



**Alberta Pensions Services Corporation**

**Business Plan**

**2010 - 2012**

## Table of Contents

Executive Summary.....	3
Accountability Statement .....	5
Our Commitment.....	6
Overview of the Corporation.....	7
Five-Year Strategic Plan.....	9
Strategic Priorities for 2010 – 2012.....	10
Performance Measures .....	14
Financial Information .....	17
Risk Analysis.....	18

## Executive Summary

The business plan sets out the priorities for the next three years commencing January 1, 2010 for Alberta Pensions Services Corporation (APS). Since incorporation in 1995, APS has proudly served Alberta's public sector pension plans. Our job is to deliver responsive, focused services to clients of specific public sector pension plans, supported by ethical and risk-managed business practices.

### Current Pension Environment, Challenges and Opportunities

APS sees the impact of an uncertain economic environment. Public sector pension plans, like most pension plans, suffered financial losses in last year's global market retreat resulting in contribution rate increases for most of APS' served plans. Clients are concerned and want assurances their contributions are well managed and the service they receive is of the highest quality. For APS, we need to continue our focus on delivering quality and timely information and benefit services to our clients by supporting our employees through education and training. At the same time, we must invest in a review of our business policies and processes to ensure greater efficiency and simplification within our business.

In 2009, over 50 per cent of our staff had less than five years of service with the Corporation, and one-third of our staff are eligible to retire within five years. These demographics highlight our business needs to invest in workforce planning, education and employee knowledge transfer.

### APS' Plan

In 2009, our Board and Corporation renewed the *Five-Year Strategic Plan* for the 2010 - 2014 horizon. This plan continues the focus of the 2008 - 2012 *Five-Year Strategic Plan* while addressing changes in our environment. The strategic plan reaffirms the direction APS is taking to adapt to changing client and trustee expectations for service delivery, risk management, technology optimization and workforce changes.

APS will continue to adapt and respond to different and increasing service demands arising in our fast-changing environment. We will increase our efforts to deliver quality, timely, user-friendly information and provide more web services to our valued clients. Legislative compliance, including privacy, confidentiality and integrity of information, remains top of mind. We are also very aware of the financial environment the pension plans are facing. We remain committed to advancing our strategic plan in a cost-conscious and effective manner and working within a managed annual budget.

APS is dedicated to its human resources and education strategies—building corporate commitment to professional excellence, and enhancing our clients' understanding of the value of their participation in public sector pension plans. APS holds unique knowledge and capabilities, and by sharing our expertise and professionalism, APS will contribute to strong public sector pension plans in Alberta.

### APS in 2012

Looking forward to 2012, APS is building its technology capacity and advancing web services for members and employers. As the Corporation works to engage an increasingly technology-savvy population, APS employees will continue to be there, in person and over the phone, guiding the pension experience for members, employers and plan governors. A client-focused approach to pension services will increase identification with and understanding of the benefits of public sector pension plans and as a result, recognition of plan value will increase.

## Accountability Statement

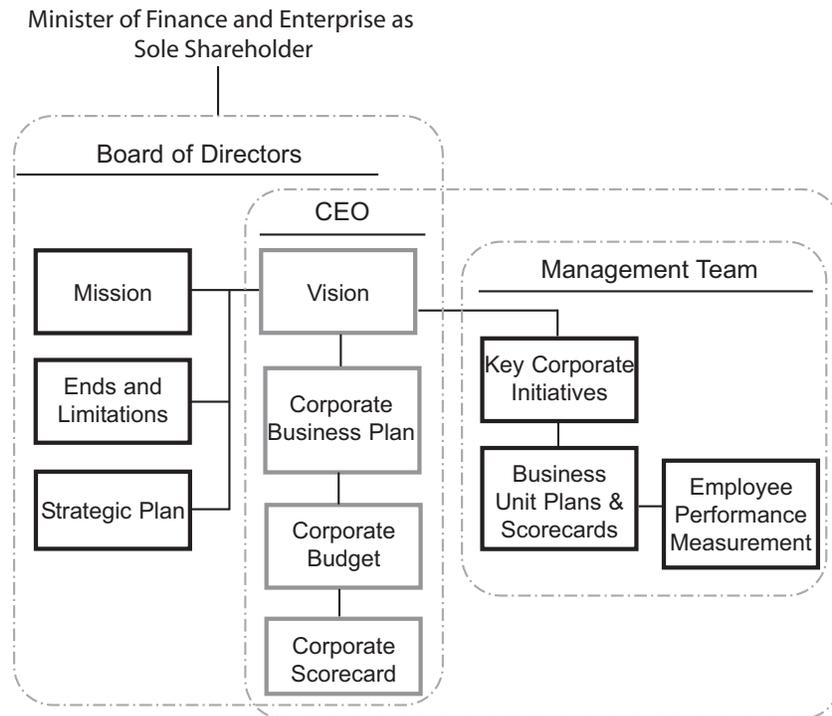
The business plan for the three years commencing January 1, 2010 has been prepared under the direction of, and with full accountability by, the Board of Directors and the President and Chief Executive Officer (CEO) for Alberta Pensions Services Corporation (APS).

The Board sets the overall strategic direction for the Corporation by:

- establishing and reviewing the corporate mission;
- delivering on objectives directed by the Shareholder (the Minister of Finance and Enterprise on behalf of the Government of Alberta); and
- providing strategic direction to management in the form of governing policies.

Using the foundation provided by our mission and *Five-Year Strategic Plan*, we continue to deliver on our obligations to our Shareholder. Our commitment to the strategic plan focuses the Corporation on developing its people and leveraging technology to deliver quality and timely services premised on integrity, confidentiality and privacy. The CEO, with the support of the Corporation, will carry out the mission and progress the strategic plan through the three-year business plan.

This framework outlines the accountability of the Board, CEO and management team:



Working together, we are committed to success in achieving this plan.

*(original signed by)*

Jack McMahan, FCA

Board Chair, 1995-2009

*(original signed by)*

Al Mondor, FCA

Board Chair, 2010-2012

## Our Commitment

Since incorporation in 1995, APS has proudly served Alberta's public sector pension plans. Our primary focus is delivery of services to members, pensioners, employers, and governors of specific public sector pension plans, supported by ethical and risk-managed business practices.

APS is adapting to an uncertain economic environment and our clients want reassurance the investment and information entrusted to us is effectively managed. We must continue to enhance our ability to respond to client inquiries with reliable and quality information, and deliver services that reflect our corporate value of stewardship.

In 2010, we are focusing on advancing web services with additional online functionality for members, and improved information sharing with employers. We are continuing to improve the reliability and availability of information, by advancing our records management strategy with initiatives aimed at making information available online in real-time to support our service centres. We are dedicating resources to review and improve business policies and processes, and strengthen workforce-planning initiatives; as these investments will lead to improvements in service delivery.

We are dedicated to improving our day-to-day operations. We recognize the importance of delivering services on behalf of pension plans to plan members and pensioners, and so remain committed to strengthening our relationships with employers and plan governors. In 2010, we will increase our interactions with employers through information and education initiatives; all aimed at increasing the quality and timeliness of services provided to plan members and pensioners. We will also focus on improving plan governance, with new Mandate and Role documents for APS and the responsible plan boards under the *Alberta Public Agencies Governance Act*.

At APS, we recognize and appreciate it is through the knowledge and commitment of employees we meet our obligations and achieve success. Therefore, a continuing priority in this business plan is a strong human resources strategy focused on developing and sustaining professional excellence for all our staff. In 2009, over 50 per cent of our staff had less than five years of service with the Corporation, and one-third of our staff are eligible to retire within five years; these demographics highlight our business need for investing in workforce planning, education and the transfer of knowledge.

APS continues to change and adapt to our environment, and we recognize this is a key competency for a Corporation focused on delivering services. We are looking forward to the opportunities that our future holds!

*(original signed by)*

Monica Norminton,  
BA, LLB, MBA, CA▪IT  
Chief Executive Officer

## Overview of the Corporation

### Mission

Through pension expertise, we deliver responsive, focused services to meet the needs of members, employers and plan governors.

### Vision

APS is highly valued and trusted to:

- Make the pension experience easier
- Provide clear information and support
- Deliver service with skill and care
- Meet obligations and keep promises
- Demonstrate the value of pension plans.

Guided by shared values, our employees make it possible.

### Values

Premised on integrity, the shared values of the individuals and teams associated with APS are:

- **Stewardship** – we efficiently deliver services to our clients.
- **Client service** – we continually improve on the products and services we deliver to clients.
- **Engagement** – we are highly motivated to achieve business goals.
- **Respect** – we show consideration and appreciation for diversity in others.
- **Collaboration** – we work together to achieve our goals.

### Board Policies

APS' core business is to provide comprehensive, reliable, timely and cost-effective pension services to meet the following *Ends Policies* as defined by the Board of Directors:

*The fiduciary and legal obligations for risk-managed, efficient and effective pension services are met.*

- Plan members:
  - are enrolled in the plans if and when eligibility criteria are met;
  - receive benefit entitlements when they are due;
  - have timely, reliable and accessible information about their pensions; and
  - receive support for making decisions that affect their respective pensions.
- Plan governors of plan members' funds have:
  - timely, reliable, accessible information affecting the respective pension plan; and
  - support and advice for making decisions that affect pension policy and service delivery related to the respective pension plan.
- Employers:
  - are supported in fulfilling their statutory obligations under the *Public Sector Pension Plans Act*; and
  - submit contributions paid into plan funds when due.
- The Trustee of government-designated plans has the benefit of the Corporation's expertise for making decisions affecting those plans.

*Contributors to pension plans realize the benefits of cost-effective, risk-managed and value-added corporate governance and management.*

- Pension services are provided in the context of the Corporation's approved business plan and all governing documents and reporting requirements of the Shareholder.

## **Services**

The services provided by APS include:

- benefit calculations and payments;
- member and pensioner communications, education and information support;
- employer remittance management and reconciliations;
- employer communications, education and information support;
- plan governors' services;
- policy development and implementation;
- communications design and delivery;
- legal advisory services for pension plans;
- compliance, regulatory and financial reporting for pension plans; and
- records maintenance.

## **Link to Alberta Finance and Enterprise Business Plan**

The APS link to the *Alberta Finance and Enterprise Business Plan 2010-2012* is to Core Business Five: Financial Sector and Pensions, Goals 6 and 7: "Effective regulation of financial products and services" and "Sustainable public sector pension plans in Alberta."

## Five-Year Strategic Plan

We are committed to our *Five-Year Strategic Plan*, 2010 - 2014. The priorities, activities and performance measures related to our strategic priorities in this business plan are directly related to the three-year milestones found in our *Five-Year Strategic Plan*.

	In Three years	In Five years
<b>Plan Members and Pensioners</b>	<ul style="list-style-type: none"> <li>• Self-service products enabled by electronic content management.</li> <li>• <b>mypensionplan</b> registrants equal 40% of plan member population.</li> <li>• Online member education.</li> </ul>	<ul style="list-style-type: none"> <li>• Pension plan information application (<i>mosaic</i>) upgraded to deliver self-service functionality.</li> <li>• <b>mypensionplan</b> registrants equal 50% of plan member population.</li> <li>• Judges' Plan members online.</li> </ul>
<b>Employers</b>	<ul style="list-style-type: none"> <li>• Online employer education.</li> <li>• Online compliance reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific employer services web-enabled.</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Employee engagement meets target.</li> <li>• Reduce pension plan policy complexity to target.</li> <li>• Reduce pension administration complexity to target.</li> <li>• 100% of members and pensioner records converted to electronic media.</li> <li>• Performance measures and metrics delivered to auditable standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement meets target.</li> <li>• Reduce pension plan policy complexity to target.</li> <li>• Reduce pension administration complexity to target.</li> <li>• Workflow managed electronically.</li> <li>• All active corporate records converted to electronic media.</li> </ul>

## Strategic Priorities and Goals

### 1. Deliver valued pension administration services.

2010	2011	2012
<b>Members Services:</b>		
<ul style="list-style-type: none"> <li>Review and web enable one product.</li> <li>Deliver online registration for member consultations.</li> <li>Implement enhanced telephone service for members.</li> </ul>	<ul style="list-style-type: none"> <li>Review and web enable one product.</li> <li>Implement secure e-mail exchange for member service requests.</li> <li>Develop content for member online education.</li> </ul>	<ul style="list-style-type: none"> <li>Review and web enable one product.</li> <li>Begin implementation of online education for members on <b>mypensionplan</b>.</li> </ul>
<b>Member and Pensioner Services – Communications:</b>		
<ul style="list-style-type: none"> <li>Continue adoption of pension plan identity for all products and services.</li> <li>Continue adoption of pension plan identity for all plan websites.</li> </ul>	<ul style="list-style-type: none"> <li>Complete adoption of pension plan identity for all products and services.</li> <li>Complete adoption of pension plan identity for all plan websites.</li> </ul>	
<b>Employer Services:</b>		
<ul style="list-style-type: none"> <li>Implement enhanced telephone service for employers.</li> <li>Pilot enhancements to timeliness and quality of information for member registrations.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate pilot results and develop implementation plan for all employers.</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation plan for all employers.</li> </ul>
<b>Employer Services – Compliance:</b>		
<ul style="list-style-type: none"> <li>Develop and implement new Employer Compliance program.</li> </ul>	<ul style="list-style-type: none"> <li>Enable electronic Employer Compliance reporting.</li> </ul>	
<b>Employer Services – Education:</b>		
<ul style="list-style-type: none"> <li>Implement new employer training program.</li> <li>Deliver online registration for employer training.</li> </ul>	<ul style="list-style-type: none"> <li>Develop content for employer online education.</li> </ul>	<ul style="list-style-type: none"> <li>Implement first phase of online employer education.</li> </ul>
<b>Service Delivery:</b>		
<ul style="list-style-type: none"> <li>Harmonize and simplify one pension product.</li> </ul>	<ul style="list-style-type: none"> <li>Harmonize and simplify one pension product.</li> </ul>	<ul style="list-style-type: none"> <li>Harmonize and simplify one pension product.</li> </ul>

2010	2011	2012
<ul style="list-style-type: none"> <li>• Simplify business process supporting one pension product.</li> </ul>	<ul style="list-style-type: none"> <li>• Simplify business process supporting one pension product.</li> <li>• Develop pension operations application implementation plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Simplify business process supporting one pension product.</li> <li>• Begin implementing pension operations application.</li> </ul>

## 2. Build a performance-oriented organization that empowers employees.

2010	2011	2012
<b>Workforce Planning:</b>		
<ul style="list-style-type: none"> <li>• Develop Strategic Workforce Planning Framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Begin implementation of Strategic Workforce Plan.</li> <li>• Adopt electronic Human Resource Information System.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of Strategic Workforce Plan.</li> </ul>
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Define business knowledge and content standards for online education.</li> <li>• Annually update and deliver corporate learning and development.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop delivery standards for online education.</li> <li>• Develop content for online employee education.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement online education for employees.</li> </ul>
<b>Rewards and Recognition:</b>		
<ul style="list-style-type: none"> <li>• Develop corporate rewards and recognition program to support Ends Policies.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new programs and monitor effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct post-implementation review for effectiveness.</li> </ul>
<b>Culture Assessment:</b>		
<ul style="list-style-type: none"> <li>• Develop and implement plan for achieving target culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of plan for achieving target culture.</li> </ul>	
<b>Health and Safety:</b>		
<ul style="list-style-type: none"> <li>• Complete external audit for Qualification of Certificate of Recognition (COR).</li> </ul>	<ul style="list-style-type: none"> <li>• Complete annual internal review of Occupational Health and Safety system for ongoing improvement.</li> </ul>	

### 3. Be adaptable and responsive to opportunities and risks.

2010	2011	2012
<b>Privacy:</b>		
<ul style="list-style-type: none"><li>• Review identity protection processes.</li><li>• Complete corporate privacy risk assessment with focus on information management processes.</li><li>• Annually audit information access.</li></ul>	<ul style="list-style-type: none"><li>• Implement identity protection improvements.</li><li>• Complete external audit of privacy program.</li></ul>	
<b>Risk Management:</b>		
<ul style="list-style-type: none"><li>• Deliver annual Corporate Risk Management report.</li></ul>		
<b>Corporate Records:</b>		
<ul style="list-style-type: none"><li>• Convert pensioner microfiche and migrate images to electronic media.</li><li>• Develop and implement corporate taxonomy.</li><li>• Issue Request for Proposal and award contract for Electronic Record Management (ERM) solution.</li></ul>	<ul style="list-style-type: none"><li>• Continue implementation of corporate taxonomy.</li><li>• Migrate all member, pensioner and employer records to ERM solution.</li></ul>	<ul style="list-style-type: none"><li>• Commence migration of corporate records to ERM.</li><li>• Complete external audit of records management program.</li></ul>
<b>Employer restructuring -- Alberta Health Services:</b>		
<ul style="list-style-type: none"><li>• Implement pension policies to transition employees between pension plans.</li></ul>		
<b>Disaster Recovery and Business Continuity:</b>		
<ul style="list-style-type: none"><li>• Annually review, train and exercise corporate disaster recovery and business continuity plans.</li></ul>		
<b>Technology Planning:</b>		
<ul style="list-style-type: none"><li>• Annually renew Information Technology Roadmap.</li></ul>		
<b>Technology Maturity:</b>		
<ul style="list-style-type: none"><li>• Implement a Technology Control Framework to effectively manage information technology by maximizing value and minimizing risk, with the goal of reaching the desired maturity under the Control Objectives for Information Technology (COBIT) standard: December 2012.</li></ul>		

## 4. Align with the Shareholder.

2010

2011

2012

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### Cost Allocation Formula – Review:

- Annual report on cost allocation and impact analysis.
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### Governance:

- Adopt, in agreement with the Minister of Finance and Enterprise, a Mandate and Roles document for APS, per the *Alberta Public Agencies Governance Act*
  - Monitor and annually report compliance with governing documents to Shareholder.
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### Five-Year Strategic Plan:

- Complete biennial review of the Five-Year Strategic Plan.
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### Performance Measures:

- Implement annual reporting on key corporate performance measures.
  - Annually review and report performance measures against adopted performance targets.
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### Commuted Value:

- Implement Phase 2 changes to reflect new Canadian Institute of Actuaries (CIA) commuted value formula: January 2011.
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### Plan Valuations:

- Deliver pension plan valuation process improvements.

## Our Measures

Our performance measures are evolving as we focus our attention on being a performance-driven and accountable organization. These key performance measures represent the outcomes and outputs of APS' day-to-day operating activities as well as the initiatives we are undertaking each year to improve service delivery. As we change our measurement methodologies in 2010, we expect significant changes in actual and target results. We anticipate these changes will provide more in depth information, increase our transparency in reporting delivery against desired outcomes, and improve stakeholder understanding of our business activities.

	Actual 2009	Target 2010	Target 2011	Target 2012
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### Client Satisfaction

*The targets for Members and Members in Transition for 2010 are based upon prior year results and methodology. Due to a methodology change that makes results a more fulsome measure of our clients' satisfaction, our targets are considered ambitious. Our 2009 Actual is a combined benchmark result for Members and Members in Transition based on surveys conducted in Q4 2009 only.*

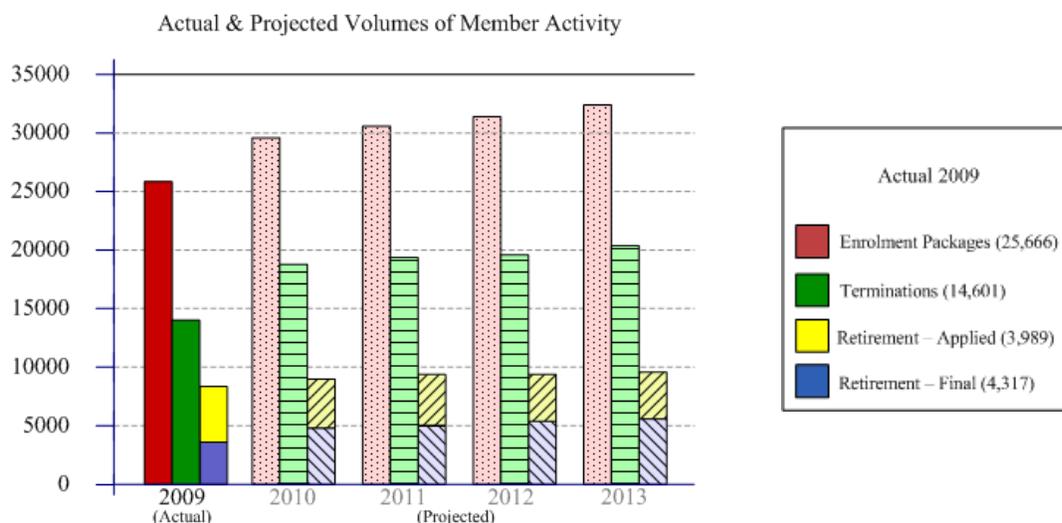
*As Pensioners have not been surveyed in the past, targets will be set when baseline results are determined in 2010.*

	Actual 2009	Target 2010	Target 2011	Target 2012
<b>Members</b> (Members include active and deferred clients.)	<b>84</b>	<b>81</b>	<b>82</b>	<b>85</b>
<b>Members in Transition</b> (Members in Transition are clients who are actively engaged in the retirement process and have not yet received a full pension payment. In previous years, this group was identified as 'Pensioners' in the Client Satisfaction measurement.)	<b>84</b>	<b>81</b>	<b>82</b>	<b>85</b>
<b>Pensioners</b> (Pensioners are clients who have completed the retirement process and are receiving full pension payments.)	<b>N/A</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

### Employer Engagement

*Employer Engagement is measured by an indexed score based on employer satisfaction and employer compliance with information requirements. For 2009 and prior years, only employer satisfaction was measured. Targets are considered ambitious as employer compliance is a relatively new focus for APS.*

	Actual 2009	Target 2010	Target 2011	Target 2012
<b>Employer Engagement</b>	<b>82</b>	<b>78</b>	<b>78</b>	<b>78</b>



	<b>Actual 2009</b>	<b>Target 2010</b>	<b>Target 2011</b>	<b>Target 2012</b>
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### **Service Delivery**

*Transaction Volume Score (TVS) is a proxy measure for administrative complexity using Cumulative Effectiveness Measures (CEM)<sup>1</sup> methodology. TVS provides an overall estimate of cost and volume to allow definition of an optimal mix of manual and automated transactions. For example, TVS increases by the number of manual calculations completed. Using the methodology and results from the 2008 CEM<sup>1</sup> survey as a benchmark, the targets for TVS were set with the expectation of seeing a decrease in more costly, manual transactions over the duration of this Business Plan.*

<b>Transaction Volume Score</b>	<b>126</b>	<b>123</b>	<b>120</b>	<b>118</b>
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### **Governance**

*Using CEM<sup>1</sup> methodology, Plan Complexity provides a tool to assess the impact of multiple member groups with different rule sets and complex rules. The results from the 2008 CEM<sup>1</sup> survey provided a benchmark for Plan Complexity. The targets were set to reflect our current level of complexity with the expectation of seeing specific pension policies simplified over the duration of this Business Plan.*

*Annually, the Corporation assesses its performance of Corporate Obligations as defined by agreements and other requirements of the Shareholder.*

<b>Plan Complexity</b>	<b>52</b>	<b>50</b>	<b>49</b>	<b>48</b>
<b>Corporate Obligations</b>	<b>Obligations Met</b>	<b>Obligations met</b>	<b>Obligations met</b>	<b>Obligations met</b>

### **Reasonable Cost**

*The target for Cost per Member is based upon the Quantitative Service Measurement (QSM)<sup>2</sup> methodology.*

*The Productivity measure uses the CEM<sup>1</sup> methodology. It provides information to assess the reasonability of staff numbers (as full time equivalents) relative to the number of pension plan members.*

<b>Cost per Member</b>	<b>\$131</b>	<b>\$174</b>	<b>\$171</b>	<b>\$163</b>
<i>(Cost per member is based on APS' budget divided by the number of active members and pensioners at year-end. Costs of major projects are amortized over a three-year period.)</i>				
<b>Productivity</b>	<b>1,320</b>	<b>1,056</b>	<b>1,078</b>	<b>1,150</b>
<i>(Productivity measure is calculated using the average annual membership divided by the number of full time employees.)</i>				

### **Engagement**

*The Corporation participates in the Queen's School of Business/Hewitt Associates "Best Small and Medium Employers in Canada" survey. Engagement is "a measurable state of emotional and intellectual involvement and commitment of the workforce to organizational success." APS' targets for employee engagement are based upon prior year results from the survey and an understanding of APS' desired placement in relation to comparable organizations.*

<b>Employee Engagement</b>	<b>49%</b>	<b>55%</b>	<b>60%</b>	<b>63%</b>
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<sup>1</sup> Cumulative Effectiveness Measures (CEM), a benchmarking survey of Defined Benefit Administrators in which APS participates annually. CEM provides a peer group analysis and comparison based on performance metrics and associated costs.

<sup>2</sup> Quantitative Service Measurement (QSM). The QSM survey, based on an activity based costing approach, collects and categorizes information based on types of pension administration operations that have common outputs.

	<b>Actual 2009</b>	<b>Target 2010</b>	<b>Target 2011</b>	<b>Target 2012</b>
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**Risk Management Maturity**

*Risk Management Maturity is measured as the weighted average of APS' Risk Management Framework Components, including governance, risk identification and assessment, response and control activities, risk and issues monitoring and resolution, and measurement and reporting. The targets established balance APS' risk tolerance against cost. The targets were developed by evaluating APS' current operations and expected changes through automation, better controls and reporting, and improved issues management.*

<b>Risk Management Maturity</b>	<b>51</b>	<b>63</b>	<b>72</b>	<b>80</b>
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**Information Technology**

*The Perfect Day provides a proxy measure of APS' technology services effectiveness. Initiatives that affect the availability of systems have been taken into consideration when developing these targets. In 2010, our telephone system will be included in the Perfect Day measure.*

*The target for Business Continuity is reflective of our currently approved business continuity and disaster recovery plan when evaluated using the CEM<sup>1</sup> methodology. Any change from target would reflect either a greater or lesser degree of preparedness by APS in a given year.*

<b>Perfect Day</b>	<b>86%</b>	<b>85%</b>	<b>78%</b>	<b>80%</b>
(Perfect Day measures the availability of core application systems by the number of working days the systems are available each month.)				
<b>Business Continuity</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>67</b>

## Financial Information

(\$ millions)

	2009 Budget	2010 Plan	2011 Plan	2012 Plan
<b>OPERATING EXPENSE AND AMORTIZATION</b>				
Staff and related expense	\$23.9	\$27.5	\$29.7	\$30.1
Materials and supplies	2.9	4.3	4.1	4.1
Other operating expense	6.5	9.2	8.2	6.4
Amortization	2.2	2.9	2.5	4.2
<b>Total before plan specific</b>	<b>\$35.5</b>	<b>\$43.9</b>	<b>\$44.5</b>	<b>\$44.8</b>
<b>Plan board expenditures</b>	<b>1.3</b>	<b>1.8</b>	<b>1.5</b>	<b>1.4</b>
<b>TOTAL OPERATING EXPENSE AND AMORTIZATION</b>	<b>\$36.8</b>	<b>\$45.7</b>	<b>\$46.0</b>	<b>\$46.2</b>
<b>TOTAL CAPITAL INVESTMENT</b>				
	\$7.5	\$2.3	\$2.1	\$7.9
<b>Full-time equivalent headcount</b>				
	236	256	256	245
<b>Total gross expenditure per member</b>				
	\$137	\$153	\$152	\$163

## Financial Analysis

Our budget for 2010 has increased over our 2009 plan by approximately 24 per cent or \$8.4 million. This increase is driven largely by:

1. An increase in staff costs of approximately 15 per cent, or \$3.6 million. APS has increased its target staff compliment by 20 positions to allow for the changing demographics of our workforce. An increasing number of staff are eligible for retirement, and we are actively engaged in knowledge transfer activities to manage this transition without impacting client services. At the same time, our collective agreement and benefit plans have experienced cost increases that are also incorporated into our staff and related expenses.
2. The costs related to the initiatives in this plan and supporting delivery of our strategic priorities total approximately \$3.6 million.
3. An increase in materials and supplies, and other operating expenses that relate to increased rent and new operating costs for our leased premises; in total, lease and operating costs have increased by approximately \$1.2 million annually.

## Risk Analysis

The primary objective of the Corporation's Risk Management Program is to identify, assess, monitor and ensure that appropriate management strategies are in place for known risks. In 2009, APS undertook a substantive review of its operations and identified 40 business segments for which we purposely manage risks as part of our day-to-day operations. The following table identifies the business segment and provides the definition of the associated risk as adopted by APS. Our assessment of these risks and the related ongoing management activities will be reported in the APS Annual Risk Management Report for 2009.

### APS' risk managed business segments:

<b>Strategic and Governance Risks</b>	
<b>Business Model</b>	APS has the appropriate business model (including defined stakeholder relationships, service products, business strategies and organizational structure) to optimize the achievement of its mission, vision and strategic goals.
<b>Governance</b>	APS' Board has the appropriate strategic direction setting and governance processes in place, influencing the Corporation's ability to effectively achieve its mission, vision and strategic goals.
<b>Leadership</b>	APS' people are effectively led or empowered as appropriate to fulfil the Corporation's mission, vision and strategic goals.
<b>Ethical Values</b>	Ethics and standards are established, promoted and enforced to communicate expected ethical behaviours.
<b>Shareholder Alignment</b>	APS acts or is perceived to act in accordance with the letter and spirit of the Unanimous Shareholder Agreement as appropriate to satisfy the needs and expectations of its sole shareholder.
<b>Plan Board Relations</b>	APS has in place or manages suitable service agreements with plan boards.
<b>Employer Relations</b>	APS has effective employer relations and monitoring processes in place to facilitate the role of employers in providing timely and accurate information, enabling APS' service delivery to members and pensioners.
<b>Client Expectations</b>	APS understands, assesses and manages clients' service needs and expectations, supporting the Corporation's ability to effectively meet its mission.
<b>Policy Development</b>	APS has in place environmental scanning and policy development processes to support the Corporation's ability to deliver pension services.
<b>Performance Monitoring</b>	Appropriate performance measures and reporting processes exist to monitor and enhance the Corporation's performance.
<b>Complaints Administration</b>	APS has objective and sufficient complaint management processes to effectively monitor and resolve client complaints in a timely and satisfactory manner.
<b>Operational Risks</b>	
<b>Communications</b>	APS communicates with plan governors, employers, members, and pensioners accurate, relevant and appropriate information.
<b>Policy Compliance</b>	Policies and standards are in place and compliance is assured with established regulations policies and procedures.
<b>Client Responsiveness</b>	Service quality and timeliness expectations for clients are satisfied, and client issues and complaints are resolved in a timely manner.
<b>Regulatory Compliance</b>	Compliance with statutory requirements (including federal tax and provincial statutes) is assured.

## APS' risk managed business segments:

<b>Processing Integrity</b>	Checks and balances in processing client service and internal operational transactions exist to support accuracy, authorization, completeness and timeliness of all transaction processing.
<b>Records Management</b>	All records are captured, maintained, archived and efficiently accessed to ensure integrity of corporate records.
<b>Business Interruption</b>	Plans are in place to ameliorate unplanned interruptions in core or support business services to ensure ongoing operational viability.
<b>Legal Liability</b>	Exposure to risk of litigation or other events, which may result in financial loss to the Corporation or damage its reputation, is mitigated.
<b>Vendor Concentration</b>	Relationships with key service vendors, which may result in unacceptable business interruptions or excessive costs if the existing vendors cease to exist or are unable to maintain a satisfactory level of service, are appropriately managed.
<b>People Risks</b>	
<b>Accountability Alignment</b>	Individual position responsibilities and accountabilities, including management and staff accountabilities, are adequately defined and aligned with the Corporation's business model to support the effective achievement of strategic and operational goals.
<b>Recruitment &amp; Retention</b>	The right people are effectively attracted, developed and retained as influencing the Corporation's ability to provide the committed levels of service.
<b>Compensation &amp; Benefits</b>	APS establishes and administers proper compensation, benefits and rewards for its employees.
<b>People Capability</b>	The human resources of the Corporation have the requisite capabilities (competencies, skill sets, etc.) to meet the requirements of their roles.
<b>Employee Engagement</b>	APS provides a working environment that supports employee involvement and commitment to organizational success.
<b>Change Management</b>	The Corporation is able to plan for and adapt to the changing internal or external environment; and to support the transition of people, processes and technology.
<b>Health &amp; Safety</b>	A safe and secure working environment is provided to mitigate exposing the Corporation's employees to physical harm or to workers compensation liabilities, loss of business reputation or other costs.
<b>Knowledge Transfer &amp; Succession Planning</b>	The Corporation ensures the preservation and transfer of knowledge through development or succession planning.
<b>Financial Risks</b>	
<b>Business Planning &amp; Execution</b>	Realistic and accurate information and processes support appropriate conclusions, allocations and decisions.
<b>Cost Management</b>	Effective budgetary and cost management processes and controls are in place as supporting the Corporation's ability to meet its cost management benchmarks.
<b>Asset Protection</b>	Physical assets are protected, and the risk of fraudulent activities or unauthorized use of the Corporation's physical, financial or information assets by employees or others is minimized.
<b>Plan Fund Accountability</b>	APS has effective management and reporting processes in place to ensure complete and timely accountability of all Plan receipts and disbursements flowing through APS operations.
<b>Financial Planning &amp; Reporting</b>	Appropriate financial planning and related reporting supports the Corporation in making informed decisions and reporting credible financial and management information.
<b>External Reporting &amp; Representations</b>	Due care is taken and evidence provided to support management representations or assertions regarding financial statements or operational controls.

**APS' risk managed business segments:**

<b>Information Management Risks</b>	
<b>Technology Capacity</b>	The Corporation has adequate technology capacity (including hardware, networks, software) to support the Corporation's business processes.
<b>System Access</b>	Access to information, data or programs is managed.
<b>Data Integrity</b>	Adequate controls over accuracy, completeness and quality of data are instituted and maintained.
<b>Availability &amp; Continuity</b>	Availability and continuity of service delivery is maintained in the event of a major failure to enable ongoing delivery of critical services.
<b>System Maintenance</b>	Systems are maintained and tested in an orderly and controlled manner to assure integrity of installed systems.
<b>Privacy Protection</b>	Privacy and confidentiality of client and employee information is secured.