-purpose utility is the high degree of standardisation that would be possible. Each walk-in centre could be pre-designed to maximise its functionality. Furthermore, given that the core business of the SSI would be to interface, rather than to provide social security benefits or services, this function would be more likely to evolve in innovative ways over time.

3.4 Electronic interface

The number of people able to communicate electronically has increased significantly. Social security enrolment through dedicated portals established and maintained by the SSI could be customised for each social security arrangement. Therefore, although the SSI would be responsible for the entire function, members of the public would feel they were interacting directly with a specific social security arrangement or government department.

Customisation would be developed jointly between the SSI and the relevant principal. The electronic interface could be developed along the lines of SARS e-filing.

3.5 Call centres

Call centre operations could be designed to interact with social security institutions as well as walk-in centres. Operationally the call centre could be outsourced or run in-house. The option used would need to depend on the relevant efficiencies of the alternatives as assessed by the SSI executive.

3.6 Governance and organizational structure

The governance arrangements and organisational design of the SSI are central to its potential operational success and efficiency. It is therefore proposed that a Board be established with an oversight role over a full-time executive (also see **section 8**).

It is proposed that the Board be made up of both representative and independent members. The representatives will be executives from affected and related social security establishments, while independent members will be appointed in their personal capacity to ensure ordinary good governance.

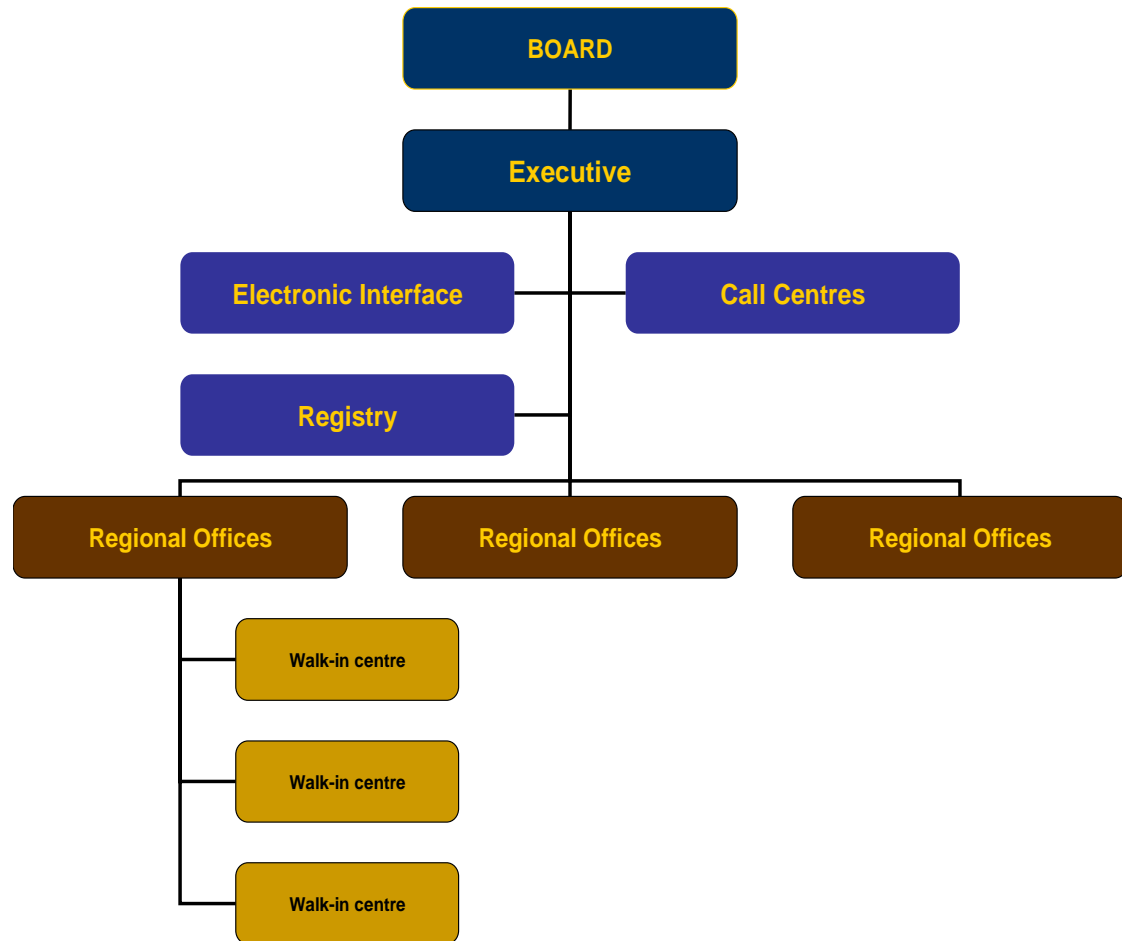
On the whole the executive should be able to operate with a high degree of independence but subject to strong oversight. It is not recommended that the organization report to a specific department as this will potentially weaken its operational effectiveness.

The executive should be given the ability to determine the following, subject to oversight or approval where applicable:

1. Organisational structure;
2. Staff appointments and removal;
3. Budget and financing;
4. Contract arrangements and tenders; and
5. Information technology.

Operational interaction between social security arrangements should be governed by overarching legislation. As the SSI will function as a monopoly service provider to other statutory institutions on an agency basis, the relationships must be formalised and subject to appropriate formal agreements and dispute resolution processes.

Figure 4.2: Social Security Interface: Organizational Structure



3.7 Conclusions

This section has provided a proposal for the establishment of a social security intermediary that would provide the “front-end” interface with the general public. This would incorporate walk-in centres, call centres and electronic options. All existing public interfaces in social security organisations would need to be collapsed into the SSI and a revised business model developed. The governance arrangements, which will determine the operational success of this institution, are in line with certain general prescriptions proposed in **section 8**.

4. REGISTRY

4.1 Overview

All social security systems rely heavily on registries of personal information relating to members and beneficiaries. Many social security institutions rely on similar sets of personal information to identify and validate beneficiary status.

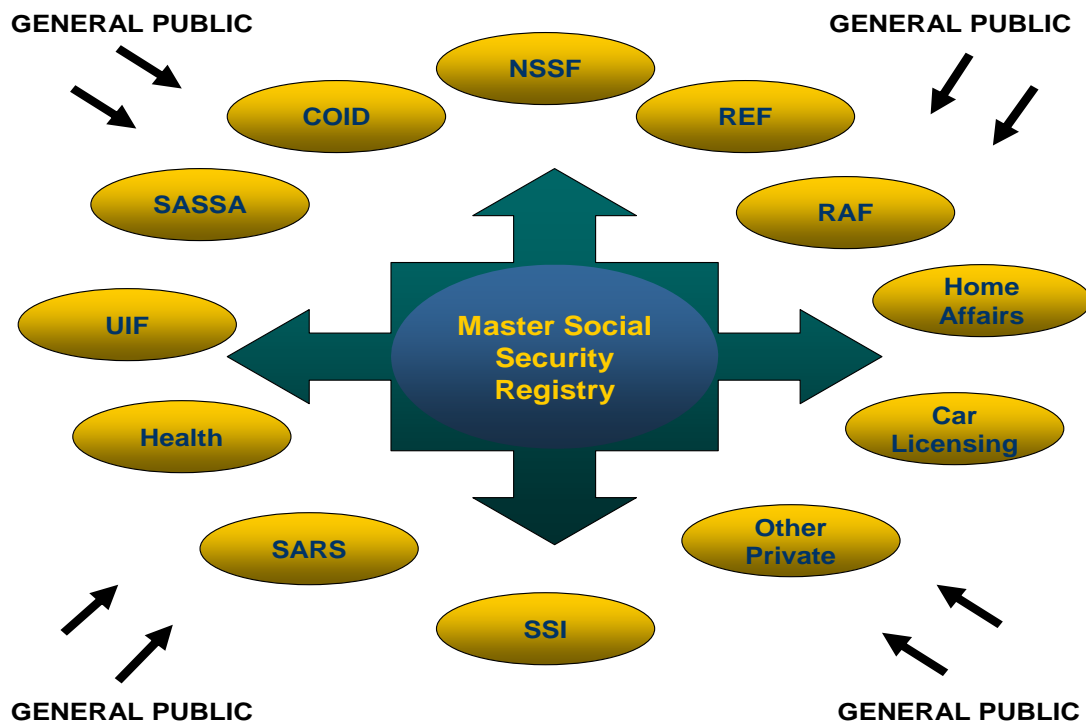
However, each institution currently relies on its own information collection process to maintain this data. In future intended new social security institutions will require richer information which will require family relationships.

Given this, consideration needs to be given to the establishment of a master registry which contains the most up-to-date information on the population. All social security institutions would then have the responsibility to ensure that the registry is up-to-date while also using the registry to underpin their own registries.

4.2 Proposed framework

It is proposed that a specific institution be implemented that has the responsibility for maintaining a master social security register (“MSSR”) of the entire population. This registry would become the source of personal information used by all social security and related institutions. Validation of the MSSR would occur every time a related institution checked the personal information of an individual.

Figure 5.1: Master Social Security Registry



The MSSR would not replace the dedicated registries of each social security entity. It would merely serve as a source of accurate data on individuals by centralising this function. The continuous process of validation would ensure that the information was accurate and reliable. Key private institutions that maintain registries of personal information, and have frequent contact with clients could also form part of the validation process. This would include private retirement funds, insurers, medical schemes, banks, and phone companies.

An important product of such a registry would be the maintenance of accurate family relationships which could impact on more specialised social security entitlements that target dependents. Ultimately this registry could establish the basis for a smart-card identity system.

4.3 Governance and organizational structure

Along the lines of the SSI, the MSSR should be a distinct special-purpose national institution so that it can maximise the advantages of scale and specialisation. For the purposes of discussion, the same approach is adopted here as with the SSI. This is also consistent with the proposals in **section 8** which focus on a governance model for social security.

It is proposed that a Board be established to oversee an executive structure which retains a high degree of operational independence. The Board should be part representative and part independent. The representative Board members would be made up of executives from key social security institutions that are users of the registry. Independent members would be appointed in their personal capacity and serve the purpose of conventional oversight.

4.4 Conclusion

As with the SSI, the proposal offered in this section takes the view that the maintenance of a minimum data set of personal information is best achieved through the establishment of an organisation with narrow functional responsibility. The focus would be on personal information that would typically be duplicated in virtually all social security organisations and related government institutions. It can also maintain information of family relationships to support social security institutions that pay out benefits to dependents. All social security institutions and related departments would therefore be linked electronically to this registry and can therefore maintain their own registries as well as participate in the data validation process.

5. COLLECTION OF CONTRIBUTIONS

Some social security institutions collect their own revenue while in other instances this function is provided by SARS. An example of the former is the Unemployment Insurance Fund (“UIF”) which collects contributions from people/employers in respect of people earning below the tax threshold.

Another example is COID which collects funds on an aggregate basis from employers and therefore does not receive contributions in relation to identified employees. However, SARS is clearly in a position to effectively collect contributions for people above the tax threshold.

In the future it is envisaged that mandatory retirement provision, risk cover, and contributory social insurance will need to be funded via a social security contribution involving people earning below the tax threshold. Presently only the UIF targets this group, but arguably with partial success. Going forward there is a need to establish a complete and uniformly reliable contributory system that can effectively incorporate people not tracked by the tax system.

It is therefore proposed that SARS become the dedicated social security collection agent on behalf of all social security arrangements, including the NSSF.

6. INVESTMENTS

Several social security arrangements have substantial reserves which require oversight and investment. In most instances assets will be outsourced to private investment managers, which appears uncontroversial. This would suggest that reserves for all social security institutions could be placed within a single entity responsible for managing their assets.

However, given the substantial funds involved, governance concerns arise when assets are concentrated in this fashion. Consideration therefore needs to be given as to how these assets are to be managed in a manner that is free from any interest other than the obligation to underwrite social security benefits.

Two alternative approaches therefore exist:

1. Concentrate investments into a single organisation; and
2. De-concentrate investments by placing this function within each social security institution.

The former approach places all the eggs in one basket with a consequent increase in systemic governance risk. In the latter governance risk is reduced through a diversification of oversight. However, diversification spreads the risk but does not eliminate it. It also diminishes the potential returns from specialisation. A solution may however lie in directly addressing the central concern.

A solution, along the lines of the SSI and MSSR, is therefore proposed here which seeks to establish a cross-cutting institution which provides investment management to all the social security arrangements, with the proviso that it is subject to strong oversight from stakeholders (e.g. social security arrangements) and independent board members. This approach mitigates the systemic governance risk through careful consideration of the governance arrangements.

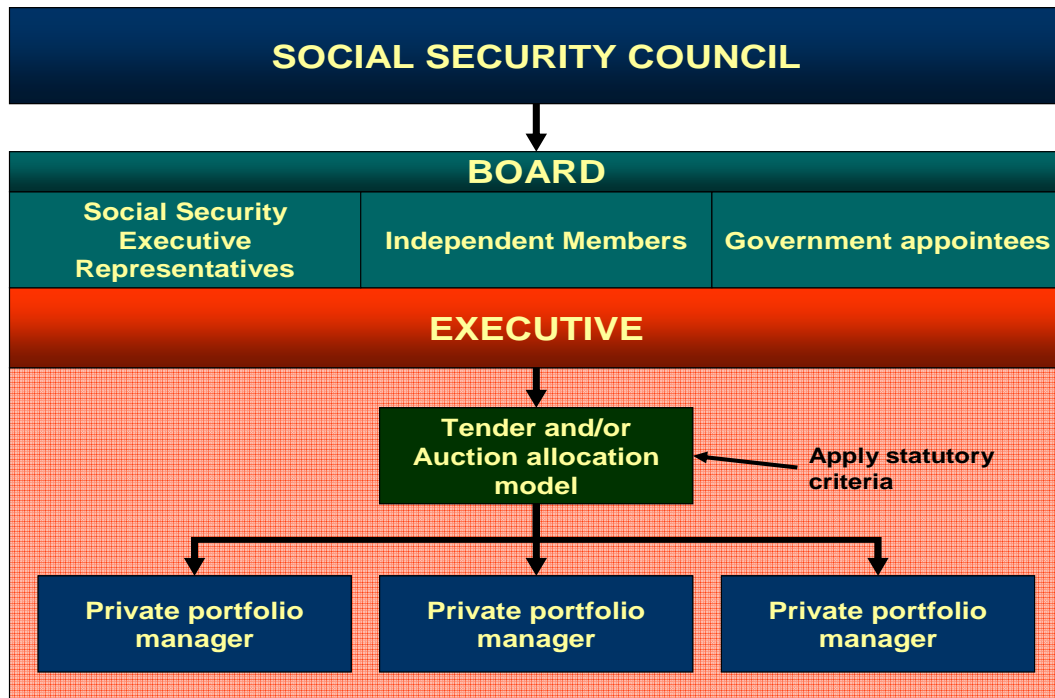
A further level of oversight, and separation of powers, can be provided via the proposed Social Security Council (“SSC”) proposed in **section 8**.

For the purposes of discussion it is proposed that the Board be divided evenly between three types of member:

1. **Social security executives:** All the institutions with investment in the fund should have at least one representative;
2. **Government departments:** All the main departments affected by the fund should have at least one representative;
3. **Independents:** At least 1/3 of members should be made up of independent individuals subject to two requirements:
 - a. They have designated skills (actuarial, accounting, legal);
 - b. They have no conflicts of interest; and
 - c. They are fit and proper.

A further governance protection would be to specify the criteria/approach to allocating assets to private portfolio managers in legislation. The process should involve competitive tendering against explicit criteria. This coupled with the strong oversight arrangements should mitigate the risks associated with concentration while permitting the institution to benefit from scale and specialisation.

Figure 6.1: Proposed Governance Model for Social Security Investments



7. MAINTENANCE OF ENTITLEMENTS AND PAYMENT OF BENEFITS

7.1 Discussion and proposed framework

The specific nature of each social security institution requires a high degree of specialisation to achieve appropriate service levels. The operational requirements for each social security institution are likely to fall into the following categories:

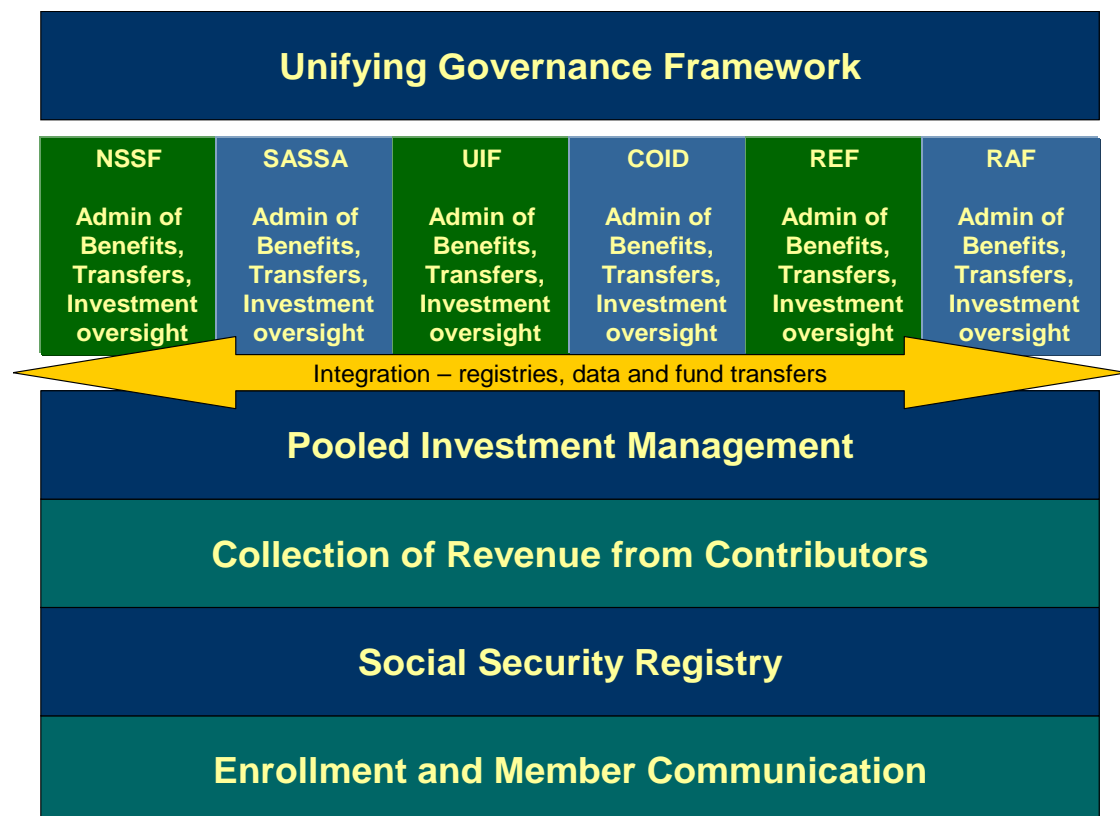
1. Maintenance of beneficiary entitlements;
2. Authorising payments to beneficiaries;
3. Managing the fund transfers to:
 - a. Organisations that will make the payments to beneficiaries; and
 - b. Beneficiaries directly;
4. Auditing fund transfers;
5. Asset management where reserving occurs within the institution;
6. Financial management;
7. Risk management in relation to the financing of entitlements; and
8. Policy advisory functions in relation to the relevant area of social security policy.

An option exists for one institution to manage more than one social security arrangement, e.g. social assistance and unemployment insurance. A disadvantage with this approach is however that accountability for a very specific area of policy will become diffuse, with the generation of “allocative efficiency” problems.

The alternative, and preferred, option is to maintain the functional focus of a particular social security arrangement and to keep them in separate institutions. In this approach integration between institutions and relevant government departments will, *inter alia*, be required in the following areas:

1. Registry maintenance (cross-checking for the purposes of benefit determination and identification of beneficiaries);
2. Data exchanges (for policy analysis);
3. Fund transfers (where one institution takes responsibility for paying over the benefits managed by another institution); and
4. Co-ordination of policy (ensuring policy consistency and coherence across the entire system).

Figure 7.1: Integrated Social Security System Option



7.2 Retirement system

An important future component of the social security system will involve mandatory retirement provision and associated risk cover (death and disability). *Adopting the approach used throughout this paper it is proposed that a dedicated institution, the National Social Security Fund (“NSSF”) be established with this function.*

The general areas of operational focus would those described in **section 7.1** and specifically involve the following:

1. Interaction with the cross-cutting social security institutions:
 - a. Enrolment and direct member communication;
 - b. Social security registry;
 - c. Revenue collection;
 - d. Revenue transfers for benefit payment; and
 - e. Oversight of investment management;
2. Managing the benefit entitlements of members and beneficiaries;
3. Financial transfers to beneficiaries:
 - a. Direct payments:

-
- i. Cash disbursement;
 - ii. Electronic transfers.
- b. Indirect payments:
- i. Transfers to social security institutions making payments on behalf of the NSSF; and
 - ii. Transfers to contractors making payments on behalf of the NSSF.
- 4. Financial management;
 - 5. Risk management;
 - 6. Oversight of private providers serving the mandatory retirement tier;
and
 - 7. Policy advice.

7.3 Conclusions

The recommendations here propose that all social security institutions be modified such that they share certain functions, and operate independently in terms of others. It is further proposed that they all fall under a common governance arrangement and model which is described in **section 8**. *It is also recommended that social security organisations not amalgamate into single multi-function institutions as a method for improving efficiency as this will invariably lead to the opposite effect.*

8. GOVERNANCE

8.1 Overview

Social security organisations presently report to different departments, often with varying capacities to oversee the operational aspects of such specialised functions. The dispersal of accountability in this way has arguably led to stagnation in the evolution of the social security system as a whole.

This section therefore examines an option for bringing existing and proposed social security arrangements into a more organised set of relationships. The purpose of the proposal is to identify a workable model for social security integration and governance that can significantly improve performance without requiring significant restructuring.

This proposal sees the implementation of a Social Security Council (“SSC”) which would exercise certain statutory powers; would oversee the Social Security Boards (“SSBs”) of specific social security institutions; handle appeals and disputes referred to it; and make policy recommendations on social security to Government in consultation with the SSBs. The SSBs would provide more specific oversight of institutions.

The proposed hierarchy of executive structures, SSBs and SSC attempt to achieve the following:

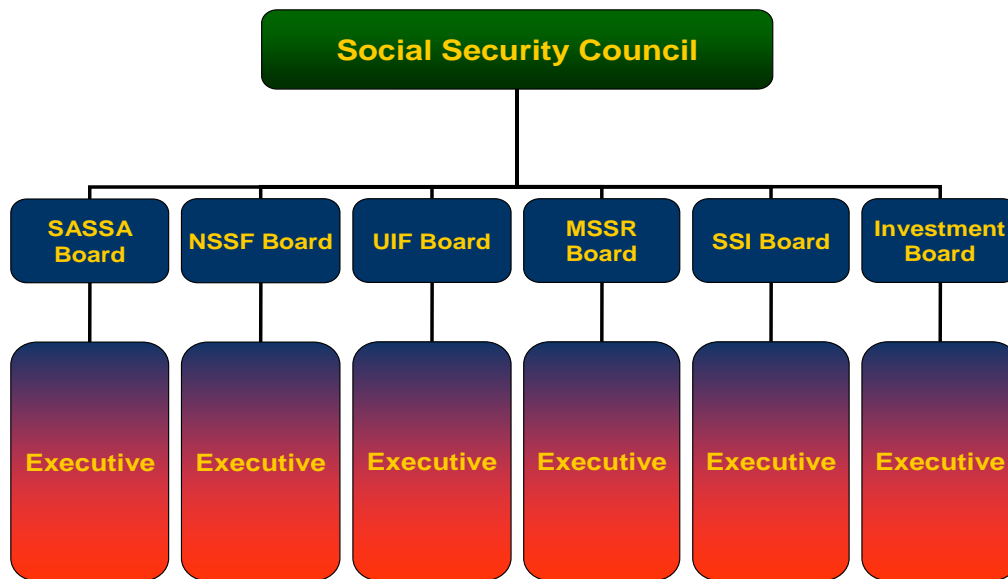
1. An oversight structure that is difficult to manipulate while at the same time does not create a substitute executive tier to the system;
2. It allows for an escalation of key decisions made either by an executive or the SSBs where these have strategic implications; and
3. It institutionalises the process of continuous informed social security reform.

The question of appointments to the SSC and SSBs will also be a key factor affecting the success of the system. Consideration has to be given to:

1. Who is appointed; and
2. How they are appointed and removed.

With respect to the former it is proposed that consideration be given to a combination of nominations from designated organisations and groupings together with nominations arising from the general public. However, in the former instance all appointees would be expected to make decisions independently of their organisations. If this were not the case it would not be possible to hold the relevant individuals accountable for their decisions and weaken the governance function. **Figure 8.1** illustrates the proposed model.

Figure 8.1: Governance framework for key social security institutions



8.2 Social Security Council

8.2.1 Accountability

The multi-dimensional nature of the social security system suggests that the lines of accountability should either be to Parliament or to a Minister with a social security portfolio. The latter approach is however preferred as it ensures that the institution receives more focused attention. This reporting line would not preclude retaining policy responsibility with other ministries and departments in relation to specific social security institutions.

8.2.2 Members of the Council

Consideration could be given to the establishment of a mixture of members appointed by selected stakeholders groupings, government departments with an interest in the social security system, and individuals with appropriate knowledge and expertise.

It is proposed that representative groupings (including government departments) not be limited to selecting from their own organisations. They merely have the power to nominate.

Council members should however operate independently of the organisations that nominated them. This is to ensure that they can be held responsible and accountable in their personal capacity for any decisions and conduct.

Council members should be properly remunerated for services rendered. The remuneration policy and framework should be approved by the responsible Minister and Parliament. All remuneration should be made public.

The following provides a possible SSC configuration:

1. Representative stakeholders (nominated by approved organisations):
 - a. Trade's union: 2 seats
 - b. Employee/former employee associations: 2 seats
 - c. Employer associations: 2 seats
2. Government departments (nominated by the relevant Minister):
 - a. National Treasury: 1 seat
 - b. Social Development: 1 seat
 - c. Health: 1 seat
 - d. Labour: 1 seat
 - e. Transport: 1 seat
 - f. Public Service and Administration: 1 seat
3. Non-affiliated individuals (nominated by general public):
 - a. Accounting: 1 seats
 - b. Legal: 1 seat
 - c. Actuarial: 1 seat
 - d. Social security knowledge: 3 seats

8.2.3 Term of Office

It is proposed that office bearers serve for terms of 5 years. There appears to be no reason for any prohibition on re-appointment if nominated for a further term. However, a possible lifetime ceiling of 15 years could be considered prudent.

The chairperson could be selected from amongst the Council Members, subject to a maximum term of 5 years.

8.2.4 Nomination and Appointment process

It is proposed that the nomination and approval processes be separated. However, where a nomination by a representative grouping (1 and 2 above) should only be declined on the grounds of whether or not they are fit and proper.

Appointments could be approved by a special parliamentary committee established to oversee social security. If desired they could call for hearings on any nomination.

8.2.5 Responsibilities

The SSC could inter *alia* have the following responsibilities:

1. General oversight of the social security institutions;
2. Operate as a body of appeal in respect of certain decisions made by SSBs in terms of their powers;
3. Approve decisions to appoint or remove the Chief Executive Officer (“CEO”) made by a SSB;
4. Approve remuneration decisions in respect of SSB office-bearers; and
5. Provide advice on any social security matter to the Minister.

8.2.6 Executive of the Council

The SSC should have a supportive executive structure to assist it with its operations. This executive would have no authority or powers separate from the Council.

8.3 Boards of social security institutions

8.3.1 Accountability

The SSBs should be directly accountable to the SSC.

8.3.2 Members of the Board

Consideration should be given to a similar approach to the SSBs as with the SSC.

8.3.3 Appointment process

The appointment process should follow the approach of the SSC as should the terms of Council members.

8.3.4 Responsibilities

The Board should have the following roles and responsibilities in relation to a designated social security institution:

1. General oversight;
2. Selection or removal of a CEO, subject to legislated grounds;
3. Inter alia, approval of:
 - a. Remuneration framework;
 - b. Remuneration of the CEO;
 - c. Organisational design;
 - d. Budgets and key financial decisions;
 - e. Tenders beyond a specified value;

f. Procurement processes.

4. Provide advice on any social security matter to the SSC, and/or the Minister in consultation with the CEO.

The SSB should not make any staff appointments beyond that of the CEO.

8.4 **Executive**

8.4.1 **Accountability**

The social security executives should be directly accountable to their designated SSB. The executive should also provide administrative support to the functioning of the designated SSB.

8.4.2 **Appointment process**

The CEO should be selected and appointed by the relevant SSB. The SSC should be in a position to turn down an appointment, but not to make a selection.

8.4.3 **Responsibilities**

The CEO should have complete operational authority for the respective social security institution except where decisions have significant implications or are strategic in nature.

8.5 **Conclusions**

The social security governance framework provided here is a concept proposal for discussion. Although far-reaching, it is not a complex intervention and primarily seeks to streamline oversight and lines of accountability within the currently fragmented social security system. It standardises governance arrangements and clarifies roles and responsibilities between Parliament, ministries, government departments, and social security institutions. This clarification does not usurp the policy-making function of lead departments in key areas, but instead serves to support and reinforce them.

9. REGULATORY FRAMEWORK

The regulatory framework will in all cases be specific to particular areas of social security. This section does not go into any particular regulatory regime, but instead offers certain high-level issues for consideration.

At a strategic level the following is raised for discussion:

1. *Regulatory oversight should apply to both private and public entities offering social security benefits, services and support functions.*
2. *Social security arrangements focused on civil servants should be subject to the same regulatory oversight as private arrangements.*
3. *Strict accreditation requirements should apply in those instances where any private entity services any part of the mandatory social security system (this would apply ultimately to retirement, healthcare and investments).*
4. *Regulatory bodies should be fully independent of any form interference. This includes careful consideration of:*
 - a. Nomination processes;
 - b. Appointment processes;
 - c. Fit and proper requirements;
 - d. Prohibitions on certain conflicts of interest;
 - e. Appointment of executives; etc; and
 - f. Mandatory cooling-off periods for key office-bearers (minimum of three years before they can work for a regulated entity or a related party to a regulated entity).

10. CONCLUDING REMARKS

This paper has proposed a framework based on the principle that the social security system will only function effectively with an holistically conceptualised institutional model. The model focuses on three core elements: the value chain; the governance framework; and the regulatory framework.

More specific detail has been provided on aspects of the value chain and governance than the regulatory framework. However, the necessary elements required for an informed discussion on the institutional framework have as far as possible been raised.