

FINAL DRAFT

2016/2017 ANNUAL PERFORMANCE PLAN



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INTRODUCTION

FOREWORD BY THE MINISTER OF TRANSPORT



The Department of Transport (DoT) is an active member of the United Nation's Decade of Action for Road Safety 2011–2020 and, as such, is expected to reduce the number of fatalities on South African roads. In order to ensure the continuous improvements and actual attainment of the Decade for Road Safety 2011–2020 targets, we need to monitor our current plans and their impact towards ensuring that people are safe on South African roads and minimise the impact of road crashes on society.

The Road Accident Fund (RAF) is a Schedule 3A public entity established by the National Department of Transport with the overall objective of providing compulsory cover to all users of South African roads against injuries sustained or death arising from accidents involving motor vehicles within the borders of South Africa. The underlying emphasis is to ensure that victims of motor vehicle accidents receive support and assistance after a road crash. South Africa needs accident compensation as it plays an integral part in our social security network.

Transition of the Road Accident Fund (RAF) to the Road Accident Benefit Scheme (RABS) is currently at the final consultation phase that will be followed by the promulgation of the RABS Act, Regulations, Rules and other necessary procedures. The RABS is intended to replace the current fault-based system administered by the RAF, which often results in extensive and costly litigation, prolonged claims finalisation and high administrative costs. Under the RABS, fault will not be considered on the part of the claimant or other persons involved in the road accident. A no-fault scheme will create a new era of socio-economic balance

and will also remove the unintended negative consequences and financial burden on the families of the wrongdoer.

The 2016/17 financial year offers opportunities for the RAF's Board, Executive Team and members of staff to build on the successes realised during the periods 2013/14 and 2014/15, while continuing to maintain good performance and managing challenges facing the organisation. The success recorded by the RAF flows from those plans and it is noted that the operating context is increasingly unsustainable. Guided by the RAF's Strategic Plan 2015–2020, which was approved in 2014, the Annual Performance Plan (APP) for the 2016/17 financial year was developed with no significant strategic shifts to the approved RAF Strategic Plan. The 2016/17 APP seeks to implement programmes in line with the approved Strategic Plan, which are:

- ❖ **Programme 1:** Efficient Claim Processing;
- ❖ **Programme 2:** Accessible Services;
- ❖ **Programme 3:** Effective Financial Management;
- ❖ **Programme 4:** Optimal ICT Services;
- ❖ **Programme 5:** Improved People Management;
- ❖ **Programme 6:** Administration Dispensation Aligned to the RABS Bill; and
- ❖ **Programme 7:** An Assured and Control Environment.

The APP reflects the maturation of strategic objectives and these have also been carried through to the updated Strategic Plan. As the Minister of Transport, I fully endorse the RAF's programmes and targets as contained in this Annual Performance Plan and am confident that they reflect the strategies and goals as approved in the RAF Strategic Plan 2015–2020.



Minister ED Peters, MP

Minister of Transport
Executive Authority, RAF

FOREWORD BY THE CHAIRPERSON OF THE ROAD ACCIDENT FUND

On behalf of the Board of the Road Accident Fund (RAF/Fund), I have pleasure in submitting the organisation's 2016–2017 Annual Performance Plan (APP).

This Plan identifies the performance indicators and targets that the Fund aims to achieve in the upcoming budget year and the next two years of the Medium Term Expenditure Framework (MTEF) (2015–2017) in pursuit of the Fund's strategic outcomes set out in its Strategic Plan 2015–2020. The APP details the seven (7) pillars that will guide the Fund's strategic outcomes in the next five years.

Despite the severe cash constraints the organisation is facing, the Fund will continue to efficiently pay for claims/benefits and effectively rehabilitate victims of road accidents to restore social balance in an endeavour to reduce the burden of reliance on the State.

The primary source of income for the Fund's compensation scheme is a levy raised on fuel. The levy is measured in terms of cents per litre on petrol and diesel sold in South Africa and forms part of the general fuel tax regulated by Government. The fuel levy per litre is set by National Treasury on a yearly basis, whereas total fuel sales are influenced by a number of macroeconomic factors. On an annual basis, the Fund requests National Treasury for an increase in the RAF Fuel Levy, based on a financial model and a calculation of its costs during the coming year. The full extent of the fuel levy requested is seldom granted. This is because National Treasury has historically set the levy on the basis of a pay-as-you-go (PAYG) principle rather than with the purpose of establishing an adequately funded institution. During the 2014/15 financial year, the RAF Fuel Levy was set at R1,04 cents per litre.

The two main variables that determine the income of the Fund are the volume of petrol and diesel sold per annum and the rate of the levy. The RAF Fuel Levy can be viewed as a compulsory contribution to social security benefits, and is used only for specific purposes as provided for in the legislation. The costs that the Fund incurs are as a result of road accidents. The volume and severity of accidents influence the volume and average value of claims made against the Fund.

In addition, the Fund's costs consist of (1) third-party costs (e.g. attorney costs, medical and/or legal and expert costs), as well as (2) the Fund's administration costs.

Claims payments comprise the Fund's largest expense item. Liquidity is determined by the cash available after claims and other expenses have been paid out for a specific period. Liability is largely composed of outstanding claims that need to be settled, along with their associated costs.

Whilst the Fund's value drivers may appear conceptually simple, they are driven by multiple other factors. Claims expenditure is influenced, for example, by whether a claimant chooses to claim directly or to be represented by an attorney; awards made by courts that determine precedent; the number of expert witnesses called; and the time taken from date of accident to date of finalisation of the claim. As a consequence of these revenue and cost drivers, the gap between the Fund's deficit and its income, which has been growing over the last three decades, has increased exponentially in recent years.

The nexus of all these factors is road activity in South Africa. Road crashes have adverse implications for economic growth, affecting both economically active members of our society and others. In light of the profound negative impacts that victims of road accidents suffer from a health, vocational and social perspective, they not only require, but deserve to have their claims against the Fund assessed and finalised in a speedy and efficient manner. Delays in claims finalisation prejudice victims, and also serve to increase the Fund's liability as historical trends have shown that generally the later a claim is finalised, the higher the liability of the Fund.

The current scheme of arrangement, being based on fault, insurance principles and common law, remains inequitable, wasteful and open to abuse. The transformation of the current scheme, as envisaged in the recently published RABS Bill, will address many of the challenges facing the Fund that are constraining its ability to deliver on its mandate in an effective and efficient manner. In addition, a 'no-fault', fixed benefit scheme will ensure smooth alignment with the Comprehensive Social Security System (CSSS) envisaged by Government.

The benefits of the proposed RABS are:

- Providing for a fully funded scheme that is reasonable, equitable, affordable and sustainable;
- Expanding access to benefits by removing the requirement to establish 'fault' as a determinant to qualify for benefits;
- Making available timely and appropriate healthcare benefits based on a reasonable tariff;
- Simplifying claims procedures;
- Wider cover to persons injured in road accidents;
- Fewer exclusions from benefits;
- Defined benefits which promote affordability;
- Reducing disputes by removing the 'fault' requirement and by providing pre-determined benefits; and
- Alleviating the burden on our courts through the establishment of an internal appeal procedure. (It is important to note that almost 50% of court matters relate to road accidents.)

As we move forward with interventions to promote a social security system that will cater for core financial and medical needs of victims of road crashes, we are mindful of the country's National Development Plan (NDP) and the importance of aligning our strategy with what this Plan seeks to achieve. The Board seeks to ensure that the RAF sustains a high-performance culture and reviews performance targets from time to time, with the primary goal of improving service delivery. Below is the RAF's strategic alignment with the NDP:

NDP		RAF	
Focus Area	Outcome	Strategic Objective	Indicators
Economic infrastructure	<ul style="list-style-type: none"> Behavioural change to reduce environmental, social and economic cost of road crashes 	Accessible services	<ul style="list-style-type: none"> Community campaigns (RAF on the Road) Road safety initiatives in conjunction with law enforcement authorities
Healthcare for all	<ul style="list-style-type: none"> Reduce injury, accidents and violence by 50% from 2010 levels 	Efficient claims processing	<ul style="list-style-type: none"> Implement Post-crash Care Strategy to improve rehabilitation and healthcare for MVA victims
Social protection	<ul style="list-style-type: none"> Short-term reforms focusing on broadening coverage of existing social security benefits 	Administrative dispensation aligned to the RABS Bill	<ul style="list-style-type: none"> Participate in the amendment to the current RAF Act Participate in the establishment of the RABS legislative framework Transition the RAF to the RABS
Building a capable and developmental State	<ul style="list-style-type: none"> Make the public service an employer of choice Develop technical and specialist professional skills Strengthen delegation, accountability and oversight The developmental potential of SOEs 	Improve people management	<ul style="list-style-type: none"> Improved performance management outcomes Conduct skills assessment and develop skills strategy Maintain EE targets Manage absenteeism Implement Gender Policy

Road Accident Fund

NDP		RAF	
Focus Area	Outcome	Strategic Objective	Indicators
Fighting corruption	<ul style="list-style-type: none"> A corruption-free society, a high adherence to ethics throughout society and a Government that is accountable to its people 	Assured control environment	<ul style="list-style-type: none"> Raise ethical standards Improve fraud detection and management Improve internal controls
Nation building and social cohesion	<ul style="list-style-type: none"> A society where opportunity is not determined by race or birth right; where citizens accept that they have both rights and responsibilities A united, prosperous, non-racial, non-sexist and democratic South Africa 	Effective financial management and improved people management	<ul style="list-style-type: none"> Develop and implement B-BBEE policy and plan, with youth and women prioritised Maintain EE targets in accordance with the National Economically Active Population (NEAP) requirements

The underlying outcome of the sum of the indicators and targets in this Plan is for the Fund to be an accessible organisation that pro-actively interacts with victims in a caring, supportive and solution-orientated manner and where the liability attached to it provides compensation in a time-efficient and cost-effective manner, while continually exhibiting the highest standards of financial and risk management.

The 2016/17 APP is based on the second year's activities as detailed in the RAF's 2015–2020 Strategic Plan, approved in 2014/15.

As the Board of the RAF, we are confident that the organisation is well positioned to achieve the targets outlined in this APP.



Dr N Bhengu

Chairperson of the RAF Board

Accounting Authority of the Road Accident Fund

CERTIFICATION

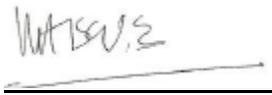
It is hereby certified that this APP was developed by the Management of the Road Accident Fund under the guidance of the Department of Transport (DoT).

Subject to the paragraph below, it is confirmed that the APP was prepared in line with the Five-year Strategic Plan of the Fund 2015–2020 (Strategic Plan) and accurately reflects the performance targets which the Fund will achieve, given the resources made available for the 2015/16 financial year.



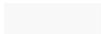
Ms Y van Biljon

Chief Financial Officer



Dr E Watson

Chief Executive Officer



Dr N Bhengu

Chairperson of the RAF Board

PART A: STRATEGIC OVERVIEW

PART A: STRATEGIC OVERVIEW

1. Introduction

The APP of the Fund is prepared in line with:

- National Treasury's Framework for Strategic Plans and Annual Performance Plans; and
- National Treasury's Framework for Managing Programme Performance Information.

This Plan identifies the performance indicators and targets that the Fund aims to achieve in the upcoming budget year and the next two years of the Medium Term Expenditure Framework (MTEF) (2016–2018) in pursuit of the Fund's strategic outcomes set out in its Strategic Plan 2015–2020.

The table below details the seven (7) pillars that will guide the Fund's strategic outcomes in the next five years.

Table 1: Strategic Outcomes 2015 to 2020

Pillars	Outcome Indicators
Efficient claims processing	<ul style="list-style-type: none"> • Effectively manage number of open claims • Reduced average age of open claims • Increased % of claims verified by objecting to or accepting within 60 days • Increased percentage of direct claims originated • Increased percentage of direct claims settled • Reduction in legal costs • Implemented Post-crash Care Strategy (Pillar 6)
Accessible services	<ul style="list-style-type: none"> • Increased accessibility to RAF services • Increased number of claimants engaged at RAF events, e.g. 'RAF on the Road' • Improved Call Centre responsiveness • Improved customer satisfaction
Effective financial management	<ul style="list-style-type: none"> • Managed cash flow position • Monitor provision for claims incurred • Improved SCM outcomes • Increased number of B-BBEE-rated suppliers • Implemented Enterprise Supplier Development (ESD) Plan
Optimal ICT functionality	<ul style="list-style-type: none"> • Ensure optimal ICT availability • Implement and assess benefits of the Five-year ICT e-Enablement Strategy and Plan

Pillars	Outcome Indicators
Improved people management	<ul style="list-style-type: none"> • Optimised organisational performance management • Improved workforce skills and placement for current and future requirements • Maintain RAF contribution towards Government's social and economic agenda • Managed absenteeism
Administrative dispensation aligned to the RABS Bill	<ul style="list-style-type: none"> • Develop and approve the RABS Transition Plan
Assured control environment	<ul style="list-style-type: none"> • Raised ethical standards and awareness • Increased % of fraud detected before undue payments are made • Contribute to road safety by creating a Crash Verification System (CVS) that will inform preventative measures

The APP is aligned to the Funds' Revised Strategic Plan for 2015–2020. Additionally, the performance indicators and targets have been aligned with the Fund's budget, as well as all reports that the Fund is required to deliver during the financial year, including the Fund's Annual Report.

2. Updated Situational Analysis

2.1 Government Outcomes

The Role of the Fund in the Wider Government and National Agenda

In order to achieve the objectives of the National Development Plan, the Fund will continue to efficiently pay claims and effectively rehabilitate victims of road accidents to restore social balance. In addition, the Fund will promote effective governance, strong leadership and active citizenry by:

- Continuing to improve services and maintaining compliance;
- Increasing levels of awareness on the Fund's offerings and benefits;
- Continuing to partner with other Government departments to improve the State's overall effectiveness and efficiency;
- Continuing to provide support to the DoT to amend the current legislation to align itself to principles of social security;
- Engaging with other MVA Funds, regionally and internationally, to exchange best practice; and
- Ensuring that the Fund is free of fraud and corruption.

2.2 The Draft National Road Safety Strategy

South Africa participates in the World Health Organisation's (WHO's) campaign 'Decade of Action for Road Safety', together with other countries in Sub-Saharan Africa and the rest of the world, who have

undertaken to increase countermeasures to road safety fatalities, particularly during this decade 2011–2020, and for this reason this strategy speaks to those dates.

Countries were asked to prepare a country plan of activities for the decade, using the WHO framework with the following pillars:

- Road safety management;
- Infrastructure;
- Safe vehicles;
- Road user behaviour; and
- Post-crash care.

The Fund is a key strategic partner in the implementation of the National Road Safety Strategy. Road fatalities are one of the major factors that drive the costs of the Fund. The Fund is expected to support some of the key aspects of this integrated strategy, more specifically the improvement of post-crash care to reduce the number of deaths and disabling injuries. Pillar 5 of the Global Plan for the Decade of Action for Road Safety 2011–2020 emphasises the following:

- The training of community members in first aid to assist in post-crash trauma in their own communities;
- The development of incident management systems on national and provincial roads; and
- The development of guidelines for hospital trauma care to reduce fatalities and potential permanent disablement caused through injuries.

Based on the mandate and processes the Fund has developed a strategy to address the Decade of Action's five pillars. The Fund's Road Safety Strategy touches on all the five pillars mentioned above. It also highlights interventions undertaken by the Fund on issues pertaining to infrastructural requirements. The Fund has partnered with Provincial Transport Departments and Municipalities in Kwa-Zulu Natal, Mpumalanga and Gauteng, for low-cost engineering works, i.e. erection of speed-calming measures such as speed humps in areas that are prone to accidents.

To address issues pertaining to the post-crash care pillar above, the Fund has developed a Five-year Plan to operationalise post-claim settlement processes, with the aim of improving the services offered under this pillar and render it more efficient and effective. The Road Safety Strategy Plan also maps out how the Fund will contribute and partner with other Department of Transport entities on issues pertaining to road safety management, safe vehicles and road user behaviour.

The WHO recommendations call for road safety to be considered as a global policy issue and have called for international collaboration to be strengthened, and also encourage cooperation between international organisations, Government, non-governmental organisations and private sector entities. It also recognises that current levels of investment are inadequate to deal with the current risk factors.

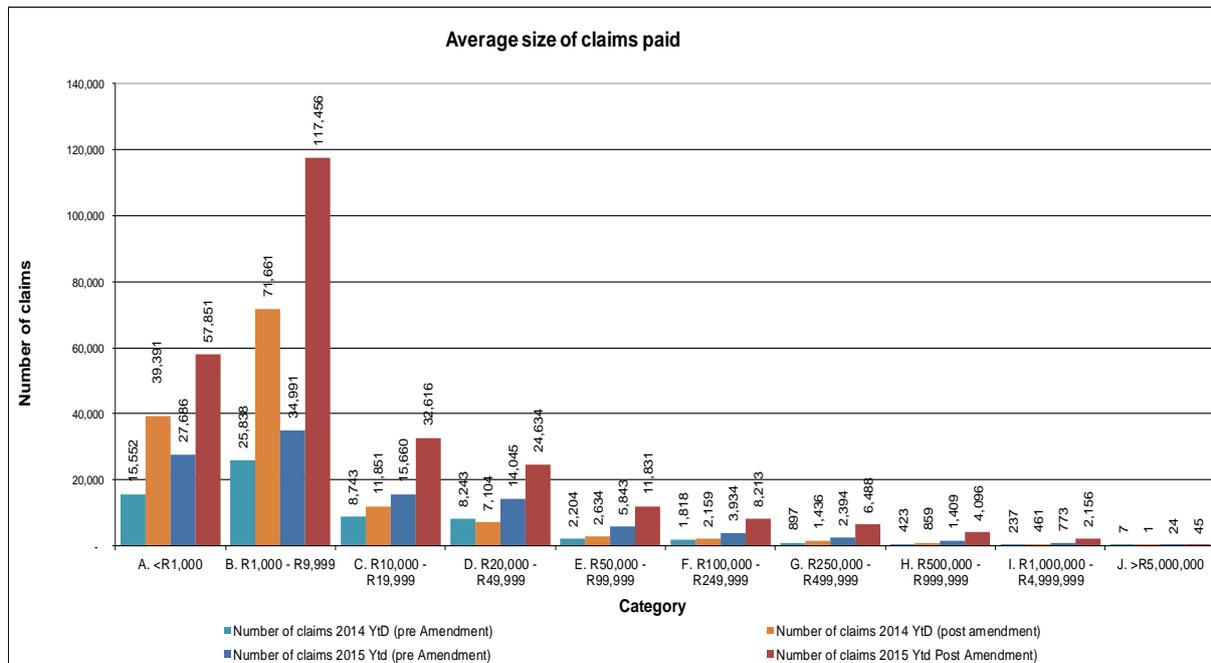
The full roll-out of initiatives to enhance the operational efficiencies of the Fund will ensure access to healthcare and access to financial assistance by all communities in support of the National Road Safety Strategy.

2.3 Service Delivery Environment

2.3.1 Claims Analysis

The composition of claim payments reflects the inadequacies of the existing fault-based, common law system of compensation. The planned introduction of the RABS should address these wastages over the longer term. In the short term, interim legislative changes could address some of the wastages.

Out of the 183,933 total claims finalised in the 2014/15 financial year, 58% were at values less than R10, 000 (Graph 1). This can be ascribed to the accelerated approach to supplier claims, which allowed for hospitals and other service providers to be paid directly by the RAF. As a result, the RAF managed to reduce outstanding supplier and personal claims. (It is important to note that the graph below reflects payments per category and not finalised claims.)

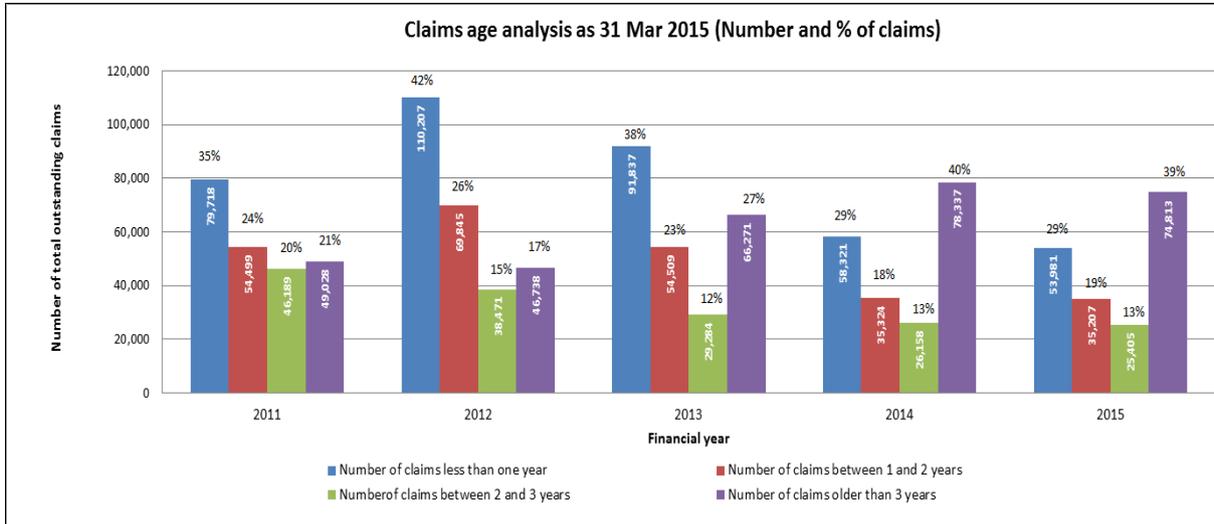


Graph 1 – Average size of claims paid

During the financial year, the RAF continued to receive and settle high volumes of claims, with more than 88% of settled claims (average of pre-and post-Amendment Act claims) being for settlement values below R50,000.

2.3.2 Age Analysis of Claims

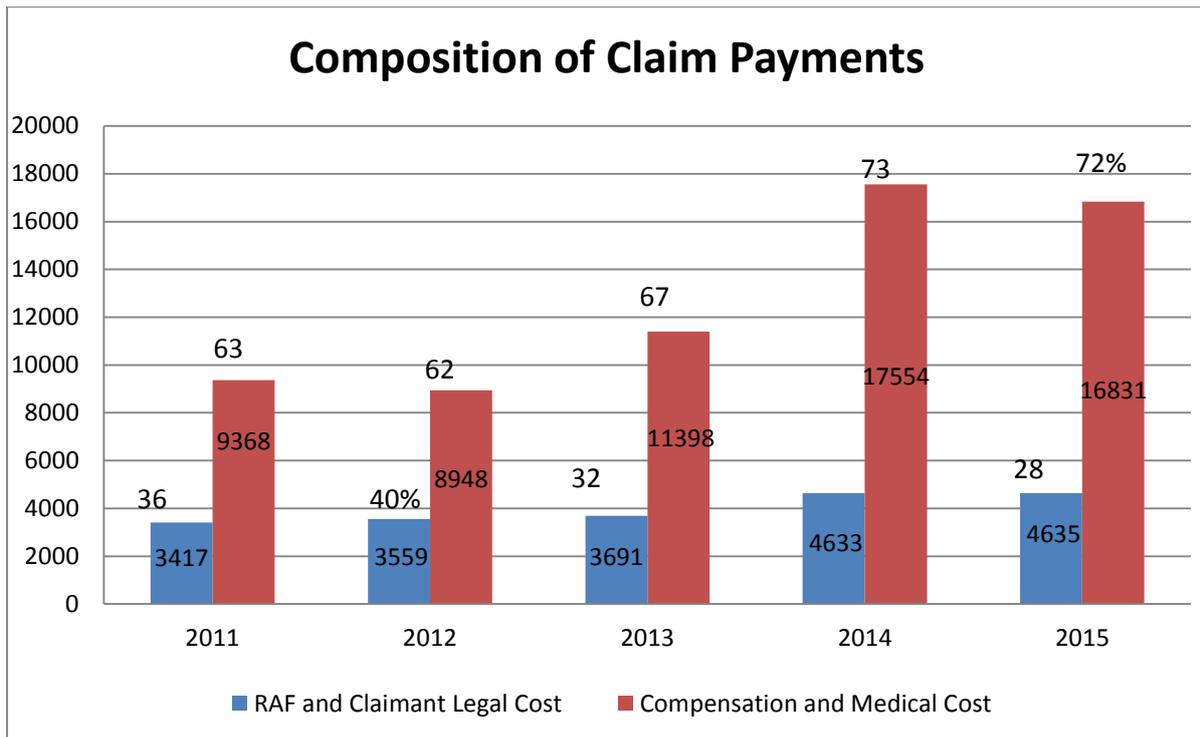
Claims under one year increased from 29% in 2014 to 30% in 2015. The bulk of claims outstanding at year-end were mainly claims older than three years. The long lead times are exacerbated by the difficulties faced when claims which are litigated require extensive expert opinion and time in court. (Graph 2)



Graph 2 – Age analysis of claims in number and percentage

2.3.3 Claim Values

The composition of claim payments continues to reflect the inadequacies of the existing fault-based, common law system of compensation. Of the R21.5 billion (2014: R22.2 billion) cash paid out in respect of claims for the 2015 financial year, R16.8 billion (i.e. 78%) (2014: R17.6 billion or 79%) constituted compensation payout. The balance of 22% (2014: 21%) comprised legal and other expert fees. When claims requested that could not be paid due to cash constraints (RNYP) are added to the above scenario, the variance in the composition of payments reflects compensation at 81% and legal and other expert fees at 19% respectively (Graph 3). The last financial year reflected a nominal decrease in legal and other expert fees when compared to total cash/accrued claims expenditure.



Graph 3 – Composition of claim payments

A management review was conducted to determine the exact composition of the number of outstanding claims. The data assisted in identifying the claims processing life cycle and determining actions to be taken to facilitate settlement. Claims had been split into logical groupings and were fast-tracked to settlement. Direct claims received special attention in this regard. Validity checks were also performed ensuring that potential fraudulent files were uncovered and investigated. The number of outstanding claims was identified for immediate settlement and a dedicated unit was established and tasked with the elimination. Plaintiff attorneys were also engaged by the Fund with regard to possible block settlement of claims.

2.3.4 Claims Statistics

	Reference	Units	31 March 2015	31 March 2014	31 March 2013	31 March 2012
New claims registered	1.	No.	173,743	147,168	150,312	172,859
: Personal claims		No.	62,436	53,230	47,159	52,445
: Suppliers		No.	111,307	93,938	103,153	120,414
Total: Increase/(Decrease)		%	18	-2	-13	-22
Personal claims: Increase/(Decrease)		%	17	13	-10	-29
Supplier claims: Increase/(Decrease)		%	19	-9	-14	-19
Claims finalised	2.	No.	183,933	240,783	162,130	170,043
: Personal claims		No.	65,243	115,736	53,537	68,637
: Suppliers		No.	118,690	125,047	108,593	101,406
Total: Increase/(Decrease)		%	-24%	49%	-5%	-9%

Personal claims: Increase/(Decrease)		%	-44%	116%	-22%	13%
Supplier claims: increase/(Decrease)		%	-5%	15%	7%	-20%

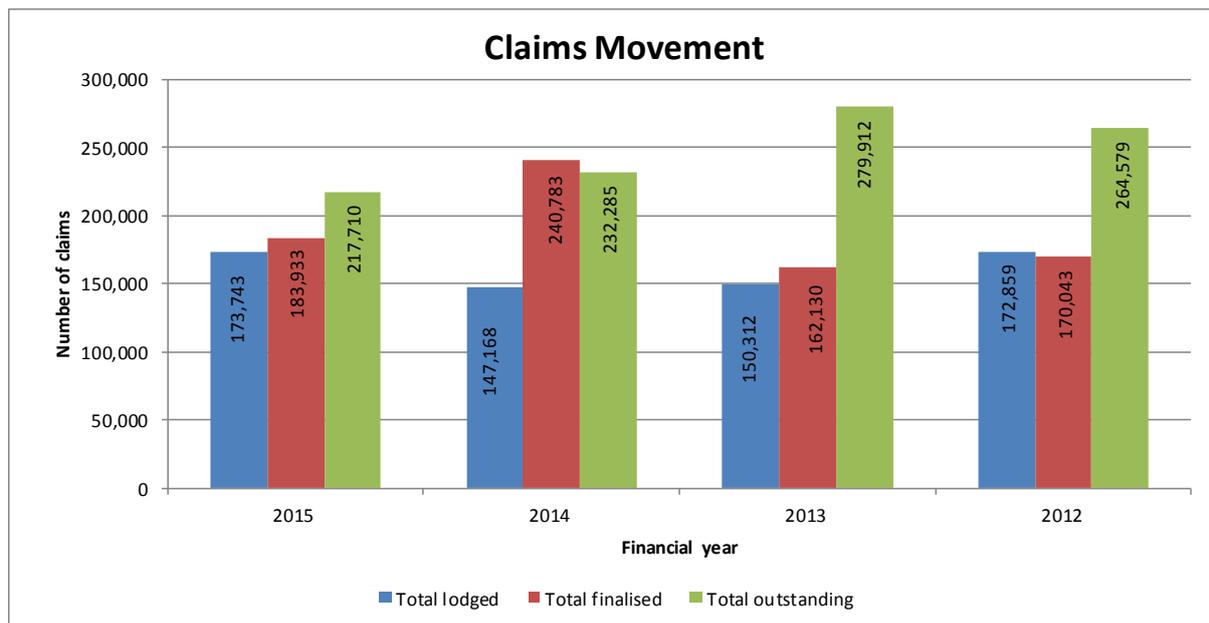
During the 2014/15 financial year, 173,743 claims (personal claims: 62,436 and supplier claims: 111,307) were registered.

- 183,933 claims were finalised (personal claims: 65,243 and supplier claims: 118,690); and
- 217,710 claims were still outstanding (personal claims: 212,056 and supplier claims: 5,654) (Graph 3).

Outstanding claims decreased by 6% from 232,285 at the end of the previous financial year to 217,710 at the end of 2014/15.

This was mainly influenced by an increase of 14% in the number of open and reopened claims totalling 179,778, where compensation had not been paid and legal cost claims totalling 37,932, which were still outstanding at the end of the 2014/15 financial year compared to the number of open and reopened claims of 198,140 and legal cost claims of 34,145 at the end of the previous financial year. This is indicative of the increased number of compensation payments that are being made.

Reopened claims at the end of the last financial year decreased by 23% to 11,528 from 14,899 at the end of the previous financial year. This number confirms that claims are not being prematurely classified as 'finalised'.



Graph 3 – Claims lodged/registered /outstanding

2.3.5 Ruling on Ronald Bobroff & Partners

Notwithstanding the provisions of the Contingency Fees Act, certain Law Societies made provision in their rules for members to charge in excess of the percentages prescribed by the Act. Many attorneys disregarded the law and the fundamental rights of victims of road accidents. Following various court rulings that these common law contingency agreements could not exceed 25%, one law firm proceeded to challenge the Contingency Fees Act right up to the Constitutional Court. On 20

February 2014, the Constitutional Court delivered judgment in respect of the constitutionality of the Contingency Fees Act. At issue was whether it is justifiable for personal injury lawyers to charge contingency fees outside of what the Act provides. Personal injury lawyers typically assist road accident victims to claim from the Fund.

1. The judgment was in respect of two interwoven cases. The first was that of Ronald Bobroff & Partners who challenged a Full Bench of the North Gauteng High Court who had ordered them to provide an itemised account to Ms Juanne de la Guerre and to refund what they had overcharged her. The second was that of the South African Association of Personal Injury Lawyers (SAAPIL), of which Bobroff is the president, which challenged the constitutionality of the Contingency Fees Act. Both cases were heard simultaneously by the Full Bench of the High Court.

The Constitutional Court found no merit in Bobroff and SAAPIL's challenge as a whole, dismissing the argument that the Contingency Fees Act was irrational because it applied only to lawyers. In handing down judgment, the court pointed out: "The right of access to justice is that of the legal practitioners' clients, not that of the legal practitioners themselves."

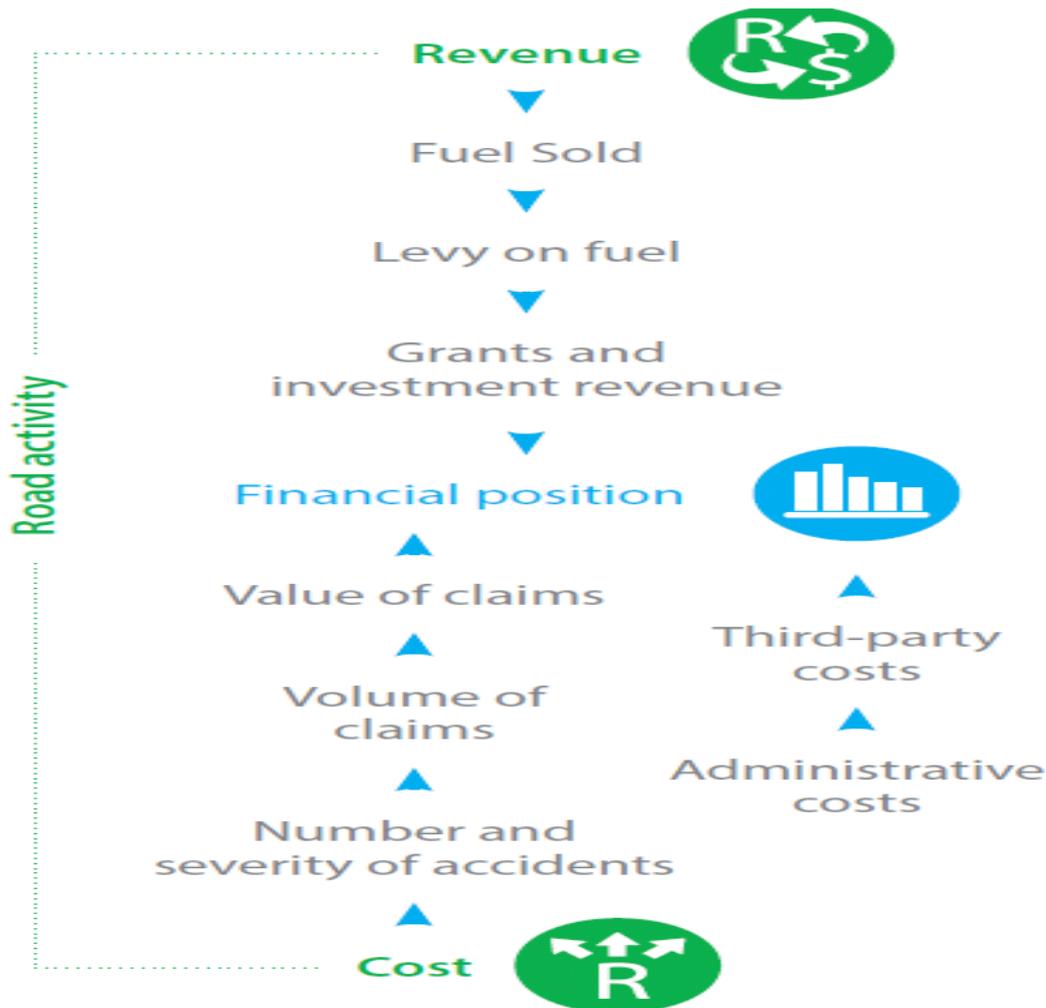
This judgment paved the way for road accident victims to pursue claims amounting potentially to millions of rands, where fees in excess of the law were charged. The RAF has facilitated many requests for documentation needed by claimants to lodge legal challenges to recover monies from law firms that may have operated outside the parameters of the Contingency Fees Act.

While some prefer to call this practice 'overreaching', it is simply an illegal practice which must be investigated, corrected and prevented.

2.4 Revenue and Cost

The Fund is affected by general economic conditions and other environmental factors, and by the extent to which it manages its costs effectively. These factors are illustrated in the figure below:

Figure 1: Factors Influencing the Fund's Financial Position



The primary source of income for the Fund's compensation scheme is a levy raised on fuel. The levy is measured in terms of cents per litre on petrol and diesel fuel sold in South Africa and forms part of the general fuel tax regulated by Government. The fuel levy per litre is set by National Treasury on a yearly basis, whereas total fuel sales are influenced by a number of macroeconomic factors. On an annual basis, the Fund requests National Treasury for an increase in the RAF Fuel Levy, based on a financial model and a calculation of its costs during the coming year. The full extent of the fuel levy requested is seldom granted. This is because National Treasury has historically set the levy on the basis of a pay-as-you go principle rather than with the purpose of establishing an adequately funded institution. The fuel levy for the 2015/16 financial year has increased by 50c to R1, 54 cents per litre. The levy is assumed to remain at R1, 54 cents throughout the MTEF period.

The Fund is not involved in the collection of the fuel levy. The South African Revenue Service (SARS) administers the collection of the fuel levy and pays it to the Fund, in accordance with provisions of the Customs and Excise Act, 1964 (Act No. 91 of 1964) and the RAF Act.

The two main variables that determine the income of the Fund are the volume of petrol and diesel sold per annum and the rate of the levy. The RAF Fuel Levy can be viewed as a compulsory

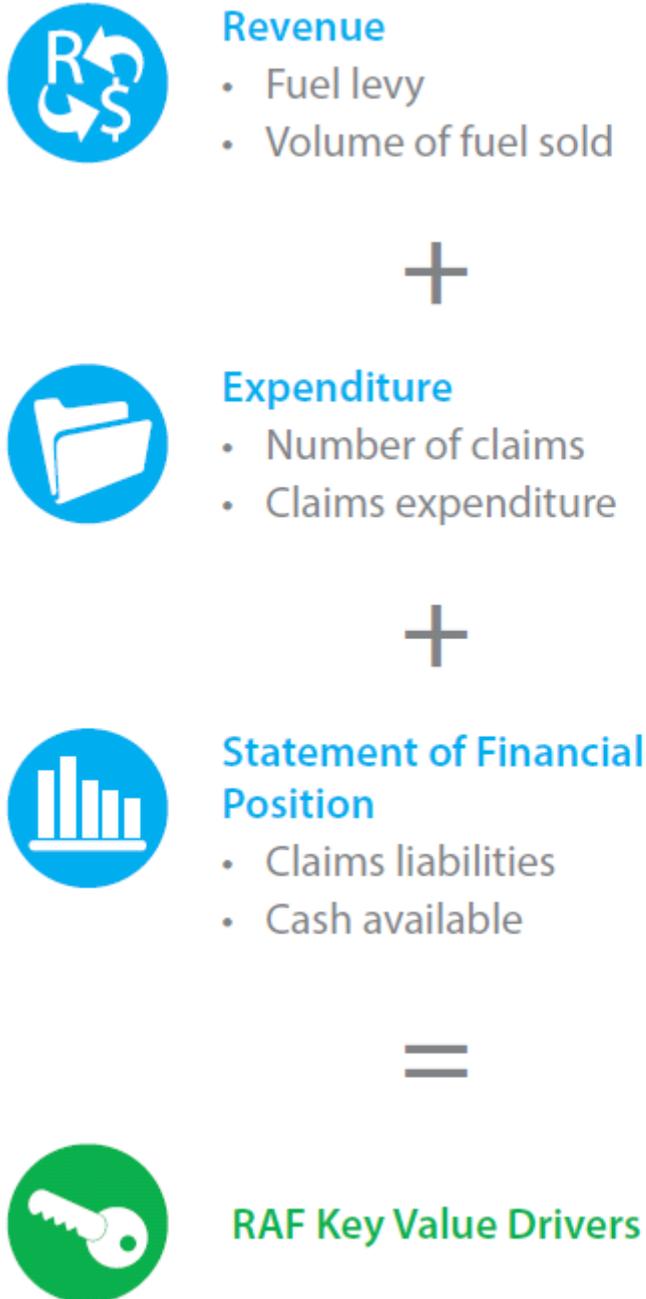
contribution to social security benefits, which is used only for the specific purposes as provided for in the legislation. The costs that the Fund incurs are as a result of road accidents. The volume and severity of accidents influence the volume and average value of claims made against the Fund.

In addition, the Fund's costs consist of (1) third-party costs (e.g. attorney costs, medical and/or legal and expert costs), as well as (2) the Fund's administration costs.

2.5 Key Value Drivers of the Fund

Claims payments comprise the Fund's largest expense item. Liquidity is determined by the cash available after claims and other expenses have been paid out for a specific period. Liability is largely composed of outstanding claims that need to be settled, along with their associated costs.

Figure 2: Key Value Drivers



Whilst the value drivers presented may appear conceptually simple, they are driven by multiple other factors. Claims expenditure is influenced, for example, by whether a claimant chooses to claim directly or to be represented by an attorney; awards made by courts that determine precedent; the number of expert witnesses called; and the time taken from date of accident to date of finalisation of the claim. As a consequence of these revenue and cost drivers, the gap between the Fund's deficit

and its income, which has been growing over the last three decades, has increased exponentially in recent years.

The nexus of all these factors is road activity in South Africa as described below:

2.5.1 Road Activity and Accidents

The current state of road traffic deaths place a huge burden on the economy, with an estimated economic loss at 5% of GDP for low-and middle-income countries and 3% of GDP globally. Road crashes are the ninth leading cause of death across all age groups and the leading cause of death for the age group 15–29 years on a global scale. Annually, over 1.2 million people die on the world's roads due to road crashes whilst up to 50 million sustain non-fatal injuries and health impairment with long-term effects. A total of 90% of the global deaths due to road crashes occur in low- and middle-income countries characterised by urbanisation and motorisation, which are accompanied by rapid economic growth.

The African region has the highest road fatality rate of 26.6 per population of 100 000 when compared to other regions. This rate is higher than that of the global rate at 17.4 per population of 100 000 (World Health Organization [WHO], 2015). The WHO has identified road traffic injuries as one of the major risk factors in South Africa, with transport accidents ranking the third leading non-natural cause of death, constituting 1% of the total deaths recorded in 2014 (World Health Organization [WHO], 2015; Stats SA, 2015). The economic losses resulting from road crash fatalities perpetuate the poverty cycle of many families due to the loss of breadwinners, prolonged medical care and the burden of care required for disabled family members. These effects spill over nationally onto health, insurance and legal systems (World Health Organization [WHO], 2015).

The United Nations General Assembly has proclaimed 2011–2020 the 'Decade of Action for Road Safety'. South Africa is one of the member countries that has committed itself to the Decade of Action and as part of the declaration, has committed to reducing the number of road deaths by half by 2020. While road fatalities per 100,000 people are reducing in South Africa, the venture to instil a culture of road safety and road traffic law compliance is an arduous one. While South Africa strives to achieve a reduction in road crashes and by extension, a reduction in road crash fatalities and injuries, many thousands of people will continue to suffer losses due to death or injury on our roads. The primary risk group is men in the 18 to 45 age group, whose injury or death often has a devastating impact on the families relying on them for support. The Fund is frequently all that stands between the victims and their families and a descent into poverty, as many victims are unable to afford medical aid or private insurance cover.

2.6 In light of the profound negative impact that victims of road crashes suffer from a health, vocational and social perspective, they not only require, but deserve to have their claims against the Fund assessed and finalised in a speedy and efficient manner. Delays in claims finalisation prejudice victims, and also serve to increase the Fund's liability as historical trends have shown that generally, the later a claim is finalised, the higher the liability of the Fund. In the light of the above, the Fund has resolved to place more focus on settling long-outstanding claims.

2.7 Systemic Flaws

2.7.1 *Grounded in Delict*

The Fund's liability is founded on principles of the law of delict and is partially governed by common law, statutory provisions and legal precedent. This system has failed to meet the needs of the public in that it is not only complex and arbitrary, but also time-consuming, expensive, open to abuse and wasteful. It is also fraught with practical difficulties, and the outcome is unpredictable and unreliable.

2.7.2 *Subjectivity*

Both the determination of fault and the extent of damages suffered by victims are overwhelmingly subjective. To determine fault, it is necessary – many years after the accident – to rely on the memories of witnesses to an event that occurred unexpectedly and quickly. The recall of witnesses is often nothing more than conjecture and often pure inventiveness.

The determination of compensation is also subjective. The extent of compensation that a claimant will receive is based on predictions of the future. Predictions must be made as to the level of education that would have been achieved if the accident had not occurred and the level that will be achieved taking the accident into account, as well as pre-and post-accident earning capacity, life expectancy and future inflation and investment rates. All these factors are inherently unknown and often amount to nothing more than approximations.

Expert witnesses, whose opinions form the basis of determining the level of damages, are briefed by the adversarial parties and not by the court. While such witnesses are meant to be witnesses of the court, the reality is that many 'experts' consider themselves to be the witness of the party by whom they have been briefed and "have become a very effective weapon in the party's arsenal of tactics."¹ Far too many 'expert witnesses' have become full-time professional witnesses and are financially reliant on receiving continuous instructions from attorneys. This often translates into these witnesses subjectively advancing the contentions of the party by whom they are instructed, rather than playing an independent role.

2.7.3 *Complexity*

The delictual basis of the system introduces unnecessary and burdensome complexity. The claims procedure is cumbersome, time-consuming and expensive, and often results in expensive litigation.

¹Report of the Road Accident Fund Commission: 2002. Vol. 2, Chapter 24, par 24.122 p.732.

Accident victims need to traverse complex legal hurdles in order to claim. This has led to the perception that claims cannot be lodged directly with the Fund and that legal advice is almost a prerequisite. The Fund is thus distanced from the people whom it is supposed to serve. By reason of the litigious nature of the system, the Fund is engulfed in legal disagreements with claimants, rather than endeavouring to accommodate their needs.

2.7.4 *Unpredictable and Unreliable*

“The delict liability system is so unpredictable and unreliable in that no injured person can be sure of receiving compensation and planning his/her personal finances accordingly.”² Victims of accidents may, for years after the accident, not know if they will receive compensation, or the extent of the compensation that will be paid. This uncertainty can give rise to stress that will inevitably delay the rehabilitation of victims.

2.7.5 *Inequities*

A delictual system of compensation has numerous inequities, including the following:

- The poor are less able to access the system as they do not have the financial outlay to pay the costs linked to proving a claim;
- The structure of the compensation scheme leads to unreasonable cross-subsidisation, for example, between low-income earners and high-income earners, and multi-passenger vehicles and single-passenger vehicles, including pedestrians;
- The poor receive less compensation than the rich, yet pay the same fuel levy for the cover; and
- Foreigners, who have short stays in the country and contribute very little by way of premiums, receive the same level of cover as South African citizens.

2.7.6 *High Delivery Costs*

Delivery costs enrich the facilitators and not the victims of road accidents. The delictual system is by its very nature adversarial and encourages litigation.

The table below summarises payments towards claimants’ legal costs and the Fund’s own legal costs over a period of seven financial years.

Table 2: Legal and Expert Costs

Legal Costs	2009	2010	2011	2012	2013	2014	2015
	Rand (billion)						
Claimant	1 600	1 700	2 194	2 300	2 300	2 900	3 400
RAF	900	1 000	1 223	1 300	1 400	1 700	2 100
Total	2 500	2 700	3 417	3 600	3 700	4 600	5 500

¹ Report of the Road Accident Fund Commission: 2002. Vol. 1, Chapter 14, par 14.29, p.356

Legal expenses have exceeded medical compensation paid by the Fund over the last 12 years. This clearly shows that scarce resources are consumed in complex, time-consuming and costly legal processes, rather than appropriated to assist the injured to recover, rehabilitate, heal and reassume their economic activities.

The Satchwell Commission concluded that “there is no doubt that it is completely unacceptable that such a significant proportion of fuel levy income is currently expended on transaction costs rather than on compensation or benefits and that a further portion of compensation or benefits paid out is utilised to meet outstanding transaction costs.”³

2.7.7 Perverse Incentives

Compensation that covers the total loss of earnings and projected future potential earnings in a single payment contributes to over-compensation for minor injuries and under-compensation for serious injuries.⁴ It also discourages injured road users from entering rehabilitation and returning to work, as victims will receive less compensation should they be more fully rehabilitated. There is thus an incentive to undermine the efficacy of rehabilitation or to attempt to defraud the Fund by understating the effectiveness of rehabilitation and deliberately failing to return to work when one is simply able to increase the claim for loss of earnings.

2.7.8 Adversarial Relationships

From the time the claim is lodged until it is finalised, the Fund is involved in an adversarial relationship with the very clients it is meant to be helping. The fact that most claimants are represented by attorneys means that the Fund does not even have direct interaction with the persons it has been established to assist. As the Fund is prohibited from paying compensation until liability has been established, it means that it is usually not able to provide funds to enable injured road users to access hospitals and medical care. Even once liability has been established, disputes as to the level of damages suffered can often take years to resolve. Those who are unable to work receive no immediate assistance, and they and their families face hardship on diminished or no income. The scheme fails to support persons injured in road accidents at the time when they most need it, and claimants are largely left to their own resources.

2.8 Systemic Issues Specific to South Africa

2.8.1 Premiums and benefits are not linked and economic model is unsustainable

The present compensation system is financed primarily by a dedicated levy on fuel sold. The funding method is theoretically on a PAYG principle, whereby income is provided when the benefits are payable, rather than set aside when the accidents and liability to pay are incurred, as is the case

² Report of the Road Accident Fund Commission: 2002. Vol. 1, Chapter 12, par 12.127, p. 307.

³ Report of the Road Accident Fund Commission: 2002. Vol. 1, Chapter 17, par 17.7, p. 430

under a fully funded scheme. Under the current compensation scheme, income or assets are not set aside to meet claims incurred in each financial year.

The Satchwell Commission found that “the absence of any relationship between the fuel levy and the compensation to which a victim may be entitled is not economical and is therefore unaffordable.”

2.8.2 *Scheme is Open to Fraud*

The Fund is confronted by two types of fraud, i.e. systemic and opportunistic fraud. The cost of fraud is not limited merely to fraudulent claims either, but there is an additional cost attached to the extensive fraud prevention strategies and systems implemented by the Fund over recent years.

2.9 Environmental Challenges

2.9.1 *High Accident Rate*

South Africa has an exceptionally high number of fatalities related to road accidents, even when compared to other developing countries. The high accident rate places an unreasonably high economic burden on the country, especially when one considers that a country such as Australia, which has less than a third as many road accident fatalities (per capita) as South Africa, has a much higher per capita income than South Africa does. Thus, the Fund has to support a relatively higher number of accident victims in a much poorer environment.

2.9.2 *Lack of Integration between Role Players*

The Fund experiences difficulties in accessing or obtaining the information required to assess claims. Many of the problems related to information arise because of the lack of integration between the various role players in the industry. Each of the organisations involved in the process from accident to rehabilitation (including the Road Traffic Management Corporation, Department of Health, South African Police Service, Metro Police and the Department of Justice and Constitutional Development, among others), collects and maintains pieces of information relating to its role in the system. However, there is no formal way in which this information is shared. This lack of integration hampers the delivery of effective and efficient services. The Promotion of Access to Information Act, 2000 (PAIA) further inhibits the sharing of information between the Fund and other role players.

2.9.3 *Fragmentation of the Industry*

Several role players within the transport, judiciary (legal) and health fraternities, each with different responsibilities and authority, all operate in the same space. This lack of integration complicates matters. However, even if there were to be full integration and information-sharing or collection, it would still be problematic to have many small organisations with overlapping and/or interrelated policy objectives, but no broad oversight or coordination.

2.9.4 *Strong Interest Groups with Conflicting Views*

The current system has created powerful vested interests in the organisation (such as large groupings of the legal fraternity), who oppose any attempt to reform the system.

2.10 Internal Challenges

2.10.1 Fraud and Corruption

Fraud and corruption are major challenges facing the organisation. The majority of fraud is committed by the lodgement of fraudulent claims and this poses the biggest financial threat for the Fund. The RAF has in the past established a trend involving attorneys, doctors and touts. Touts target the destitute, they sell their claims to attorneys, assisted by medical practitioners and the more claims are sold, the more money is made. Specific trends have been identified and the Fund now focuses its efforts on these to curb fraudulent activities.

The growing trend on fraudulent activities relating to lodgement of claims relates to loss of support/ earnings claims for foreign accident victims. Fraudulent customary marriage certificates and employer certificates are produced for RSA single mothers to fraudulently lodge claims for loss of support/ earnings.

Mandate changes are seen as a threat to the Fund's effort of increasing direct claiming and are detrimental to the Fund's reputation. Fraudulent activities occur when mandate changes from direct claimant to attorney or from one attorney to another attorney. These types of fraudulent activities in some instances involve collusion by the Fund staff with external attorneys.

2.10.2 Information Communication Technology

The contribution made by the ICT Department in the current position of the business is valuable and noticeable. However, the role of the department is comparatively strategically lower than in similar organisations locally and globally (e.g. SARS, UIF, Home Affairs, etc.). The information systems of the Fund that support core business were developed more than 15 years ago. They are inadequate, fragmented and involve a lot of manual intervention. There is no capability for a single view of information.

Improvement is required in the following areas: IT strategic alignment with business, IT governance and IT operations.

2.11 Organisational Environment

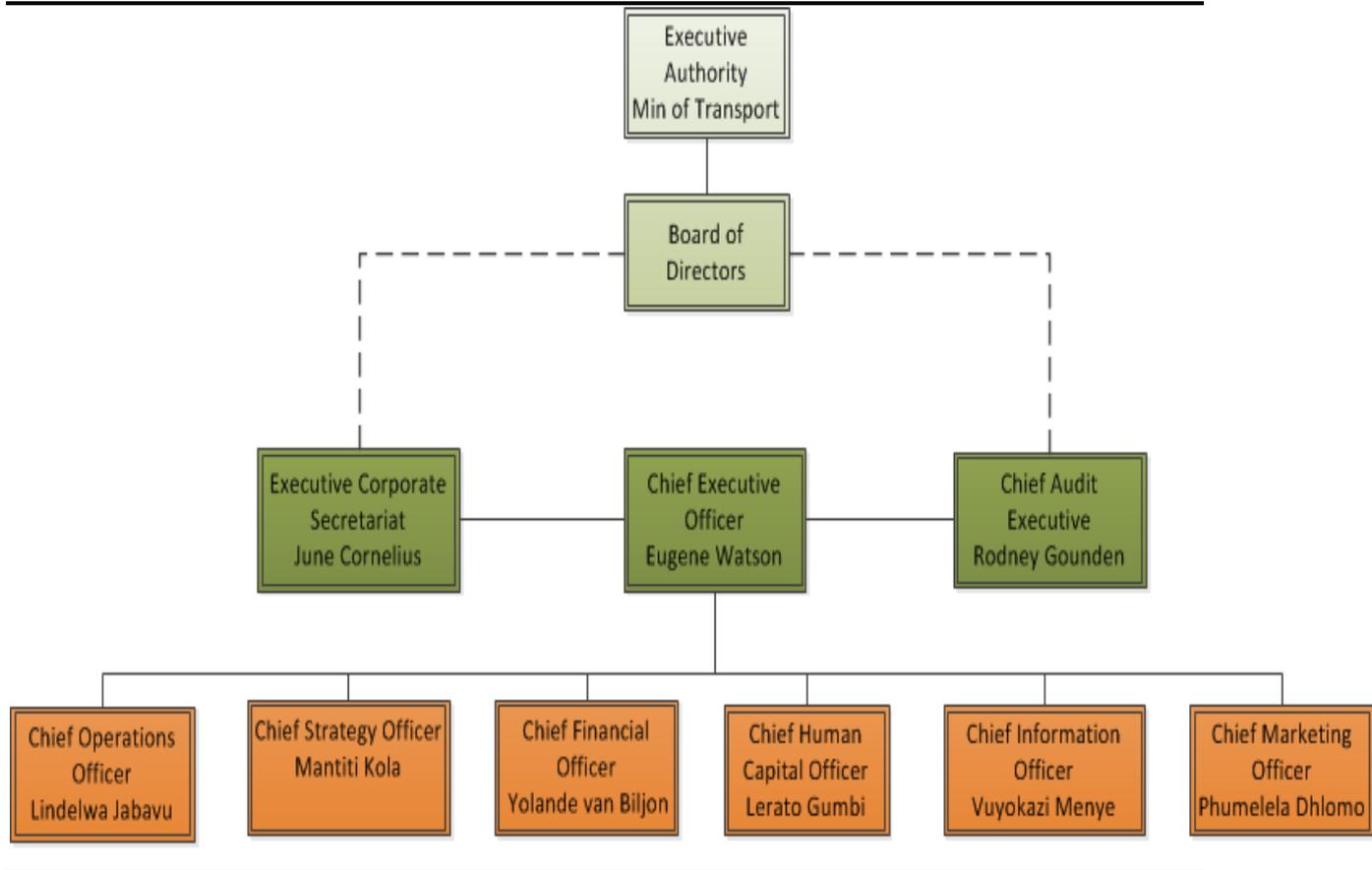
The organisation's staff composition has grown in line with budgets approved by the DoT, National Treasury and Parliament over the medium term. Much of the growth centred on re-establishing units which previously existed and introduction of new segregated teams mostly within the operations environment, which are the following:

- Quality Assurance;
- Verification and Validation;
- Mobile RAF; and
- Writs Management.

Experts in numerous fields were brought in to help improve delivery in support and core business, resulting in a permanent staff complement of 2,555, and reducing the vacancy rate to below 7% at the end of the 2015 financial year. More importantly, all vacant Executive positions have been filled and work is underway to conclude the final appointments for the 191 vacant posts which were as a result of resignations and the approved organisational structure at the end of the 2015 financial year. The Fund ensures optimal capacity in terms of people and performance by recruiting, remunerating, managing and retaining skilled staff; identifying talent and managing succession; training and developing, while managing outliers; and recognising and rewarding performers within the organisation.

The Fund recognises that it is imperative to capacitate the organisation in order to address its most pressing performance areas, i.e. the reduction of the number of open claims and the promotion and fulfilment of direct claiming. Many of the targets outlined in this Plan are therefore focused on these areas. The business unit's operational plans support the overall organisational objectives; below is the top structure of the Fund, which is in line with the Strategic Plan.

Figure 3: Top Structure of the Fund



2.12 The Way Forward

The current scheme of arrangement being based on fault, insurance principles and common law remains inequitable, wasteful and open to abuse. The transformation of the current scheme, as envisaged in the recently published Road Accident Benefit Scheme Bill, will address many of the challenges facing the Fund that are constraining its ability to deliver on its mandate in an effective and efficient manner. In addition, a 'no-fault', fixed benefit scheme will ensure smooth alignment with the Comprehensive Social Security System (CSSS) envisaged by Government.

Only a complete overhaul of the system, as proposed through the RABS, will address the fault-based, unfair and unsustainable system defined by the RAF Act. In addition, the 'no-fault', fixed benefit scheme will ensure smooth alignment with the CSSS envisaged by Government.

As much as there were improvements with regard to service delivery, there is no doubt that the current RAF compensation system is not only financially unsustainable but also discriminatory, open to abuse and fraught with extensive and costly litigation, prolonged claims finalisation and high administrative costs. Furthermore, the establishment of fault, which the system requires, is sometimes a highly contentious and protracted issue.

The RAF has played a major supportive role to the DoT in its endeavours to bring to life a sustainable, equitable and no-fault based system, the RABS, and the subsequent administrator, the Road Accident Benefit Scheme Administrator (RABSA), which will replace the current RAF. It is important to note that the Bill is a product of recommendations of the 2002 Satchwell Commission and other reports which, over the years, have reiterated that the RAF, in its current state, is not reasonable, affordable, equitable or sustainable and is bound to collapse if urgent measures are not taken.

The underlying outcome of the sum of the indicators and targets in this Plan is for the RAF to be an accessible organisation that pro-actively interacts with victims in a caring, supportive and solution-orientated manner and where the liability attached to it provides compensation in a time-efficient and cost-effective manner, while continually exhibiting the highest standards of financial and risk management.

2.13 Updates to Strategic Plan

The RAF reviewed its approved 2015–2020 Strategic Plan and has not revised any of its objectives. Though there were no changes in the strategic objectives, the service delivery environment has been impacted by the changes in the financial position of the Fund. Some of the performance indicators and targets have been revised due to changes in the financial model and to ensure that they measure the effectiveness of planned initiatives at the guidance of the Board.

Revisions to the efficient claims processing targets are due to the changes in the financial model, which was affected by the additional 50 cents per litre fuel levy approved by the Minister of Finance in 2015, and an increase in the number of new claims registered. This necessitated an update in the financial model, which led to the revision of the targets. Due to the continued cash constraints, the organisation has adopted a position not to increase performance (i.e. claims processing), but to maintain its current levels throughout the medium-term period.

The RAF's Operations Information Technology (OPSIT) Committee has recommended changes to the measures and description for the Five-year ICT E-enablement Strategy and Plan KPI in order to measure the benefits and value realisation of the ICT implementation over the medium-term period.

The target to submit the RABS funding model to the Department of Transport for approval by the National Treasury was met. Further work required for the approval of the funding model will be done by the DoT with the support of the RAF.

The high level RABS conceptual model was approved by the Board in June 2015. Plans are underway to enlist the services of an Enterprise Architect that will complete the outstanding components of the Enterprise Architecture, validate the approved architecture and then chart a RABS transitional plan.

With inputs emanating from the DoT review of the second draft APP, the target to design and develop an internal road crash database is similar to a key performance indicator for the Road Traffic Management Corporation, which may result in confusion for the DoT. It was then recommended that the RAF change the performance indicator to a different name. The proposed name is Crash Verification System (CVS).

3. Performance Delivery Environment

In the 2014/15 financial year 173,743 claims (personal claims: 62,436 and supplier claims: 111,307) were registered; 183,933 claims (personal claims: 65,243 and supplier claims: 118,690) were finalised; and 217,710 (personal claims: 212,056 and supplier claims: 5,654) were still outstanding. Of the 217,710 claims, there were 179,778 where no compensation payments, (open and reopened claims) 27,932 and legal cost payments were still outstanding at the end of the 2014/15 financial year (which is indicative of the large number of compensation payments now being made which awaits further cost payments).

In the 2014/15 financial year the outstanding claims backlog reduced to 217,710, this is 14,575 less than the number of outstanding claims at the end of the 2013/14 financial year. It is noteworthy that in the same period, the RAF registered an additional 173,743 new claims as a result of improved claims processing. Further expansion of the footprint throughout the country was achieved by opening offices at more hospitals, and bringing RAF services, through the community outreach programme 'RAF on the Road' to the doorsteps of 16 communities, settling claims worth R474 million in the process.

The improvement in performance is attributed to many factors, not the least being readily available support from the Department of Transport (DoT). The ability of the Fund to achieve the desired outcomes is hampered by a number of challenges. These challenges are illustrated and discussed in detail below.

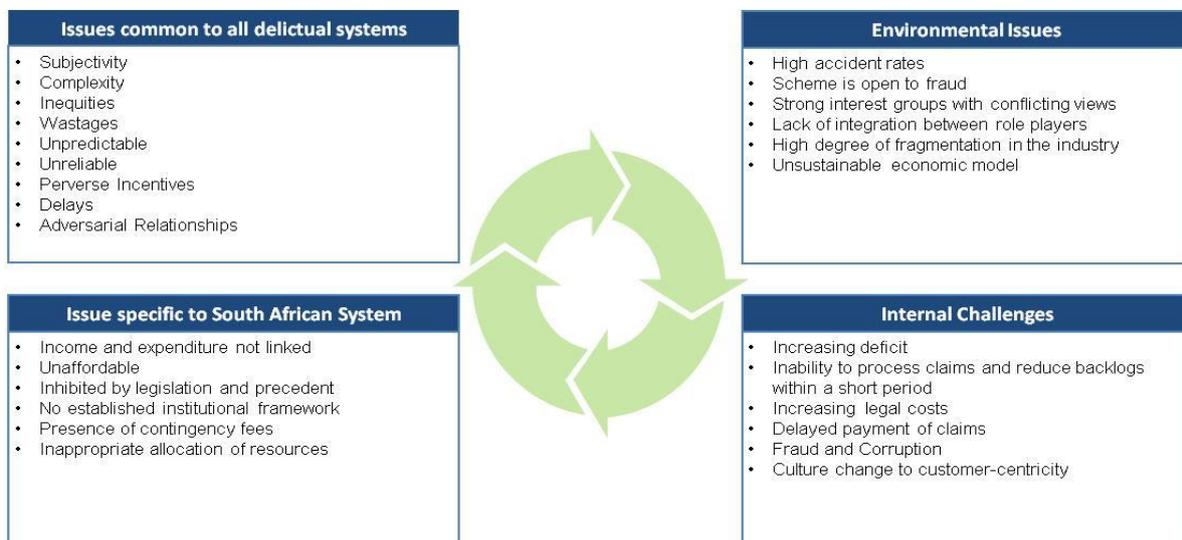


Figure 4: Challenges facing the Fund

The programmes contained in this Plan (Part B) that will be pursued and implemented over the upcoming budget year and the next two years of the MTEF seek to mitigate the negative effects that the challenges have on the ability of the Fund to deliver on its mandate in line with its vision and mission.⁵

⁵ See Annexure D for Fund's mission and vision

3.1 Financial Challenges

The financial challenges that have beset the Fund for decades continued to put a severe strain on the operations and, more importantly, on the ability to carry out the Fund's core mandate – namely, to cover, compensate and rehabilitate victims of road crashes and their dependants. The Fund settled claims worth R28 billion, the highest total amount ever settled and about R6 billion more than was settled in the 2013/2014 financial year. An amount of R6.9 billion of the R28 billion has been finalised for payment, but will only be honoured in due course through the available monthly fuel levy. This recent liquidity challenge, brought upon by improved productivity, was exacerbated by the inadequate funding model, which, for many years, has seen the Fund receive an 8 cents annual fuel levy increase, which is not in sync with the number of road crashes, the increasing cost of compensation and medical care, and the improved operational performance.

The Fund has been transparent and has communicated widely with all stakeholders. Extensive engagements have taken place with affected claimants and their representatives, as well as the media. Internal measures were also introduced to optimise cash flow management and time periods, but the core challenge was and remains real – the Fund dispensation is not adequately funded and remains unsustainable.

3.2 Litigation Management

The Fund is required to investigate both the merits and quantum of a claim, within 120 days from the date of lodgement of the claim. Where the Fund is unable to settle the claim within the aforementioned period, the claimant is entitled to commence litigation. Considering the time available to the claimant to prepare the claim prior to lodgement, two years from the date of the accident in the current instance, the Fund is at a disadvantage. This disadvantage is compounded where the claim is a 'hit-and-run' claim where the Fund is not able to rely on its insured driver for a version of events that would assist in assessment of the merits of the claim.

Furthermore, the 120-day period is not extended when any aspect of the claim is amended, e.g. when new evidence is furnished relating to the merits or quantum of the claim, the Fund is required to assess the new evidence but no further allowance is made in the Act for additional time within which to do so. Plaintiff attorneys are aware of this limitation and often file additional reports close to the date of trial, making it difficult for the Fund to place the plaintiff on risk and containing litigation costs.

It is also significant to note that the RAF has motivated for an amendment to the rules of the court, which would prevent the current practice of serving expert reports shortly before trial. The Rules Board has advised that it is in the process of consulting stakeholders regarding the amendment of Uniform Rule of Court 36(9). In terms of the proposed amendment, the relevant parties would be required to give notice of the intention to call an expert and a summary of the expert's opinion within 90 days after close of pleadings. This amendment will prevent the RAF from being disadvantaged by such notices served shortly before trial, enabling the RAF to better prepare for trial and to tender.

The Fund, however, acknowledges that there are areas where litigation performance is sub-optimal and is, as a result, in the process of implementing a number of measures to improve litigation management and court performance. Some of the initiatives include:

- Establishing a Panel Management Unit to enforce SLA with panel attorneys;
- The receipt of court rolls several weeks before trial to improve preparation;
- Attendance to court on a daily basis by RAF officials to improve instruction turnaround times to panel attorneys;
- Offers made on all trial matters prior to court appearance;
- Block settlement held at RAF offices with plaintiff attorneys to finalise large volumes of claims; and
- Participation in pre-trial conferences to eliminate areas of dispute before trial.

4. Revisions to Legislative and Other Mandates

4.1 Road Accident Benefit Scheme (RABS)

The DoT published a revised version of the Road Accident Benefit Scheme Bill, 2014 ('the Bill') in Government Gazette No. 37612 on 9 May 2014. This Gazette includes the Department's draft RABS Regulations and the draft RABS Rules and Forms of the Road Accident Fund Board. Interested persons were invited to submit comments within 60 days of publication.

The objectives of the proposed RABS, as contained in the published Bill, are to:

- Provide an effective benefit scheme in respect of injury or death caused by or arising from road accidents, which benefit scheme is reasonable, equitable, affordable and sustainable;
- Exclude from civil liability certain persons responsible for bodily injuries or death caused by or arising from road accidents;
- Establish the Administrator;
- Establish procedures for the assessment and determination of claims and disputes; and
- Provide for transitional arrangements regarding the Board, staff, assets, rights and obligations of the RAF.

A national workshop was held on the Bill on 19 June 2014, whereafter a decision was taken to extend the period for comment. Notices in this regard were published in the Gazette on 8 July 2014, extending the period for comment by 90 days. Focused industry stakeholder engagements on the Bill were held on 25, 27 and 30 June 2014 and between 26 July and 30 September 2014 a total of 22 provincial workshops were held on the Bill.

The DoT has considered the comments received on the Bill; consulted with the Offices of the State Law Advisor on its comments on the Bill; has commissioned research into the funding model for the RABS, which it is considering, and has commenced consultations with the National Economic Development and Labour Council (NEDLAC) on the Bill. The NEDLAC consultation was concluded in December 2015 and the final report will be issued to the DoT by the end of January 2016.

4.2 Road Accident Fund Amendment Bill

Whilst work to legislate the RABS is on-going, further amendments to the Act are necessary to facilitate effective and efficient delivery of services and to continue to improve the liquidity and sustainability of the RAF.

On 3 November 2014 the DoT published the draft Road Accident Fund Amendment Bill, 2014 ('the Bill') in Government Gazette No. 38173. The amendments, as contained in the published Bill, are:

- A definition for a 'medical practitioner' is inserted to ensure certainty with regards to who should complete the statutory medical report on the RAF 1 claim form.
- The RAF will be empowered to amend the forms provided for in the Act to ensure that the forms are user friendly and aligned to amendments of the Act and other legislation.
- The attachment, removal and sale of RAF assets following a final court order will only be possible after a structured process is followed.
- Introduction of a 'no-fault' claim for medical treatment provided during the 30-day period following immediately after the road crash.
- Empowering the Minister to regulate a list of serious injuries sustained from road crashes. This list will enable victims who suffer serious injuries contained in the list easier access to general damages, thus greatly reducing the cost, time and inconvenience associated with certain claimants having to be formally assessed for these injuries.
- Provision is made to pay compensation in respect of funeral expenses on a 'no-fault' basis, subject to an overall cap, and in respect of specified items only. This amendment will facilitate faster compensation to families who lose loved ones in road crashes.
- The RAF will be empowered to offer to claimants a cost contribution with the settlement offer, thereby limiting the impact that legal fees may have on the compensation paid to the claimant.
- The current two-tariff system provided for in the Act will be replaced with a single medical tariff, which will facilitate faster claim administration and ensure that claimants and medical service providers have certainty with regards to the tariff that will apply to treatment provided to a road crash victim.
- The uniform prescription period (within which to lodge a claim) is introduced for both 'identified claims' (where the 'guilty' driver or owner is known) and 'hit-and-run' claims (where the 'guilty' driver or owner is unknown). 'Hit-and-run' claims are currently subject to a shorter prescription period. The amendment will place 'hit-and-run' claims on the same footing as 'identified claims'.

The DoT has considered the comments received on the Bill; consulted with the Offices of the State Law Advisor on its comments on the Bill; concluded consultation with NEDLAC and is due to present the Bill to the the Social Protection, Community and Human Development Cluster for consideration.

4.3 Other relevant court rulings that may have an impact on the Fund's liability

A number of important judgements have been handed down by the courts in terms of which the Fund's mandate and liability have been affected. The Minister has further made Regulations to limit the Fund's liability and improve claimant access to compensation. In addition, there is a number of pending court cases that could have significant implications for the Fund and claimants alike. Regulatory revisions based on the current Act, recent judgments of the courts and the pending court cases are summarised in the table below:

Table 3: Summary of Regulatory Change and Court Cases

Regulatory Revision	Pending Court Cases	Judgment Delivered	Details	Organisational Response/Impact
		Law Society of South Africa and Others v Minister of Transport And Another 2011(2) BCLR 150 CC	Judgment was delivered by the Constitutional Court on 25 November 2010. The court dismissed the challenges to the abolition of the common law right and the limitation for loss of earnings and support. The court held the non-emergency medical tariff to be inconsistent with the Constitution and made an order that the Minister of Transport may prescribe a new tariff. Pending the Minister of Transport prescribing a revised tariff, the liability of the Fund for non-emergency medical treatment has reverted to the position prior to the Amendment Act, being that the Fund is liable for the reasonable cost of necessary treatment.	The liability of the Fund for non-emergency medical treatment has reverted to the position prior to the Amendment Act, and the liability of the Fund is negatively impacted by this.
Adjustment to the emergency medical tariff provided for in Section (17 4B)(b) of the Act			The RAF adjusted the tariff retrospectively from 1 April 2013.	
		Road Accident Fund	The Supreme Court of Appeal	The Fund noted

Regulatory Revision	Pending Court Cases	Judgment Delivered	Details	Organisational Response/Impact
		v Myhill NO (505/2012) (2013) ZASCA 73 (29 May 2013)	(SCA) handed down judgment on 29 May 2013 confirming the setting aside of the settlement agreements in respect of the minor's claims, as it was prejudicial to the minors. The court also confirmed that a minor's claim cannot be reduced for another party's contributory negligence, except for that of the minor him/herself.	and accepted the judgment. The RAF has had to ensure adherence to the judgment in respect of such claims, and the judgment has had an adverse effect on the Funds' liability.
		Geel v Road Accident Fund(20964/2011(2012) ZAWCHC 145(6 August 2012)	The Western Cape High Court held that chiropractors are regarded as medical practitioners for purposes of completing the RAF 1 Statutory Medical Report. Before this judgment, it was the Fund's stance that only medical practitioners registered under the Health Professions Act 56 of 1974, would, for the purpose of Section 24(2) (a) of the Act, be deemed to be medical practitioners, and thus be competent to complete the Statutory Medical Report. The Fund previously did not accept Statutory Medical Reports completed by practitioners registered with the Allied Health Professions Council. The court came to the conclusion that a chiropractor is a statutorily regulated professional who diagnoses and treats human ailments, just as a physician or surgeon does, and was therefore entitled to complete the Statutory Medical Report. The Fund subsequently unsuccessfully applied for Leave to Appeal	The Fund has adhered to the judgment, but a provision is made in the Road Accident Fund Amendment Bill to insert a definition of a 'medical practitioner'.

Regulatory Revision	Pending Court Cases	Judgment Delivered	Details	Organisational Response/Impact
			against the judgment.	
	R & M Combrink v Road Accident Fund; D De Jager v Road Accident Fund; L Tsoba v Road Accident Fund		<p>Regulation 2 (3) of the pre-1 August 2008 Act provides for a two-year prescription period in respect of hit-and-run claims. It is alleged that the regulation is inconsistent with the Constitution and that the two-year prescription period is <i>ultra vires</i>. Judgment in this matter was delivered on 5 November with the court deciding as follows:</p> <p>M Combrink The claim against the Fund did not prescribe. As a result, the Fund is liable to compensate M Combrink for his loss.</p> <p>R Combrink The claim against the Fund did prescribe. R Combrink turned 21 on 6 January 2005, and should have served summons on the Fund by 6 January 2006. Summons against the Fund was only served on 4 July 2008, outside the prescription period. The Fund is not liable to compensate RK Combrink for his loss.</p>	The RAF Internal Legal, Compliance and Regulation Department, together with Senior Counsel are considering the implications of this judgment and will provide the Fund with the appropriate response strategy.
		Paixao and Another v Road Accident Fund (2012) 4 SA 262(SCA)	The SCA held that the plaintiffs had established that they had an enforceable agreement with the deceased to receive support and that the obligations created by the nature of their relationship were worthy of the law's protection. The court thus extended the dependants' action to permanent life partners of a deceased to whom the deceased had a binding	The Fund adheres to the judgment when considering such claims.

Regulatory Revision	Pending Court Cases	Judgment Delivered	Details	Organisational Response/Impact
			and legal obligation to support.	
		Mvumvu & Others v Minister of Transport and Another 2011(5) BCLR 488 (CC)	The Constitutional Court declared that Sections 18 (1) (a) (i), 18(1) (b) and 18(2) of the pre-1 August 2008 Acts are constitutionally invalid and suspended the order of invalidity for a period of 18 months. Subsequent to the ruling, Parliament enacted the RAF Transitional Provisions Act, 2012, which came into effect on 13 February 2013.	The Transitional Provisions Act was enacted and came into operation on 13 February 2013, and processes applicable claims in terms of this Act.
		V Da Silva v Road Accident Fund and The Minister of Transport; LMS Perregil v Road Accident Fund and The Minister of Transport	The plaintiffs applied for Section 19(b) (ii) of the pre-1 August 2008 Act to be declared unconstitutional and invalid. In the matter of Da Silva the Constitutional Court confirmed on 19 June 2014 the order of the Free State High Court which ruled that Section 19(b) (ii) of the RAF Act 56 of 1996 was unconstitutional and invalid.	RAF adheres to the Constitutional Court ruling.
		CL Jeftha & Others v Road Accident Fund and The Minister of Transport	Section 19 (g) of the post-1 August 2008 Act excludes the Fund's liability where damages or loss result from secondary emotional shock, being when a person is not physically injured in a road accident, but suffers shock due to witnessing or learning of the accident. Mr Jeftha alleges that he suffered emotional shock after witnessing his grandson being killed in a road accident. He is applying for Section 19 (g) of the post-1 August 2008 Act to be declared constitutionally invalid. A date for the hearing is still awaited.	If the plaintiffs are successful, it has the effect of increasing the Fund's liability.
	New matter	NP Fakude & 46 Others v Road	A High Court summons was served on the Fund seeking an	If judgment was to be granted, it

Regulatory Revision	Pending Court Cases	Judgment Delivered	Details	Organisational Response/Impact
		Accident Fund and the Minister of Transport.	order, inter alia, to declare Section 17(1) read together with Section 17(1A); and Section 21 read together with Section 19 (a) of the Road Accident Fund Amendment Act, as unconstitutional and invalid. This issue is of importance to the Fund as it challenges the handling of claims under the Road Accident Fund (Transitional Provisions) Act. The Fund is cited as the First Defendant and the Minister of Transport as Second Defendant. A date for the hearing is still awaited.	means that the serious injury requirement as contained in the Amendment Act cannot be used in determining a claimant's entitlement to general damages, thereby increasing significantly, the Funds' liability. Furthermore, the injured can sue the common law wrongdoer for the difference of what was recovered / recoverable from the Fund as against the overall damages suffered by the claimant.

5. Expenditure Estimates

	2016	2017	2018	2019	2020
Revenue from non-exchange transactions					
Net fuel levies	32,982,691	34,194,791	33,836,657	34,175,023	34,516,773
FI b/f	5,887,118	8,330,339	9,113,725	9,204,862	9,296,911
FI Received	30,539,470	33,411,405	33,745,519	34,082,975	34,423,804
FI c/f	8,330,339	9,113,725	9,204,862	9,296,911	9,389,880
Revenue from exchange transactions					
Other income	-	-	-	-	-
Reinsurance revenue	-	-	-	-	-
Investment revenue	66,206	81,655	82,041	82,051	82,051
	66,206	81,655	82,041	82,051	82,051
LESS EXPENSES					
Claims expenditure	55,478,984	53,222,195	60,462,552	68,670,235	77,974,695
Reinsurance premiums	27,983	29,466	31,234	33,108	35,095
Employee costs	1,296,094	1,425,703	1,537,605	1,658,313	1,788,520
General expenses	517,168	796,077	636,590	704,878	752,809
Depreciation and amortisation	59,628	72,621	83,601	88,617	93,935
Finance costs	13,022	13,712	14,535	15,407	16,332
Deficit for the year	(24,343,983)	(21,283,329)	(28,847,420)	(36,913,484)	(46,062,561)

Table 4: Projected Statement of Financial Performance

5.1 Relating Income and Expenditure Trends to Strategic Outcomes

5.1.1 RAF Fuel Levy Increase

The RAF Fuel Levy for the 2015/16 financial year has increased by 50 cents to R1, 54 cents per litre. The levy is assumed to remain at R1, 54 cents throughout the MTEF period. As can be seen in the projected claims payment shortfall table below, this levy is insufficient to pay all the claims that the Fund can process.

The Fund continues to settle claims in terms of its mandate and targets. This is despite the fact that the available funding is not sufficient for the amount required to effect payment on the settled claims. The cash constraint is further exacerbated by the assumptions that underpin the fuel levy in the period of the MTEF.

5.1.2 Claims Expenditure

The rate at which the Fund settles claims is expected to remain constant over the MTEF period.

The additional cash resulting from the 50 cents increase in the fuel levy will be used to reduce the claims settled but which could not be paid carried over from the previous year. Claims inflation is expected to be 15% for 2015/16 and for the rest of the MTEF period. This is the long-term average claims inflation over the period 2006 to 2014 and was derived by comparing the Fund's average claim payments from year-to-year over this period. It must be noted that the full effect of these increases is not reflected in the claims payments in the first row in the table below due to cash constraints. Therefore, the claims payments reported below have been restricted to cash available for the current financial year and for the rest of the MTEF period and the amount that cannot be settled is accrued for as "Claims Requested but Not Paid". The level of claims requested but which the Fund is unable to pay is not sustainable as it exposes the institution to significant risk beyond its risk-bearing capacity.

The following is the projected shortfall in the amount available to pay claims as a result of cash constraints.

CLAIMS PAYMENTS SHORTFALL					
	2014/15	2015/16	2016/17	2017/18	2018/19
	R'000	R'000	R'000	R'000	R'000
Amount available for claims payments	21,466,282	28,042,676	31,117,092	31,506,873	31,647,955
Amount that can be paid based on productivity	28,535,525	32,815,854	37,738,232	43,398,967	49,908,812
Shortfall for the year	7,069,243	4,773,177	6,621,140	11,892,094	18,260,856
Balance of Claims requested but not paid	7,069,243	11,842,420	18,463,560	30,355,654	48,616,510

5.1.3 Goods and Services and Compensation of Employees

Goods and Services

The baseline for goods and services expenditure for the MTEF period is the approved budget for the 2015/16 financial year. Furthermore, the expenditure increases by the National Treasury CPI rate plus 1%. This translates to 7.2%, 5.5% and 5.0% for 2016/17, 2017/18 and 2018/19 respectively.

The Operational and Capex budget for 2016/17 previously approved amounted to R579 million. The following projects contained in this Annual Performance Plan (APP) have resulted in a significant increase in expenditure in the medium term. These initiatives amount to R217 million, relating to the RAF's ICT Five-year Plan, RABS and opening of new Customer Service Centres. The detail is captured below.

RAF e-Enablement Five-year Plan

The RAF has developed a Five-year ICT Plan. This plan covers ICT infrastructure enhancement, ICT additional staff and costs related to preparation for the implementation of the RABS in the ICT environment. The implementation of the strategy seeks to, among other things, improve service delivery to claimants and service providers and introduce efficiencies.

The plan has been approved by the RAF Board and funding requirements established. The plan will result in additional expenditure of R329 million over a five-year-period starting from the 2015/16 financial year. The 2015/16 expenditure already includes R25 million relating to this project. The additional amount required in this financial year for ICT-related investments is R82 million, taking the total cost to R107 million. The current scenario reflected in the MTEF assumes that the amount will be deferred to 2016/17, however, delivery on APP targets and the operational implementation of the RABS may be negatively affected, and thus funding might need to be secured from other sources in the business if approval for an increased spend over and above the original budget is not obtained.

In addition to the above, for the 2016/17 financial year as originally planned, an amount of R100 million will be required for further implementation of the plan. This would bring the potential total additional investment on ICT in 2016/17 to R182 million. Any additional spending for the 2017/18 to the 2019/20 financial years will be reflected in the next MTEF submission.

RABS Implementation

The RAF is expected to fund the implementation of the RABS. An additional amount of R24.5 million will be required in the 2016/17 financial year. This amount will be used to launch the RABS in the marketplace, educate the public about the RABS and to increase awareness of the RABS brand and build affinity as well as designing the RABS Enterprise Architecture. If approval for an increased spend over and above the original budget is not obtained, in the light of the nature of this project, then the funding will need to be secured from other sources in the business.

Customer Service Expansion Project

In a drive to increase the number of direct claims, the RAF recently opened Customer Service Centres (CSCs) in Limpopo, Free State, Northern Cape and North West. This resulted in an increase in the number of people who consulted with the RAF as well as the number of claims originated from direct claimants. To further increase the footprint, new CSCs are planned for Port Elizabeth and Empangeni. These CSCs will require additional expenditure of R10.7 million. This amount is reflected in the expenditure of the 2016/17 financial year.

Compensation of Employees

The actual staff complement as at 1 April 2015 is projected to increase to 2 801 to enable the Fund to achieve its service delivery requirements. The additional positions are existing vacancies identified when the new organisational structure was designed in 2013. The new structure was designed to rationalise the historic structure, improve control weaknesses and eradicate operational impediments.

The salaries budget has been increased by an annual adjustment of 8% for the rest of the MTEF period. Other staff-related costs have been increased with CPI plus 1%.

5.1.4 Provision for Outstanding Claims

The provision for outstanding claims increases because the number of claims reported is expected to remain high. This is higher than the trends observed in 2014/15 and believed to be supported by the initiatives to continuously increase the visibility of the institution. The following table shows how the provision develops over the MTEF period:

PROVISION FOR OUTSTANDING CLAIMS (ORC & IBNR)

	2014/15	2015/16	2016/17	2017/18	2018/19
	R'000	R'000	R'000	R'000	R'000
Provision for outstanding claims - ORC	78 491 148	83 718 707	90 622 186	98 232 368	106 276 198
Provision for outstanding claims - IBNR	30 806 852	48 242 423	56 822 908	66 276 311	76 993 904
Total provision**	109 298 000	131 961 130	147 445 093	164 508 679	183 270 102

** Please note that this provision for outstanding claims is based on a more conservative assumption with respect to the number of claim registrations per year. We assume that the increased level of claim registrations recorded during the 2014/2015 financial year will continue in the future. Should the number of claim registrations per year slow down, the provision will be expected to be lower than currently projected.

5.1.5 Deficit

The deficit increases throughout the MTEF period mainly due to the increase in the provision for outstanding claims.

5.1.6 Cash Balances

The Fund is experiencing cash flow constraints and cannot pay all the claims it can process. A cash balance of R1.7 billion reported at the end of each financial year is due to the fact that the fuel levy is received around the 25th day of each month. The Fund normally has a cash balance of around R100 million before the fuel levy is received.

5.1.7 RAF Amendment Act

The RAF Amendment Act of 2015 is in the process of being tabled for Cabinet approval. If approved, the proposed amendments will have a financial impact on the budgetary requirements of the Fund. The financial impact assessment of the amendments is expected to be completed by end of March 2016.

5.1.8 Projects that Need Additional Funding

The RAF requested additional funding for certain projects when the MTEF was submitted. There have been informal engagements with the DoT and National Treasury but no funding has yet been approved. These projects are presenting a problem in light of the fact that they effectively have to be self-funded.

Over and above the additional funding requested in the MTEF, the RAF also needs additional funding of R30 million for Enterprise Supplier Development (ESD) in the 2016/17 financial year.

PART B: ANNUAL PERFORMANCE PLAN INITIATIVES AND ACTIVITIES

PART B: ANNUAL PERFORMANCE PLAN INITIATIVES AND ACTIVITIES

6. Strategic Objective Annual Targets for 2016/17

Objective 1: Initiatives aligned to the strategic outcome of efficient processing of claims

Strategic Objective	Efficient claims processing
Objective Statement	To manage claim processing effectively so that the number of open claims is managed to 174 867 by 31 March 2017; 182 101 by 31 March 2018 and 196 866 by 31 March 2019
Baseline	Number of open claims reduced to 191 230 based on expected performance for the 2015/16 financial year
Justification	Decreasing the open claims backlog and the time taken in finalising claims in order to assist victims to rehabilitate quicker from a medical, vocational and social perspective
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Efficient claims processing
Objective Statement	Reduce the average age of open claims
Baseline	1 450 days
Justification	This will ensure that long-outstanding claims are attended to, resulting in the reduction of the claims backlog
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Efficient claims processing
Objective Statement	To increase the percentage of claims verified by objecting to or accepting originated claims within 60 days
Baseline	Expected performance for the 2015/16 financial year is 70%
Justification	If the Fund or the agent does not, within 60 days from the date on which a claim was sent by registered post or delivered by hand to the Fund or such agent as contemplated in subsection (1), object to

	<p>the validity thereof, the claim shall be deemed to be valid in law in all respects - as required by the Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended</p> <p>Increasing the percentage of verified claims will have an impact on the number of open claims as only valid claims will be taken into account in the open claims book</p>
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended
Strategic Objective	Efficient claims processing
Objective Statement	Increase the percentage in direct claims originated, i.e. direct personal claims as a percentage of total personal claims
Baseline	Percentage of direct claim origination base is expected to increase by 2.5% from the 2014/15 financial year's results to 32.82% by 31 March 2016
Justification	Reduce legal costs and provide an effective and efficient service directly to victims of road accidents
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013; Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; and Financial Services Board.
Strategic Objective	Efficient claims processing
Objective Statement	Increased percentage of direct claims settled as a percentage of total personal claims settled in an efficient manner
Baseline	Percentage of direct settlement base is expected to increase by 2.5% from the 2014/15 financial year's results to 27.93% by 31 March 2016
Justification	To finalise claims in a speedy manner so as to alleviate the suffering of victims by providing prompt payment of compensation and speedy access to healthcare and rehabilitation
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013; Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; and Financial Services Board.
Strategic Objective	Efficient claims processing
Objective Statement	Reduction in legal costs by 2% annually as a percentage of total

	claims expenditure
Baseline	Legal costs are expected to reduce by 2% from the 2014/15 financial year to 10.83% by 31 March 2016
Justification	Reducing legal costs will result in a higher percentage of income received availability for payment to victims
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013; Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; and Financial Services Board.
Objective Statement	Implement Post-crash Care Strategy (Pillar 6), improve case management and rehabilitate accident victims
Baseline	Expected performance for the 2015/16 financial year is caregiver payment within 30 days
Justification	<p>To ensure that the injured are taken care of in an effective and efficient manner by resolving all the identified issues within Post-claims Settlement through a tactical approach and ensuring that all undertakings-related functions are prioritised</p> <p>The RAF contributes in addressing the requirement as set out in the Decade of Action's Pillar 5. Areas that the Fund seeks to contribute to as contained in the Decade of Action Strategy include:</p> <ul style="list-style-type: none"> • The training of community members in first aid to assist in post-crash trauma in their own communities (formal caregiver training). • The development of guidelines for hospital trauma care to reduce fatalities and the potential permanent disablement caused through injuries (Proposed Amendment to the RAF Act to enable the Fund to immediately issue an undertaking to accident victims before merits assessment, to alleviate potential disablement and prevention of worsening of sustained injuries due to delayed provision of healthcare, potentially leading to death.)
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013; National Road Safety Strategy and WHO framework

Objective 2: Initiatives aligned to the strategic outcome of providing accessible services

Strategic Objective	Accessible services
Objective Statement	Increase accessibility to RAF services by establishing new access points as per the 2015/ 16 Channel Review Report
Baseline	Channel review report completed by 31 December 2015
Justification	To improve cost-effectiveness of service delivery and improve accessibility to services
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996) and Public Finance Management Act, 1999 (Act No. 1 of 1999)
Strategic Objective	Accessible services
Objective Statement	Increase the number of claimants engaged through the 'RAF on the Road' programme and increase public awareness of RAF's service offering
Baseline	A total of 28 750 claimants engaged at the end of 31 March 2016
Justification	To improve cost-effectiveness of service delivery and improve accessibility to RAF's services
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996) and Public Finance Management Act, 1999 (Act No. 1 of 1999)
Strategic Objective	Accessible services
Objective Statement	Improved Call Centre responsiveness
Baseline	The percentage of abandoned calls is expected to be 4% by 31 March 2016
Justification	Improve the efficiency and effectiveness of the Fund's services by providing timely responses to questions, queries and information requests to the Fund's stakeholders received through the Call Centre
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Accessible services
Objective Statement	Improved customer satisfaction

Baseline	Conduct customer satisfaction survey to establish baseline
Justification	Improve the customer satisfaction, experience, responsiveness and awareness of the RAF brand to all RAF stakeholders
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013

Objective 3: Initiatives aligned to the strategic outcome of effective financial management

Strategic Objective	Effective financial management
Objective Statement	Manage cash flow position in order to reduce the number of claims awaiting payment
Baseline	Develop actuarial models, motivate for adequate funding to meet claim-related obligations and manage creditors in accordance with the Cash Management Strategy
Justification	<ul style="list-style-type: none"> • Development of actuarial forecasting model on a regular basis to keep the National Treasury abreast of the RAF's funding requirements and motivate for adequate funding • Continuously enhance and enforce compliance to the Cash Management Strategy
Links	Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; National Treasury Instruction 01 of 2013/ 14: Cost Containment Measures and Internal Approved Cost Containment Directive and Measures.
Strategic Objective	Effective financial management
Objective Statement	Provision for claims incurred assessed quarterly by conducting estimations of outstanding claims liability to accurately determine income requirements and have annual independent valuations undertaken
Baseline	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary
Justification	To enable the development of a Revenue Requirement Model through which the reasonable and justifiable income requirements can be determined with reference to updated, objective and accurate estimates of the outstanding liability and to optimise efficient claims settlements

Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; the RAF (Transitional Provisions) Act, 2012; the RAF Amendment Regulations 2013; Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; and Financial Services Board.
Strategic Objective	Effective financial management
Objective Statement	Improved SCM outcomes
Baseline	<ul style="list-style-type: none"> SCM turnaround times are expected to be reduced to 120 days by 31 March 2016 Unsuccessful SCM processes are expected to be no more than 10% by 31 March 2016
Justification	Enhancing the overall effectiveness of the SCM systems will ensure that the Fund obtains value for money in the procurement of goods and services in order to fulfil its mandate
Links	Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; and Section 217 of the Constitution of the Republic of South Africa
Strategic Objective	Effective financial management
Objective Statement	Increase number of B-BBEE-rated suppliers
Baseline	110% on B-BBEE-rated suppliers
Justification	To contribute to Government's socio-economic goals of redressing economic imbalances caused by unfair discrimination
Links	The Constitution of the Republic of South Africa; labour legislation; and National Development Plan.
Strategic Objective	Effective financial management
Objective Statement	Implement Enterprise Supplier Development (ESD) initiatives
Baseline	Approved ESD plan and budget allocation to ESD-related initiatives
Justification	To contribute to Government's socio-economic goals of redressing economic imbalances caused by unfair discrimination
Links	The Constitution of the Republic of South Africa; labour legislation; and National Development Plan.

Objective 4: Initiatives aligned to the strategic outcome of optimising ICT functionality

Strategic Objective

Optimal ICT services

Objective Statement	Ensure optimal ICT service availability on defined critical services
Baseline	98% availability on critical services
Justification	To improve service delivery and systems reliability
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Optimal ICT services
Objective Statement	Implement and assess benefits of the Five-year ICT e-Enablement Strategy and Plan, by integrating the claims system, improve risk and governance and introduce enterprise content management repositories
Baseline	Implemented Year 1 Five-year ICT e-Enablement Strategy and Plan initiatives
Justification	An effective ICT transformation strategy will result in an enhanced service delivery environment, i.e. efficient processing of claims, and an internal control environment
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013

Objective 5: Initiatives aligned to the strategic outcome of improving people management

Strategic Objective	Improved people management
Objective Statement	Optimise organisational performance through improved performance management outcomes
Baseline	Optimised and automated performance management system
Justification	Enhanced performance outcomes for both core and support functions will yield an adequate environment to fulfil the Fund’s mandate in accordance with its vision, mission and values
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Improved people management
Objective Statement	Improved workforce skills and placement for current and future

	requirements
Baseline	Skills assessment report
Justification	Skills assessment will assist the Fund to determine the skills necessary to fulfil its mandate; identify skills gaps and determine initiatives to address the skills needs through the Skills Strategy
Links	The Constitution of the Republic of South Africa; Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013
Strategic Objective	Improved people management
Objective Statement	Maintain the Fund's contribution towards Government's social and economic transformation agenda
Baseline	Maintain gender equity within 10% variance based on NEAP
Justification	To contribute to Government's socio-economic goals of redressing economic imbalances caused by unfair discrimination
Links	The Constitution of the Republic of South Africa; Labour legislation; and National Development Plan.
Strategic Objective	Improved people management
Objective Statement	Manage absenteeism
Baseline	Lost man-days reduced are expected to be reduced to 2.07 days by 31 March 2016
Justification	To ensure optimal use of human resources, thus improving the efficiency and effectiveness of service delivery
Links	The Constitution of the Republic of South Africa; labour legislation; and National Development Plan.

Objective 6: Initiatives aligned to the strategic outcome of administrative dispensation aligned to the RABS Bill

Strategic Objective	Administrative dispensation aligned to the RABS Bill
Objective Statement	Transition the RAF to the RABS in line with the proposed RABS Bill
Baseline	Developed and approved RABS business architecture Board-approved RABS funding model
Justification	Such a dispensation will (a) best meet the needs of the public; (b) align to the social security system and programmes of the country; (c) be more equitable, reasonable, affordable and sustainable
Links	Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended; RAF (Transitional Provisions) Act, 2012; RAF Amendment Regulations 2013; the Constitution of the Republic of South Africa; the Comprehensive Social Security System including the National Health Insurance (NHI)

Objective 7: Initiatives aligned to the strategic outcome of an assured control environment

Strategic Objective	Assured control environment
Objective Statement	Raise ethical standards
Baseline	Report on effectiveness of components of organisation's ethics programme
Justification	Ethical standards are not only communicated to RAF employees and its stakeholders, but should also be monitored and managed to ensure that the desired behaviour is in fact realised. A matured ethical environment also ascertains that all deliberations, decisions and actions are based on the Fund's values underpinning good governance.
Links	Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; Constitution of the Republic of South Africa; and King III Report on Corporate Governance.
Strategic Objective	Assured control environment

Objective Statement	Increasing the percentage of fraudulent claims detected before undue payments are made
Baseline	10% increase in the number of fraudulent claims detected before undue payments are made
Justification	An improved fraud detection and management process will protect customers and the Fund from financial loss due to fraud
Links	Public Finance Management Act, 1999 (Act No. 1 of 1999); National Treasury Regulations; Constitution of the Republic of South Africa; and King III Report on Corporate Governance.
Strategic Objective	Assured control environment
Objective Statement	Contribute to road safety by creating a crash verification system that will inform preventative measures
Baseline	Design and develop internal crash database
Justification	Complete and accurate data relating to the occurrence of motor vehicle accidents in South Africa; to detect trends from such data and to maintain accurate sources of information and statistics of accidents that occurred to facilitate validation of claims registered with the Fund
Links	The Road Traffic Management Corporation (RTMC); South African Police Services, Metro Police Services and Emergency Medical Services.

Table 5: Strategic Objectives Annual Targets for 2016/17

7. Performance Indicators and Annual Targets for 2016/17

Objective 1: Initiatives aligned to the strategic outcome of efficient processing of claims

Strategic Objective	Performance Indicator	Audited/Actual Performance		Estimated Performance		Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Efficient claims processing	Manage the number of open claims (open claims exclude RNYP)	200000	Number of open claims reduced to 179 778	191 230 net balance of open claims at financial year end	174867	182101	196866	219908
2. Efficient claims processing	Reduce the average age of open claims (The average age of a claim is the sum of total number of days between when the RAF was served and the reporting date of the open claim divided by the total number of open claims.)	-	Average age of open claims is 1,450 days	Reduce average age to 1,400 days	Reduce average age to 1,350 days	Reduce average age to 1,300 days	Reduce average age to 1,250 days	Reduce average age to 1,200 days

Strategic Objective	Performance Indicator	Audited/Actual Performance		Estimated Performance		Medium-term Targets			
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
3.	Efficient claims processing	Increase percentage of claims verified by objecting to or accepting in 60 days	-	60% of claims verified are objected to or accepted within 60 days	70% of claims verified are objected to or accepted within 60 days	Increase to 80%	Increase to 90%	Increase to 100%	Maintain 100%
4.	Efficient claims processing	Percentage increase in direct claims originated	20%	30.32%	32.82% (estimated 2015/16 performance)	Increase by 2.5%	Increase by 2.5%	Increase by 2.5%	Increase by 2.5%
5.	Efficient claims processing	Increased number of direct claims settled as a percentage of total personal claims settled	-	25.43%	27.93%(estimated 2015/16 performance)	Increase by 2.5%	Increase by 2.5%	Increase by 2.5%	Increase by 2.5%
6.	Efficient claims processing	Reduction in legal costs (attorney and advocate fees, excluding expert and assessor payments) by 2% annually	21%	19%	10.83%	Reduce by 2%	Reduce by 2%	Reduce by 2%	Reduce by 2%

Strategic Objective	Performance Indicator	Audited/Actual Performance		Estimated Performance		Medium-term Targets			
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
7.	Efficient claims processing	Implement Post-crash Care Strategy (Pillar 6)	-	Approved Pillar 6 Strategy	Payment of caregivers within 30 days	Treatment plans introduced for all new undertakings	Implement automated claims processing	Assess rehabilitation outcomes	Report on rehabilitation outcomes

Objective 2: Initiatives aligned to the strategic outcome of providing accessible services

Strategic Objective	Performance Indicator	Audited/Actual Performance		Estimated Performance		Medium – term Targets			
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
8.	Accessible services	Increase accessibility to RAF services	-	Five Customer Service Centres (CSCs) and 86 Hospital Service Centres (HSCs) as at 31 December 2014	Channel review report completed by 31 December 2015	Open two additional access points	Open one additional access point	Open one additional access point	Open one (1) additional access point

Strategic Objective		Performance Indicator	Audited/Actual Performance		Estimated Performance	Medium – term Targets			
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
9.	Accessible services	Increase the number of claimants engaged at RAF events, e.g. 'RAF on the Road'	-	25,000 claimants engaged at RAF events	28,750	Increase by 15% to 33,100	Increase by 15% to 38,000	Increase by 15% to 43,700	Increase by 15% to 50,255
10.	Accessible services	Improved Call Centre responsiveness	-	5% abandoned calls	4% abandoned calls	3.5% abandoned calls	3% abandoned calls	2.5% abandoned calls	2% abandoned calls
11.	Accessible services	Improve customer satisfaction	-	-	Conduct customer satisfaction survey to establish baseline and measure	10% improvement from the set baseline	10% improvement	10% improvement	10% improvement

Objective 3: Initiatives aligned to the strategic outcome of effective financial management

Strategic Objective		Performance Indicator	Audited / Actual Performance		Estimated Performance	Medium – term Targets			
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
12.	Effective financial management	Effective cash flow management	-	Current actuarial valuation methodology	Develop and use actuarial forecast model to motivate for sufficient funding (funding model)	Develop and use actuarial forecast model to motivate for sufficient funding (funding model)	Develop and use actuarial forecast model to motivate for sufficient funding (funding model)	Develop and use actuarial forecast model to motivate for sufficient funding (funding model)	Develop and use actuarial forecast model to motivate for sufficient funding (funding model)
13.			-	-	Approved cash management procedures	Manage creditors in accordance with approved cash management procedures	Manage creditors in accordance with approved cash management procedures	Manage creditors in accordance with approved cash management procedures	Manage creditors in accordance with approved cash management procedures
14.	Effective financial management	Provision for claims incurred assessed quarterly	Provision for claims incurred assessed annually	Provision for claims incurred assessed annually	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent	Internal model for claims incurred assessment established and an annual assessment conducted by an independent actuary	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent

Strategic Objective	Performance Indicator	Audited / Actual Performance		Estimated Performance	Medium – term Targets				
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
				actuary			actuary	actuary	
15.	Effective financial management	Improve procurement outcomes	-	Approved three-year SCM Optimisation Strategy	120 days (expected 2015/16 performance)	Reduced to 110 days	Reduced to 100 days	Reduced to 90 days	Reduced to 80 days
16.	Effective financial management	Increase number of B-BBEE-rated suppliers	100%	105% B-BBEE- rated suppliers as at 31 December 2014	110% B-BBEE- rated suppliers(expect ed 2015/16 performance)	Increase to 115%	Increase to 120%	Increase to 125%	Increase to 130%
17.	Effective financial management	Implement Enterprise Supplier Development (ESD) initiatives	-	Develop measure and baseline	Approved ESD plan	0.1% and 0.2% allocated budget spent on enterprise and supplier development (ESD)	0.1% and 0.2% allocated budget spent on (ESD)	0.1% and 0.2% allocated budget spent on (ESD)	0.1% and 0.2% allocated budget spent on (ESD)

Objective 4: Initiatives aligned to the strategic outcome of optimising ICT functionality

Strategic Objective		Performance Indicator	Audited / Actual Performance		Estimated Performance		Medium – term Targets			
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
18.	Optimal ICT services	Ensure optimal ICT availability	98% availability on critical services	98% availability on critical services	98% availability on critical services	98% availability on critical services	98% availability on critical services	98% service availability on all services	98% service availability on all services	
19.	Optimal ICT services	Implement and assess benefits of the Five-year ICT e-Enablement Strategy and Plan	-	Five-year ICT Strategy approved	Year 1 initiatives met 25% back scanning of claim file content	100 % of year 2 initiatives met	100 % of year 3 initiatives met	100 % of year 4 initiatives met	100 % of year 5 initiatives met	
						Conduct benefit and value realisation assessment on deliverables completed	Conduct benefit and value realisation assessment on deliverables completed	Conduct benefit and value realisation assessment on deliverables completed	Conduct benefit and value realisation assessment on deliverables completed	

Objective 5: Initiatives aligned to the strategic outcome of improving people management

Strategic Objective		Performance Indicator	Audited / Actual Performance		Estimated Performance		Medium-term Targets		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
20.	Improved people management	Optimise organisational performance	-	100% quarterly individual performance assessments completed	Implement an automated performance management system	Implement 360° assessment at Executive level	Implement 360° at General Managers and Senior Management levels	Implement 360° at Management and Team Leads levels	Implement 360° assessment at all levels
21.	Improved people management	Improved workforce skills and placement for current and future requirements	-	-	RAF Skills Assessment Report	RABS Skills Requirement Report and Transformation Strategy	Implement and track compliance to the Skills Development Plan	Track compliance to the Skills Development Plan	Re-do skills assessment
22.			-	-	-	Approved RABS Change Management Plan	Implement RABS Change Management Plan	RABS Change Management Plan	
23.	Improved people management	RAF contribution towards Government's social and economic agenda	-	Maintain gender equity within 10% variance	Maintain gender equity within 10% variance	Maintain gender equity within 10% variance	Maintain gender equity within 10% variance	Maintain gender equity within 10% variance	Maintain gender equity within 10% variance

Strategic Objective		Performance Indicator	Audited / Actual Performance		Estimated Performance		Medium-term Targets		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
24.	Improved people management	Manage absenteeism	-	2.30 lost man-days as at 31 December 2014	Lost man-days reduced by 10% to 2.07 days per month	Reduced by 10%	Reduced by 10%	Reduced by 10%	Reduced by 10%
			-	-	-	Operationalise absenteeism management tool	-	-	

Objective 6: Initiatives aligned to the strategic outcome of administrative dispensation aligned to the RABS Bill

Strategic Objective		Performance Indicator	Audited Actual Performance		Estimated Performance		Medium – term Targets		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
25.	Administrative dispensation aligned to the RABS Bill	Transitioning the RAF to the RABS	-	Approved RABS business case	Develop and approve RABS business architecture	Develop and approve RABS Transitional Plan	Implement year 1 RABS Transitional Plan Initiatives	Implement year 2 RABS Transitional Plan initiatives	Implement year 3 RABS Transitional Plan initiatives

Objective 7: Initiatives aligned to the strategic outcome of an assured control environment

Strategic Objective		Performance Indicator	Audited Actual Performance		Estimated Performance		Medium – term Targets		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
26.	Assured control environment	Raise ethical standards	-	Ethics Strategy implementation plan	Report on effectiveness of components of organisation’s ethics programme	Report on adequacy and effectiveness of the ethics programme	Report on adequacy and effectiveness of the ethics programme	Report on adequacy and effectiveness of the ethics programme	Report on adequacy and effectiveness of the ethics programme
27.	Assured control environment	Increase percentage of fraud detected before undue payments are made	-	Develop measure and baseline	10% increase	15% increase	20% increase	30% increase	40% increase
28.	Assured control environment	Contribute to road safety by creating a crash verification system (CVS) and a report that will inform preventative measures	-	Based on functional ICAs at the end of 2014/15 financial year	Design and develop internal crash verification system	Internal crash verification system (CVS) functional by 31 March 2017	Publish road crash forecasting report	Provide support in the development of national road crash databank	Provide support in the development of national road crash databank

Table 6: Performance Indicators and Annual Targets for 2015/16

8. Quarterly Targets for 2016/17

Objective 1: Initiatives aligned to the strategic outcome of efficient processing of claims

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1 st	2 nd	3 rd	4 th
1.	Efficient claims processing	Reduce number of open claims in line with forecasted numbers (See claim number summary in table 9 below)	Quarterly	174 867 net balance of open claims	187 140 net balance of open claims at end of Q1	183 049 net balance of open claims at end of Q2	178 959 net balance of open claims at end of Q3	174 867 net balance of open claims at end of Q4
2.	Efficient claims processing	Reduce the average age of open claims	Quarterly	Average age of open claims reduced to 1,350 days	1,350 days	1,350 days	1,350 days	1,350 days
3.	Efficient claims processing	Increase percentage of claims verified by objecting to or accepting originated claims within 60 days	Quarterly	Increase to 80% of claims verified that are objected to or accepted within 60 days	80%	80%	80%	80%
4.	Efficient claims processing	Percentage increase in direct claims originated	Quarterly	Increase by 2.5% from 2015/16 financial year results.	2.5%	2.5%	2.5%	2.5%

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1 st	2 nd	3 rd	4 th
5.	Efficient claims processing	Increased number of direct claims settled	Quarterly	Increase by 2.5% from the 2015/16 financial year results	2.5%	2.5%	2.5%	2.5%
6.	Efficient claims processing	Reduction in legal costs by 2% annually	Quarterly	Reduce by 2% from the 2015/16 financial year results	2%	2%	2%	2%
7.	Efficient claims processing	Implement Post-crash Care Strategy (Pillar 6)	Quarterly	Treatment plans introduced for all new undertakings	Treatment plans introduced for all new undertakings	Treatment plans introduced for all new undertakings	Treatment plans introduced for all new undertakings	Treatment plans introduced for all new undertakings

Objective 2: Initiatives aligned to the strategic outcome of providing accessible services

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1 st	2 nd	3 rd	4 th
8.	Accessible services	Increase accessibility to RAF services	Bi-Annual	Open two additional access points	-	Approved access points to be implemented		Open two additional access points
9.	Accessible services	Increase the number of claimants engaged at RAF events, e.g. 'RAF of the Road'	Quarterly	15% increase to 33,100	8,275	16,550	24,825	33,100

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1 st	2 nd	3 rd	4 th
10.	Accessible services	Improved Call Centre responsiveness	Quarterly	3.5% abandoned calls	3.5% abandoned calls	3.5% abandoned calls	3.5% abandoned calls	3.5% abandoned calls
11.	Accessible services	Improve customer satisfaction	Bi-Annual	10% improvement from the set baseline	-	Completed survey scope and methodology	-	10% improvement from the set baseline

Objective 3: Initiatives aligned to the strategic outcome of effective financial management

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1 st	2 nd	3 rd	4 th
12.	Effective financial management	Effective cash flow management	Annual	Develop and use actuarial forecast model to motivate for adequate funding (funding model)	-	Approved		Develop and use actuarial forecast model to motivate for adequate funding
13.			Quarterly	Manage creditors in accordance with approved cash	Manage creditors in accordance with approved cash	Manage creditors in accordance with approved cash	Manage creditors in accordance with approved cash	Manage creditors in accordance with approved cash

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones				
				1 st	2nd	3rd	4th	
			management strategy	management strategy	management strategy	management strategy	management strategy	
14.	Effective financial management	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Quarterly	Internal model for claims incurred assessment established and an annual assessment conducted by an independent actuary	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Internal model for claims incurred assessment established and an annual assessment conducted by an independent actuary
15.	Effective financial management	Improve SCM outcomes	Annual	Procurement turnaround times reduced to 110 days	110 days procurement turnaround times			
16.	Effective financial management	Increase number of B-BBEE- rated suppliers	Bi-Annual	Increase to 115% B-BBEE-rated suppliers		B-BBEE-rated suppliers increased to 115%		B-BBEE-rated suppliers increased to 115%
17.	Effective financial management	Implement Enterprise and Supplier Development initiatives	Quarterly	0.1% revenue / funding spent on enterprise and supplier development (ESD) as per approved ESD plan	Defined Q1 ESD initiatives implemented	Defined Q2 ESD initiatives implemented	Defined Q3 ESD initiatives implemented	0.1% allocated revenue / funding spent on ESD

Objective 4: Initiatives aligned to the strategic outcome of optimising ICT functionality

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1st	2nd	3rd	4th
18.	Optimal ICT services	Ensure optimal ICT availability	Quarterly	98% availability on critical services	98% availability on critical services	98% availability on critical services	98% availability on critical services	98% availability on critical services
19.	Optimal ICT services	Implement and assess benefits of the Five-year ICT Strategy and Plan	Quarterly	Year 2 initiatives met Functional e-forms and repositories in place	Q1 Initiatives implemented	Quarterly Q2 initiatives implemented	Quarterly Q3 initiatives implemented	Year 2 initiatives met Functional e-forms and repositories in place
				Conduct benefits and value realisation assessment on deliverables completed				Benefits and value realisation report approved by OPSIT

Objective 5: Initiatives aligned to the strategic outcome of improving people management

Strategic Objective		Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
					1st	2nd	3rd	4th
20.	Improved people management	Optimise organisational performance	Quarterly	Implement 360° assessment at Executive level			360° assessments at Executive level introduced in the third quarter	All assessments at executive level completed in the 4 th quarter
21.	Improved people management	Improved workforce skills and placement for current and future requirements	Bi-Annual	Approved RABS Skills Requirement Report and Transformation Strategy	-	Approved RABS skills transformation and strategy methodology and scope	-	Approved RABS skills requirement report and transformation strategy
22.	Improved people management	RAF contribution towards Government's social and economic agenda	Quarterly	Maintain gender equity within 10% variance	No less than 10% variance on gender	No less than 10% variance on gender	No less than 10% variance on gender	No less than 10% variance on gender
23.	Improved people management	Manage absenteeism	Quarterly	Lost man-days reduced by 10% to 2.07 days.	Man-days reduced to 2.07 days	Man-days reduced to 2.07 days	Man-days reduced to 2.07 days	Man-days reduced to 2.07 days
24.				Operationalise absenteeism management tool		Operational absenteeism management tool	-	-

Objective 6: Initiatives aligned to the strategic outcome of administrative dispensation aligned to the RABS Bill

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
				1st	2nd	3rd	4th
25. Administrative dispensation aligned to the RABS Bill	Transitioning the RAF to the RABS	Annual	Develop and Approve RABS Transition Plan		Approved RABS Transition Plan		

Objective 7: Initiatives aligned to the strategic outcome of an assured control environment

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones			
				1st	2nd	3rd	4th
26. Assured control environment	Raise ethical standards	Annual	Report on adequacy and effectiveness of the ethics programme	-	-	Adequacy and effectiveness ethics reported in the 2016/17 Annual Report	-
27. Assured control environment	Percentage of fraud detected before undue	Quarterly	15% increase in the level of of fraud	15% fraudulent cases detected	15% fraudulent cases detected	15% fraudulent cases detected	15% fraudulent cases detected

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2016/17	Quarterly Milestones				
				1st	2nd	3rd	4th	
	payments are made		detected before undue payments are made	before undue payments are made	before undue payments are made	before undue payments are made	before undue payments are made	
28.	Assured control environment	Contribute to road safety by creating a crash verification system and a report that will inform preventative measures	Bi-Annual	Internal crash verification system functional by 31 March 2017	-	Completed User Acceptance Testing	-	Internal road crash verification system functional

Table 7: Quarterly Targets for 2016/17

9. Explanation of Claims-related Indicators

The table below illustrates an increase in the number of open claims during the MTEF period. The assumptions taken into account to determine outstanding claims for each period are based on: (i) The additional 50 cents per litre fuel levy approved by the Minister of Finance in the 2015 period; (ii) productivity levels are assumed to remain flat at 0% throughout the medium term period; (iii) newly reported claims are expected to increase by at least 10% annually. It should be taken into account that the funding model (claims projections) is actuarial based and a number of factors are also taken into account and these include, among other things, the re-openings to align the counts with the system, new claims expected to be lodged and claims to be settled with limited funding. (See funding model in Annexure F and assumptions taken into account supporting forecasted claim numbers below:.

Personal claim numbers (Operational View)						
ORC	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
O/S at start		176 039	170 883	171 376	178 649	193 422
Newly reported		62 569	68 826	75 708	83 279	91 607
Settled		-67 725	-68 332	-68 436	-68 506	-68 563
O/S at end	176 039	170 883	171 376	178 649	193 422	216 467

Supplier claim numbers						
ORC						
O/S at start		3 739	3 641	3 491	3 453	3 443
Newly reported	111 356	114 950	114 867	114 727	115 081	115 039
Settled	-122 828	-115 048	-115 018	-114 765	-115 090	-115 041
O/S at end	3 739	3 641	3 491	3 453	3 443	3 441

All claims						
ORC						
O/S at start		179 778	174 524	174 867	182 101	196 866
Newly reported		177 519	183 693	190 436	198 360	206 646
Settled		-182 773	-183 350	-183 201	-183 596	-183 603
O/S at end	179 778	174 524	174 867	182 101	196 866	219 908

Table: Forecasted Claim Numbers with additional 50c per litre funding in line with the funding model in Annexure F below

10. Reconciling Performance Targets with the Budget and MTEF

	2016	2017	2018	2019	2020
Revenue from non-exchange transactions					
Net fuel levies	32 982 691	34 194 791	33 836 657	34 175 023	34 516 773
Fl b/f	5 887 118	8 330 339	9 113 725	9 204 862	9 296 911
Fl Received	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
Fl c/f	8 330 339	9 113 725	9 204 862	9 296 911	9 389 880
Revenue from exchange transactions					
Other income	-	-	-	-	-
Reinsurance revenue	-	-	-	-	-
Investment revenue	66 206	81 655	82 041	82 051	82 051
	66 206	81 655	82 041	82 051	82 051
LESS EXPENSES					
Claims expenditure	55 478 984	53 222 195	60 462 552	68 670 235	77 974 695
<i>Claims Paid</i>	<i>28 042 676</i>	<i>31 117 092</i>	<i>31 506 873</i>	<i>31 647 955</i>	<i>31 913 099</i>
Reinsurance premiums	27 983	29 466	31 234	33 108	35 095
Employee costs	1 296 094	1 425 703	1 537 605	1 658 313	1 788 520
General expenses	517 168	796 077	636 590	704 878	752 809
Depreciation and amortisation	59 628	72 621	83 601	88 617	93 935
Finance costs	13 022	13 712	14 535	15 407	16 332
Deficit for the year	(24 343 983)	(21 283 329)	(28 847 420)	(36 913 484)	(46 062 561)

Table 8: Projected Statement of Financial Performance

11. Performance and Expenditure Trends

Expenditure Trends	Trends in Number of Key Staff	Trends in Number of Key Inputs
<p>Claims Expenditure</p> <p>The rate at which the Fund settles claims is expected to remain constant over the MTEF period. Since the growth in headcount is as a result of vacancies that currently exist it will not have an impact on the productivity as the full headcount (2,801) is factored in the previous years' settlement projections.</p> <p>The additional cash resulting from the 50 cents increase in the fuel levy will be used to reduce the claims settled but which could not be paid, carried over from the prior year.</p> <p>Claims inflation is expected to be 15% for 2015/16 and for the rest of the MTEF period. This is the long-term average claims inflation over the period 2006 to 2014 and was derived by comparing the Fund's average claim payments from year-to-year over this period. It must be noted that the full effect of these increases are not reflected in the claims payments in the first row in the table below due to cash constraints. Therefore, the claims payments reported below have been restricted to cash available for the current financial year and for the rest of the MTEF period and the amount that CANNOT be settled is accrued for as "Claims Requested but Not Paid". The level of claims requested but which the Fund is unable to pay is not sustainable as it exposes the institution to significant risk beyond its risk-bearing capacity.</p>	<p>Compensation of Employees</p> <p>As a result of existing vacancies the staff complement is projected to increase. This is as per the turnaround strategy implemented in 2012/13, to enable the Fund to achieve its service delivery requirements. It is expected that the headcount will increase from the actual number of staff members which is 2,555 (budgeted positions: 2,746) as at 31/03/2015 to 2,801 in the 2015/16 financial year as a result of the continuous implementation of the new organisational structure, which seeks to rationalise historic structure, control weaknesses and address operational impediments. No staff increase is expected for the rest of the MTEF period.</p> <p>The salaries budget has been increased by an annual adjustment of 8% for the rest of the MTEF period. Other staff-related costs have been increased with CPI plus 1%.</p>	<p>Key inputs aligned to the delivery of the 2015–2020 Revised Strategic Plan are the projected revenue streams anticipated over the MTEF period based on a Revenue Requirement Model, with the current fuel levy allocated and the additional cash assumption.</p>

Expenditure Trends	Trends in Number of Key Staff					Trends in Number of Key Inputs																																				
<p>The following is the projected shortfall in the amount available to pay claims as a result of cash constraints:</p>																																										
<p><u>CLAIMS PAYMENTS SHORTFALL</u></p> <table border="1" data-bbox="165 426 1041 746"> <thead> <tr> <th></th> <th>2014/15</th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> <th>2018/19</th> </tr> <tr> <th></th> <th>R'000</th> <th>R'000</th> <th>R'000</th> <th>R'000</th> <th>R'000</th> </tr> </thead> <tbody> <tr> <td>Amount available for claims payments</td> <td>21,466,282</td> <td>28,042,676</td> <td>31,117,092</td> <td>31,506,873</td> <td>31,647,955</td> </tr> <tr> <td>Amount that can be paid based on productivity</td> <td>28,535,525</td> <td>32,815,854</td> <td>37,738,232</td> <td>43,398,967</td> <td>49,908,812</td> </tr> <tr> <td>Shortfall for the year</td> <td>7,069,243</td> <td>4,773,177</td> <td>6,621,140</td> <td>11,892,094</td> <td>18,260,856</td> </tr> <tr> <td>Balance of Claims requested but not paid</td> <td>7,069,243</td> <td>11,842,420</td> <td>18,463,560</td> <td>30,355,654</td> <td>48,616,510</td> </tr> </tbody> </table> <p>Goods and Services</p> <p>The baseline for goods and services expenditure for the MTEF period is the approved budget for the financial year 2015/16. Furthermore, the expenditure increases by the CPI rate of 5.6%, 5.5% and 5.0% for 2015/16, 2016/17 and 2017/18 respectively as per the National Treasury guidelines cost containment measures.</p> <p>The Operational and Capex budget for 2016/17 previously approved amounted to R579 million. The following projects contained in this Annual Performance Plan (APP), which has been identified and the inputs matured have resulted in a significant increase in expenditure in the medium term. These initiatives amount to R217 million, relating to ICT infrastructure enhancement, and ICT additional staff costs related to preparation for the implementation of the RABS and the customer service expansion project.</p> <p>In a drive to increase the number of direct claims, the RAF recently opened</p>		2014/15	2015/16	2016/17	2017/18	2018/19		R'000	R'000	R'000	R'000	R'000	Amount available for claims payments	21,466,282	28,042,676	31,117,092	31,506,873	31,647,955	Amount that can be paid based on productivity	28,535,525	32,815,854	37,738,232	43,398,967	49,908,812	Shortfall for the year	7,069,243	4,773,177	6,621,140	11,892,094	18,260,856	Balance of Claims requested but not paid	7,069,243	11,842,420	18,463,560	30,355,654	48,616,510						
	2014/15	2015/16	2016/17	2017/18	2018/19																																					
	R'000	R'000	R'000	R'000	R'000																																					
Amount available for claims payments	21,466,282	28,042,676	31,117,092	31,506,873	31,647,955																																					
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Balance of Claims requested but not paid	7,069,243	11,842,420	18,463,560	30,355,654	48,616,510																																					

Expenditure Trends	Trends in Number of Key Staff	Trends in Number of Key Inputs
<p>Customer Service Centres (CSCs) in Limpopo, Free State, Northern Cape and North West. This has resulted in an improvement in the number of people who consulted with the RAF as well as the number of claims originating from direct claimants. From the lessons learnt in this project, the need to open CSCs in other provinces was identified. CSCs will be opened in Port Elizabeth and Empangeni. These CSCs will require additional expenditure of R10.7 million. This amount is reflected in the expenditure of the 2016/17 financial year.</p>		

Table 9: Performance Expenditure Trends

PART B: LINKS TO OTHER PLANS

PART C: LINKS TO OTHER PLANS

12. Links to the Long-term Infrastructure and Other Capital Plans

Not applicable to the Fund.

13. Conditional Grants

Not applicable to the Fund.

14. Public-Private Partnerships

Not applicable to the Fund.

ANNEXURES

ANNEXURE D: VISION, MISSION, VALUES, STRATEGIC OUTCOME-ORIENTED GOALS AND BUDGET PROGRAMME

14.1 Vision

To provide the highest standard of care to road accident victims and to restore balance in the social system.

14.2 Mission

To provide appropriate cover to all road users within the borders of South Africa: to rehabilitate persons injured, compensate for injuries or death and indemnify wrongdoers as a result of motor vehicle accidents in a timely, caring and sustainable manner; and to support the safe use of our roads.

14.3 Values

The following values drive everything that we do and the manner in which we do it.



Diagram 1: Values of the Fund

14.4 Strategic Outcome-Oriented Goals

The Fund's Strategic Plan for the five-year period 2015 to 2020 is anchored on seven (7) strategic outcomes that aim to address the numerous challenges that the Fund is facing. The performance indicators and targets reflected in this Plan have been aligned to the strategic outcomes, as well as the operational plans that will be developed.

The table below illustrates the strategic outcomes that will guide the Fund until 2020 and the key focus areas per strategic outcome.

Table 1: Strategic Outcomes 2015 to 2020

Pillars	Outcome Indicators
Efficient claims processing	<ul style="list-style-type: none"> • Effectively manage number of open claims • Reduce the average age of open claims • Increase percentage of claims verified by objecting to or accepting in 60 days • Increased direct claims origination • Increased number of direct claims settled • Reduction in legal costs • Implement Post-crash Care Strategy (Pillar 6)
Accessible services	<ul style="list-style-type: none"> • Increase accessibility to the Fund's services (RAF on the Road) • Increase the number of claimants engaged at the Fund's events • Improved Call Centre responsiveness • Improve customer satisfaction including brand awareness
Effective financial management	<ul style="list-style-type: none"> • Manage cash flow position • Provision for claims incurred assessed quarterly • Improve SCM outcomes • Increase percentage of B-BBEE-rated suppliers • Implement Enterprise Supplier Development Initiatives
Optimal ICT functionality	<ul style="list-style-type: none"> • Ensure optimal ICT service availability • Implement and assess benefits of the Five-year ICT Strategy (e-Enablement Strategy)
Improved people management	<ul style="list-style-type: none"> • Optimise organisational performance • Improved workplace skills and placement for current and future requirements • The Fund's contribution towards Government's social and economic transformation agenda • Manage absenteeism
Administrative dispensation aligned to the RABS Bill	<ul style="list-style-type: none"> • Transitioning the RAF to the RABS

Assured control environment	<ul style="list-style-type: none"> • Raise ethical standards • Increase percentage of fraud detected before undue payments are made • Contribute to road safety by creating a crash database report and use it to implement preventative measures
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Strategic Goal 1**Strategic Goal Description****Outcome Indicators****Efficient claims processing**

To optimise the processing of claims in the early stage of a claim and minimise unnecessary further complications with a claim

- Efficiently manage number of open claims
- Reduce the average age of open claims
- Increase percentage of claims verified by/objected to or accepted in 60 days
- Increased direct claims origination
- Increased number of direct claims settled
- Reduction in legal costs by 2% annually
- Implement Post-crash Care Strategy (Pillar 6)

Strategic Goal 2**Strategic Goal Description****Outcome Indicators****Accessible services**

Improve accessibility to the Fund's services for claims origination and to provide timely responses to questions, queries and information requests. Increase accessibility to RAF's services through various channels to improve service delivery by increasing the reach of the Fund's service offerings to all motor vehicle accident victims

- Increased accessibility to the Fund's services
- Increase the number of claimants engaged at RAF events
- Improved Call Centre responsiveness
- Improved customer satisfaction (incl. brand awareness)

Strategic Goal 3**Strategic Goal Description****Outcome Indicators****Effective financial management**

Continuous effort to make the RAF financially sustainable

- Manage cash flow position
- Provision for claims incurred assessed quarterly
- Improve SCM outcomes
- Increase percentage of B-BBEE-rated suppliers
- Implement Enterprise Supplier Development Initiatives

Strategic Goal 4	Optimal ICT services
Strategic Goal Description	To create a solid foundation through developing and deploying IT solutions to increase the efficiency and effectiveness of our systems and processes as well as Enterprise Risk Management capabilities
Outcome Indicators	<ul style="list-style-type: none"> • Ensure optimal ICT service availability • Implement and assess benefits of the Five-year ICT Strategy (e-Enablement Strategy)
Strategic Goal 5	Improved people management
Strategic Goal Description	Build an institution that is performance-driven and values the customer, and improve awareness of the RAF brand
Outcome Indicators	<ul style="list-style-type: none"> • Optimise organisational performance • Improved workforce skills and placement for current and future requirements • RAF's contribution towards Government's socio-economic agenda • Manage absenteeism and implement an absence management tool
Strategic Goal 6	Administrative dispensation aligned to the RABS Bill
Strategic Goal Description	Transition the RAF from a 'fault based' to a 'no-fault' based benefit scheme, i.e. the Road Accident Benefit Scheme
Outcome Indicators	<ul style="list-style-type: none"> • Transition the RAF to the RABS
Strategic Goal 7	Assured control environment
Strategic Goal Description	An adequate control environment that ensures that the Fund conducts its business in an efficient and effective manner; safeguards its assets and resources; deters and detects errors, fraud and theft; ensures accuracy and completeness of reporting; produces reliable and timely financial and management information, as well as ensures adherence to the Fund's policies and procedures
Outcome Indicators	<ul style="list-style-type: none"> • Raise ethical standards • Increase percentage of fraud detected before undue payments are made • Contribute to road safety by creating a crash verification system

Table 2: Strategic Outcomes 2015 to 2020

14.5 Budget Programme

14.5.1 Projected Statement of Financial Performance

	2016	2017	2018	2019	2020
Revenue from non-exchange transactions					
Net fuel levies	32 982 691	34 194 791	33 836 657	34 175 023	34 516 773
FI b/f	5 887 118	8 330 339	9 113 725	9 204 862	9 296 911
FI Received	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
FI c/f	8 330 339	9 113 725	9 204 862	9 296 911	9 389 880
Revenue from exchange transactions					
Other income	-	-	-	-	-
Reinsurance revenue	-	-	-	-	-
Investment revenue	66 206	81 655	82 041	82 051	82 051
	66 206	81 655	82 041	82 051	82 051
LESS EXPENSES					
Claims expenditure	55 478 984	53 222 195	60 462 552	68 670 235	77 974 695
<i>Claims Paid</i>	<i>28 042 676</i>	<i>31 117 092</i>	<i>31 506 873</i>	<i>31 647 955</i>	<i>31 913 099</i>
Reinsurance premiums	27 983	29 466	31 234	33 108	35 095
Employee costs	1 296 094	1 425 703	1 537 605	1 658 313	1 788 520
General expenses	517 168	796 077	636 590	704 878	752 809
Depreciation and amortisation	59 628	72 621	83 601	88 617	93 935
Finance costs	13 022	13 712	14 535	15 407	16 332
Deficit for the year	(24 343 983)	(21 283 329)	(28 847 420)	(36 913 484)	(46 062 561)

Table 3: Projected Statement of Financial Performance

14.5.2 Projected Statement of Financial Position

	2016	2017	2018	2019	2020
Assets					
Current Assets					
Cash and cash equivalents	1 666 206	1 681 655	1 682 041	1 682 051	1 682 051
Receivables from non-exchange transactions	8 330 339	9 113 725	9 204 862	9 296 911	9 389 880
Receivables from exchange transactions	4 617	4 894	5 188	5 499	5 829
Other financial assets	149 211	158 164	167 653	177 713	188 375
Consumable stock	5 225	5 538	5 871	6 223	6 596
	10 155 597	10 963 976	11 065 615	11 168 396	11 272 732
Non-Current Assets					
Property, plant & equipment	278 785	308 745	331 792	350 006	361 213
Intangible assets	23 049	24 211	24 103	22 625	19 528
	301 834	332 956	355 894	372 631	380 741
Total Assets	10 457 431	11 296 932	11 421 510	11 541 027	11 653 473
Liabilities					
Current Liabilities					
Payables from exchange transactions	169 401	179 565	190 339	201 759	213 865
Other financial liabilities	11 926 418	18 552 597	30 450 034	48 716 553	74 204 589
Provision for outstanding claims	39 002 705	43 579 177	48 622 525	54 167 690	60 250 228
Other provisions	879 605	932 381	988 324	1 047 624	1 110 481
	51 978 128	63 243 720	80 251 222	104 133 626	135 779 163
Non-Current Liabilities					
Other financial liabilities	4 139	4 388	4 651	4 930	5 226
Provision for outstanding claims	92 958 426	103 865 917	115 886 153	129 102 412	143 599 435
Employee benefit obligation	53 716	56 938	60 355	63 976	67 815
	93 016 280	103 927 243	115 951 159	129 171 318	143 672 476
Total Liabilities	144 994 409	167 170 963	196 202 381	233 304 943	279 451 639
Net Deficit	(134 536 977)	(155 874 031)	(184 780 871)	(221 763 916)	(267 798 166)

Table 4: Projected Statement of Financial Position

14.5.3 Projected Cash Flow Statement

	2016	2017	2018	2019	2020
Cash flows from operating activities					
Receipts					
Fuel levies	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
Reinsurance claims received	-	-	-	-	-
Other income	-	-	-	-	-
	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
Payments					
Employee costs	(1 296 094)	(1 425 703)	(1 537 605)	(1 658 313)	(1 788 520)
Claims expenditure	(28 042 676)	(31 117 092)	(31 506 873)	(31 647 955)	(31 913 099)
Finance costs	(13 022)	(13 712)	(14 535)	(15 407)	(16 332)
Reinsurance premiums	(27 983)	(29 466)	(31 234)	(33 108)	(35 095)
Other expenditure	(517 168)	(796 077)	(636 590)	(704 878)	(752 809)
	(29 896 944)	(33 382 051)	(33 726 837)	(34 059 661)	(34 505 855)
Net cash flows from operating activities	642 526	29 354	18 683	23 313	(82 051)
Cash flows from investing activities					
Purchase of property, plant & equipment	(78 650)	(82 818)	(86 959)	(91 307)	-
Proceeds on disposal of property, plant & equipment	-	-	-	-	-
Purchase of other intangible assets	(12 100)	(12 741)	(13 378)	(14 047)	-
Net cash flows from investing activities	(90 750)	(95 560)	(100 338)	(105 355)	-
Net increase/(decrease) in cash and cash equivalents	551 776	(66 206)	(81 655)	(82 041)	(82 051)
Cash and cash equivalents at the beginning of the year	1 048 224	1 666 206	1 681 655	1 682 041	1 682 051
Interest income	66 206	81 655	82 041	82 051	82 051
Cash and cash equivalents at the end of the year	1 666 206	1 681 655	1 682 041	1 682 051	1 682 051

Table 5: Projected Cash Flow Statement

ANNEXURE E: TECHNICAL INDICATOR DESCRIPTION AND EXAMPLES

Objective 1: Initiatives aligned to the strategic outcome of efficient processing of claims

Indicator number and title	1. Effectively manage the number of open claims
Short Definition	<p>To improve service delivery and effectively deliver on the mandate, more emphasis is placed on reducing the backlog by increasing the number of claims finalised. Open claims are claims that still await payment of compensation and cost.</p> <p><i>**The number of open claims is influenced by the number of newly registered claims.</i></p>
Purpose/ Importance	The purpose of this indicator is to measure productivity of the Fund in relation to the finalisation of claims, both personal and supplier.
Source/ Collection of data	Claim system.
Method of calculation	Count the number of claims outstanding at financial year-end. These claims are classified as 'O' and 'R', 'RD' 'VO' 'VV' 'BRD' and 'PS' status. The number of open claims excludes claims where payment has been requested but not yet paid (RNYP).
Data limitations	Claims that have been finalised can be reopened in subsequent financial years.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Manage number of open claims (excluding RNYP) to 174 867 by 31 March 2017.
Indicator responsibility	Chief Operations Officer.
Indicator number and title	2. To reduce the average age of open claims
Short Definition	This indicator is designed to enable the Fund to identify long-outstanding

	claims for clearing through initiatives such as Siyenza. This indicator will also ascertain the successful implementation of the developed initiatives to clear long-outstanding claims and determine whether further interventions are required.
Purpose/ Importance	To identify long-outstanding claims for follow-up and subsequent clearing.
Source/ Collection of data	Claims system.
Method of calculation	Average age of all open files at reporting date, i.e. the difference between 'served on' and reporting date.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Average age of claims less or equal to 1 350 by 31 March 2017.
Indicator responsibility	Chief Operations Officer.
Indicator number and title	3. Increased percentage of claims verified by objecting to or accepting originated claims within 60 days
Short Definition	Section 24 (5) of the Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended, requires or states that if the Fund or the agent does not, within 60 days from the date on which a claim was sent by registered post or delivered by hand to the Fund or such agent as contemplated in subsection (1), object to the validity thereof, the claim shall be deemed to be valid in law in all respects.
Purpose/ Importance	Compliance to Section 24 (5) of the Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended, will ensure that all invalid claims are objected and valid claims are accepted within the prescribed period.
Source/ Collection of data	Claim system.
Method of calculation	Number of claims where status moved from 'RD' to 'VO' or 'VV' within 60

	days. Target is measured as: Objected Claims: Claims objected within 60 days divided by the number of total claims objected. Accepted Claims: Claims accepted within 60 days divided by the number of total claims accepted.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Percentage of claims verified equals to or more than 80% by 31 March 2017.
Indicator responsibility	Chief Operations Officer.

Indicator number and title	4. Percentage increase in direct claims originated
Short Definition	<p>The Fund has in the past years undertaken to expand its national footprint to improve accessibility and availability of its services directly to the claimants in order to reduce legal costs and ensure that claimants receive all the compensation benefits due to them and that this is done in a fair manner.</p> <p>The Fund therefore aims to increase the percentage of personal claims registered directly (those claims that are not represented by an attorney) by 2.5% from the previous FY, in comparison to registered personal claims represented by an attorney.</p>
Purpose/ Importance	With the increase in the number of origination centres, claimants are encouraged to register personal claims directly with the Fund, thereby increasing the number of personal claims registered directly in comparison to personal claims registered through attorneys. This will also induce a decrease in legal costs.
Source/ Collection of data	Claims system.

Method of calculation	Count of all direct personal claims originated during the financial year. Divide by the count of total number of (direct and represented) personal claims originated during the financial year.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	2.5% or more direct claims originated by 31 March 2017.
Indicator responsibility	Chief Operations Officer.

Indicator number and title	5. Increased percentage of direct personal claims settled as a percentage of total personal claims settled
Short Definition	To improve service delivery by improving the time taken to process personal injury claims registered directly with the Fund and reducing legal costs.
Purpose/ Importance	To improve accessibility and availability of social services offered by the Fund, encourage direct claiming and reduce legal costs.
Source/ Collection of data	Claim system.
Method of calculation	Count the number of direct personal claims settled in the financial year; divide by the count of total number of personal claims settled in the financial year (including direct personal claims) multiplied by 100. For the target to be achieved, 2.5% more (compared to previous FY's reported results) of total personal claims settled should be direct personal claims.
Data limitations	None.
Type of indicator	Quantitative
Calculation type	Cumulative.

Reporting cycle	Quarterly.
New indicator	No.
Desired performance	2.5% or more direct claims settled by 31 March 2017.
Indicator responsibility	Chief Operations Officer.
Indicator number and title	6. Reduction in legal costs by 2% annually
Short Definition	<p>Reduce legal costs incurred and deemed by the Fund as avoidable, these costs reflect the inadequacies of the existing fault-based and common law system of compensation.</p> <p>Approximately 80% of registered claims are litigated, resulting in the increase in the cost associated with processing of claims. In order to pursue financial sustainability it is therefore imperative to reduce these costs.</p>
Purpose/ Importance	<p>The purpose of this indicator is to measure the ratio at which the Fund pays legal costs (claim-related costs) compared to actual compensation to claimants.</p> <p>The Fund aims to reduce the cost to compensation ratio through the reduction of costs that can be avoided and fairly compensate claimants.</p>
Source/ Collection of data	Road Accident Fund SAP financial data and claims data.
Method of calculation	Sum of all legal costs excluding expert, assessors' fees, etc. (all costs and expenses grouped as claimant and agent), excluding writs-related costs relating to compensation, divided by capital payments multiplied by 100.
Data limitations	Instances of inaccurate capturing of legal costs payments on payment system, but the audit being conducted addresses the system-related gaps.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.

New indicator	No.
Desired performance	Reduction in legal costs over the five-year strategic planning period, with reductions as a percentage of total claims payments.
Indicator responsibility	Chief Operations Officer.
Indicator number and title	7. Implement Post-crash Care Strategy (Pillar 6)
Short Definition	Post-crash Care is designed to ensure that the injured are taken care of in an effective and efficient manner by resolving all the identified issues within Post Claims Settlement through a tactical approach and ensuring that all undertakings-related functions are prioritised. The strategy document aims to improve the effectiveness and efficiency of the Post Claims Settlement Department – hereon referred to as Pillar 6.
Purpose/ Importance	To overhaul Pillar 6 and address the lack of capacity to the Pillar 6 mandate; caregiver compensation processing, variation and ICT/System-related challenges; process and policy implementation; and defined demarcations (for the entire RAF).
Source/ Collection of data	Post-crash Care Strategy operational output.
Method of calculation	All serious injury undertakings (classified by operations as eligible for a treatment plan) issued (offer date) during the 2016/17 financial year compared to the treatment plans captured / uploaded on the system.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	Yes.
Desired performance	All serious injury undertakings issued during 2016/17 financial year have treatment plans.
Indicator responsibility	Chief Operating Officer.

Objective 2: Initiatives aligned to the strategic outcome of providing accessible services

Indicator number and title	8. Increase accessibility to the RAF
Short Definition	Increase accessibility to the RAF services by establishing new access points as per the 2015/16 accessibility channel review report.
Purpose/ Importance	To increase accessibility and availability of services offered by the Fund to all beneficiaries throughout South Africa.
Source/ Collection of data	Number of new access points operational by year-end.
Method of calculation	Two additional access points operational by the end of the 2016/17 financial year.
Data limitations	Manual count.
Type of indicator	Quantitative.
Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	Two new access points to be opened.
Indicator responsibility	Chief Marketing Officer and Chief Operations Officer.
Indicator number and title	9. Increase the number of claimants engaged at RAF events (ROTR and other events)
Short Definition	A total of 33 100 claimants engaged at roadshows and various other RAF events in the 2016/17 financial year.
Purpose/ Importance	To increase awareness, accessibility and availability of services offered by the Fund to all beneficiaries throughout South Africa.
Source/ Collection of data	Registration of number of attendees at road show events and other RAF events.
Method of calculation	Count the number of claimants engaged at road shows and other

	RAF events per financial year.
Data limitations	Manual count.
Type of indicator	Outcome.
Calculation type	Quantitative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	A total of 33 100 claimants engaged at road shows by 31 March 2017.
Indicator responsibility	Chief Marketing Officer.
Indicator number and title	10. Improved Call Centre responsiveness
Short Definition	The average processing times taken to respond to claimant queries received through the Call Centre to be timely.
Purpose/ Importance	Improve the efficiency and effectiveness of RAF services by providing timely response to questions, queries and information requests to RAF stakeholders received through the Call Centre.
Source/ Collection of data	Call Centre system.
Method of calculation	Number of received calls vs number of abandoned calls.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	3.5 % or fewer calls abandoned by 31 March 2017.
Indicator responsibility	Chief Marketing Officer.

Indicator number and title	11. Improve customer satisfaction (incl. brand awareness)
Short Definition	Improve the customer satisfaction experience, responsiveness and awareness of the RAF brand to all the Fund's stakeholders.
Purpose/ Importance	Improve customer satisfaction, experience and responsiveness.
Source/ Collection of data	Customer satisfaction survey.
Method of calculation	Percentage improvement is based on the customer satisfaction survey conducted in the 2015/16 financial year.
Data limitations	None.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	Yes.
Desired performance	Improvement of 10% in the RAF customer satisfaction and brand awareness.
Indicator responsibility	Chief Marketing Officer.

Objective 3: Initiatives aligned to the strategic outcome of effective financial management

Indicator number and title	12. Effective cash flow management
Short Definition	Manage cash flow (claims-related payments) in accordance with the Cash Management Strategy, manage and monitor compliance to set claims payment days.
Purpose/ Importance	Manage claims-related payments in accordance with approved cash management procedures.
Source/ Collection of data	SAP financial system and Cash Management Strategy.
Method of calculation	<p>(a) One forecasting model report to reflect the RAF's financial position with respect to the claims liability. (i.e. actuarial forecasting of the RAF's liability).</p> <p>The target will be measured bi-annually as there are two submissions made to the National Treasury, i.e. the MTEF, which reflects the organisation's budget for the following period, and the</p>

	<p>ENE submission submitted towards the end of quarter 3 reflecting the organisation's budget, which may be viewed as a confirmation of what is contained in the MTEF. Both submissions include the RAF's funding model.</p> <p>(b) 70% compliance to the approved Cash Management Strategy in relation to claims payment prioritisation taking into account the financial cash constraints.</p> <p>There are two claims cash strategy compliance indicators taken into account to measure the 70% compliance, i.e. service providers (claim related including experts, assessors and direct claims) paid within 30 days and represented claims RNYP paid within 180 days.</p>
Data limitations	None.
Type of indicator	(a) Qualitative and (b) Quantitative.
Calculation type	(a) Non-cumulative and (b) Cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	<p>(a) Timely submission of approved MTEF by 31 September 2016 and ENE to National Treasury by 31 March 2017.</p> <p>(b) Compliance of 70% or more to Cash Management Strategy.</p>
Indicator responsibility	Chief Financial Officer.
Indicator number and title	13. Provision for claims incurred assessed quarterly
Short Definition	To have accurate and updated assessments of outstanding liability so as to determine long-term income requirements and manage sustainability. An actuarial valuation depicts the RAF's liability of all registered claims that still need to be processed, i.e. the number of open claims.
Purpose/ Importance	To have updated accurate evaluations of outstanding liability to improve the accounting and actuarial evaluation of the RAF.
Source/ Collection of data	Internal (RAF) Actuarial Report and an Annual Independent

	Statutory Actuarial Report.
Method of calculation	Actuarial claims evaluation method to determine outstanding claims provision.
Data limitations	Inaccurate and incomplete claims data, but an audit of the claims data is undertaken annually to maintain and update claims data.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	An annual assessment of the provision for outstanding claims by statutory actuary and independent peer review.
Indicator responsibility	Chief Financial Officer.

Indicator number and title	14. Improve SCM outcomes
Short Definition	Enhance the overall effectiveness of the SCM systems.
Purpose/ Importance	To ensure that the RAF obtains value for money in the procurement of goods and services, ensure compliance to SCM processes and improve service delivery to both internal and external stakeholders / vendors.
Source/ Collection of data	SAP / Procurement Database / Tender Register / Demand Management Plan.
Method of calculation	<p>(a) Calculate the number of days taken to finalise issued tenders (with the exclusion of tenders > R10m and complex tenders, however applicable to all standard tenders) from closing date of tender to the awarding date.</p> <p>(b) Calculate the number of tenders cancelled as divided by the number of tenders issued during the financial year.</p>
Data limitations	None.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	(a) Awarding tenders in 110 days or less.

Indicator responsibility	(b) Tenders cancelled in 110 days or less. Chief Financial Officer.
Indicator number and title	15. Increase percentage of B-BBEE-rated suppliers
Short Definition	Increase percentage of B-BBEE-rated suppliers in line with policy and plan.
Purpose/ Importance	To contribute to Government's socio-economic goals of redressing economic imbalances caused by unfair discrimination.
Source/ Collection of data	B-BBEE-rated certificates for vendors (Excel spreadsheet and SAP Procurement, SAP payments made to all vendors non-claim related).
Method of calculation	Total procurement spent on B-BBEE-rated suppliers with valid B-BBEE certificates (non-claim related) all trade vendors, assessors, actuaries and panel of attorneys divided by the total amount of procurement multiplied by 100.
Data limitations	None.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Bi-annually.
New indicator	No.
Desired performance	B-BBEE spending at 115% in line with Government transformation plans prioritising blacks, women, youth and people living with disability.
Indicator responsibility	Chief Financial Officer.

Indicator number and title	16. Implement Enterprise Supplier Development (ESD) initiatives
Short Definition	Annual value of all enterprise supplier development contributions and sector-specific programmes made by the Fund as a percentage of the target.
Purpose/ Importance	To contribute to Government's socio-economic goals of redressing economic imbalances caused by unfair discrimination.
Source/ Collection of data	Enterprise Supplier Development Spend Report.
Method of calculation	0.1% of revenue / funding budget allocation must be spent on ESD-

	related projects as per the approved ESD plan.
Data limitations	None.
Type of indicator	Quantitative.
Calculation type	
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	0.1% of the allocated budget / discretionary spend on enterprise development.
Indicator responsibility	Chief Financial Officer.

Objective 4: Initiatives aligned to the strategic outcome of optimising ICT functionality

Indicator number and title	17. Ensure optimal ICT service availability
Short Definition	Ensure ICT services' availability during official hours and improved network performance on all applications.
Purpose/ Importance	To manage the ICT services' availability in order to achieve ICT service availability to improve productivity.
Source/ Collection of data	System monitoring tools or manually generated reports.
Method of calculation	Reports calculating percentage of ICT services' availability and network performance reports for all applications.
Data limitations	Manual count.
Type of indicator	Activity.
Calculation type	Quantitative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	98% ICT services' availability.
Indicator responsibility	Chief Information Officer.
Indicator number and title	18. Implement and assess benefits of the Five-year ICT Strategy and Plan

Short Definition	Modernisation of the ICT system incorporating the ICT infrastructure requirements as set out in the Five-year ICT Strategic Plan. The transformation strategy will cover the modernisation of the database, application and presentation layers, as well as system integration. To ensure return on the ICT investment, benefits realised from the implementation will be assessed.
Purpose/ Importance	To enhance service delivery environment, i.e. efficient processing of claims, and an internal control environment.
Source/ Collection of data	Previous changes requested by business, previous audit findings and workshop with stakeholders.
Method of calculation	(a) Calculate the number of initiatives completed divided by the number of initiatives planned for the financial year. (Approved benefits and value realisation report on deliverables completed in the 2015/16 financial year.)
Data limitations	None.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	(a) 100% of initiatives implemented as per plan (b) Approved benefits and value realisation report by OPSIT by 31 March 2017.
Indicator responsibility	Chief Information Officer.

Objective 5: Initiatives aligned to the strategic outcome of improving people management

Indicator number and title	19. Optimise organisational performance
Short Definition	Enhanced organisational performance outcomes for both core and support functions and measurement of the effectiveness of

	performance management system by implementing the 360° degrees assessments at Executive level.
Purpose/ Importance	To effectively fulfil the RAF mandate in accordance with its vision, mission and values.
Source/ Collection of data	RAF performance management processes and system
Method of calculation	Number of 360° performance assessments completed on the system for the third and fourth quarter.
Data limitations	None.
Type of indicator	Qualitative.
Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	RAF performance management system optimised and automated.
Indicator responsibility	Chief Human Capital Officer.

Indicator number and title	20. Conduct skills assessment and develop skills strategy
Short Definition	Conduct skills assessment to determine RAF skills needs and identify the skills gaps and develop skills development strategy to put initiatives in place in order to address the identified gaps.
Purpose/ Importance	Skills assessment will assist the RAF to determine the skills necessary to fulfil its mandate and identify gaps to be addressed through its Skills Strategy with the aim of increasing productivity.
Source/ Collection of data	Skills Assessment Report and Skills Development Strategy.
Method of calculation	Number of activities achieved in relation to those planned. For the target to be achieved, all milestones set out in the Skills Development Strategy/Plan for the 2016/17 financial year should be completed.
Data limitations	Accuracy of information reported.
Type of indicator	Qualitative.

Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	Skills Assessment Report and Skills Development Strategy approved by 31 March 2017.
Indicator responsibility	Chief Human Capital Officer.
Indicator number and title	21. Maintain the RAF's contribution towards Government's social and economic development
Short Definition	<p>RAF to develop the Gender Policy in support of the Government's social and economic transformation agenda.</p> <p>To maintain and monitor the Fund's compliance to key categories of Employment Equity (EE) targets.</p>
Purpose/ Importance	<p>The implementation of the Gender Policy will give effect to the equal enjoyment of all rights and freedom by every person; the promotion of equality, specifically gender equality; and the values of non-racialism and non-sexism contained in Section 1 of the Constitution.</p> <p>To ensure that the Fund meets the overall national EE targets as required in the National Economic Active Population (NEAP) targets /RAF Board-specific targets through targeted HR programmes.</p>
Source/ Collection of data	<p>Gender Policy and Gender Equality Enhancement Plan.</p> <p>NEAP targets from the Department of Labour and SAP HR employee data records.</p>
Method of calculation	<p>Gender Equality Enhancement Plan outcomes in relation to achievements. For the target to be achieved, all milestones set out in the Enhancement Plan should be completed.</p> <p>Total number of female employees divided by the total number of employees in Management multiplied by 100.</p>
Data limitations	None.
Type of indicator	Quantitative.

Calculation type	(Missing text.)
Reporting cycle	Annual.
New indicator	No.
Desired performance	Compliance to Gender Equality Enhancement Plan. Compliance to EE targets with no more than 10% positive or negative variance on each EE category as per the NEAP targets.
Indicator responsibility	Chief Human Capital Officer.

Indicator number and title	22. Manage absenteeism
Short Definition	Absenteeism has a potential of negatively impacting on productivity, work quality, morale and customer service and satisfaction.
Purpose/ Importance	To manage absenteeism with the aim of increasing productivity.
Source/ Collection of data	HR EXCO dashboard.
Method of calculation	The average number of absenteeism instances of sick days taken per employee is calculated based on total sick leave days divided by the number of employees in that month or quarter.
Data limitations	Accuracy of information.
Type of indicator	Quantitative.
Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	No.
Desired performance	10% improvement in the number of sick leave taken.
Indicator responsibility	Chief Human Capital Officer.

Objective 6: Initiatives aligned to the strategic outcome of administrative dispensation aligned to the RABS Bill

Indicator number and title

23. Transitioning the RAF to the RABS

Short Definition	Transition of the RAF from a 'fault based' to a 'no-fault' based benefit scheme, i.e. the Road Accident Benefit Scheme.
Purpose/ Importance	The transformation will address many of the challenges facing the Fund that are constraining its ability to deliver on its mandate in an effective and efficient manner. In addition, a 'no-fault', fixed benefit scheme will ensure smooth alignment with the Comprehensive Social Security System (CSSS) envisaged by Government.
Source/ Collection of data	Road Accident Fund reports from PMO and Board approval resolution of the Transition Plan.
Method of calculation	Approved RABS Transition Report by the Board.
Data limitations	None.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	Approved RABS Transition Plan by 30 September 2016.
Indicator responsibility	Chief Strategy Officer.

Objective 7: Initiatives aligned to the strategic outcome of an assured control environment

Indicator number and title	24. Raise ethical standards and awareness
Short Definition	<p>Raise the standards through which we adhere to our commitments, display honesty and integrity and reach company goals through honourable conduct.</p> <p>Integrating the RAF ethical standards requires the RAF and all who act on its behalf to conduct their business in a manner consistent with the RAF's ethical standards.</p>
Purpose/ Importance	To provide assurance on the achievement of ethics objectives, the outcomes of ethics initiatives and the quality of the organisation's ethics performance.
Source/ Collection of data	Ethics strategy implementation progress report.
Method of calculation	70% attendance of the ethics and value awareness session by the RAF employees, all RAF employees submit their annual declarations and all new employees commit to the RAF Code of

	Ethics.
Data limitations	None.
Type of indicator	Outcome.
Calculation type	Non-cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	100% implementation of ethics awareness initiatives and 100% annual declaration.
Indicator responsibility	Company Secretariat.

Indicator number and title	25. Improve levels of fraud detection before undue payments are made
Short Definition	Improve fraud detection and management tools before undue payments are made. The FID will develop and establish Cyber and Data Specialists capacity. The objective is to identify trends and patterns of fraud and corruption using the latest ICT. This will contribute to the reduction of undue payments to disentitled claimants and savings made to the Fund due to repudiations of claims submitted.
Purpose/ Importance	An improved fraud detection and management process will protect customers and RAF information and assets, while enabling a high performance environment.
Source/ Collection of data	Fraud management information systems.
Method of calculation	The amount (based on claimed amount) of potential savings made to the Fund on undue payments to disentitled claimants based on repudiations of claims submitted.
Data limitations	None.
Type of indicator	Outcome.
Calculation type	Cumulative.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	15% increase from the value reported in the previous financial year.
Indicator responsibility	Chief Strategy Officer.

Indicator number and title	26. Contribute to road safety by creating a crash verification system that will inform preventative measures
Short Definition	Create a crash database based on the information sourced from the information collection agents that the Fund has partnered with, that possess the capacity and footprint to be present at accident scenes to gather the information on behalf of the Fund. The information gathered will assist the Fund to validate claims registered and expedite the claims process.
Purpose/ Importance	The complete and accurate information will facilitate: <ul style="list-style-type: none"> • Trend analysis, enable more accurate projections as to the outstanding claims liability in respect of claims incurred, but not lodged. • Identification of 'Hot Spots' where road safety initiatives can be focused on. • Validation of claims registered and detection of fraudulent claims.
Source/ Collection of data	External and internal motor vehicle accident statistics.
Method of calculation	Completed tasks as per project plan.
Data limitations	None.
Type of indicator	Outcome.
Calculation type	Cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	Internal crash database.
Indicator responsibility	Chief Strategy Officer.

Table 6: Technical Indicators Description and Examples

ANNEXURE F

CHANGES TO THE RAF 2015-2020 STRATEGIC PLAN

The RAF reviewed its approved 2015 – 2020 Strategic Plan and has not revised any of its objectives. Though there were no changes in the strategic objectives, the service delivery environment has been impacted by the changes in the financial position of the Fund. Some of the performance indicators and targets have been revised due to changes in financial model, to ensure that they measure the effectiveness of planned initiatives at the guidance of the Board.

1. The changes in performance indicators and annual targets are as follows:

- **Initiatives aligned to the strategic outcome of efficient processing of claims**

Revisions to the efficient claims processing targets are due to the changes in financial model which was affected by the additional 50 cents per litre fuel levy approved by the Minister of Finance in the 2015 and an increase in the number of new claims registered. This necessitated an update in the financial model which led to the revision of the targets. Due to the continued cash constraints, the organisation has adopted a position not to increase performance (i.e. claims processing), but to maintain its current levels throughout the medium-term period.

Old Target 2016/17	Old Target 2017/18	Old Target 2018/19	Old Target 2019/20
193728	194039	194039	194039
New Target 2016/17	New Target 2017/18	New Target 2018/19	New Target 2019/20
174867	182101	196866	219908

- **Initiatives aligned to the strategic outcome of optimising ICT functionality**

The RAF's Operations Information Technology (OPSIT) Committee has recommended changes to the measures and description for the Five-year ICT E-enablement Strategy and Plan KPI in order to measure the benefits and value realisation of the ICT implementation over the medium-term period.

Old Key Performance Indicator Implement the five –year ICT Strategy			
New Key Performance Indicator Implement and assess the benefits of the Five-year ICT e-Enablement Strategy and Plan			
New Targets 2016/17	New Targets 2017/18	New Targets 2018/19	New Targets 2019/20
Conduct benefit and value realisation assessment on the deliverables completed in the financial year	Conduct benefit and value realisation assessment on the deliverables completed in the financial year	Conduct benefit and value realisation assessment on the deliverables completed in the financial year	Conduct benefit and value realisation assessment on the deliverables completed in the financial year

- Initiatives aligned to the strategic outcome of administrative dispensation to the RABS Bill**

The target to submit the RABS funding model to the Department of Transport for approval by the National Treasury was met. Further work required for the approval of the funding model will be done by DoT with the support of RAF.

The high level RABS conceptual model was approved by the Board in June 2015. Plans are under way to enlist the services of an Enterprise Architect that will complete the outstanding components of the Enterprise Architecture, validate the approved architecture and then chart a RABS transitional plan.

Old Targets 2016/17	Old Targets 2017/18	Old Targets 2018/19	Old Targets 2019/20
Implement aspects of the approved RABS business architecture	Monitor and track implementation of RABS business architecture	Monitor and track implementation of RABS business architecture	Monitor and track implementation of RABS business architecture

New Targets 2016/17	New Targets 2017/18	New Targets 2018/19	New Targets 2019/20
Develop and approve RABS Transition Plan	Implement year 1 RABS Transition Plan Initiatives	Implement year 2 RABS Transition Plan Initiatives	Implement year 3 RABS Transition Plan Initiatives

- **Initiatives aligned to the strategic outcome of an assured control environment**

With inputs emanating from the Department of Transport review of our second draft APP, the target to design and develop the internal road crash database is similar to a key performance indicator for the Road Traffic Management Corporation, which may result confusion for DoT. It was then recommended that RAF change the performance indicator to a different name. The proposed name is Crash Verification System (CVS).

ANNEXURE G: FUNDING MODEL

Table: Funding Model

Float: ad hoc		1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	
Float: Months' expenses (Multiple of)							
Float: Months' claims (Multiple of)							
Capacity ramp-up	1	0%	0%	0%	0%	0%	
		0	0	0	0	0	
Cash Flow Statement		2015	2016	2017	2018	2019	2020
+Fuel Levy		21 582 491	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
Fuel Sold (litres) ('000)		24 608 263	24 854 346	25 102 889	25 353 918	25 607 457	25 863 532
<i>Inflationary fuel levy increase</i>		<i>Off</i>		-	-	-	-
<i>Ad hoc fuel levy increase</i>							
<i>Total fuel levy increase</i>				-	-	-	-
Total fuel levy (cents per litre)		104.0	154.0	154.0	154.0	154.0	154.0
Gross fuel levy revenue ('000)		24 971 881	35 335 495	38 658 449	39 045 034	39 435 484	39 829 839
Refunds + Recoupment		3 389 390	4 796 025	5 247 044	5 299 514	5 352 509	5 406 034
Net fuel levy revenue ('000)		21 582 491	30 539 470	33 411 405	33 745 519	34 082 975	34 423 804
+Cash Injections			-				
<i>Required injection to meet operational capacity for the FY**</i>			<i>4 773 177</i>	<i>6 621 140</i>	<i>11 892 094</i>	<i>18 260 856</i>	<i>25 482 034</i>
+Cash assets at start of year		2 504 775	1 048 224	1 666 206	1 681 655	1 682 041	1 682 051
-Expenses paid		1 649 150	1 945 018	2 360 519	2 320 302	2 517 061	2 592 756
Available for claim settlement			29 642 676	32 717 092	33 106 873	33 247 955	33 513 099
Available for claim settlement (allowing for float)		22 438 116	28 042 676	31 117 092	31 506 873	31 647 955	31 913 099
Operational Claims Limit			32 815 854	37 738 232	43 398 967	49 908 812	57 395 133
Settleable claims			107 224 411	117 747 524	129 567 035	142 523 517	156 658 780
Claims Financial Shortfall			<i>4 773 177</i>	<i>6 621 140</i>	<i>11 892 094</i>	<i>18 260 856</i>	<i>25 482 034</i>
Claims Paid		21 466 282	28 042 676	31 117 092	31 506 873	31 647 955	31 913 099
Claims Settled		28 535 525	32 815 854	37 738 232	43 398 967	49 908 812	57 395 133
Personal Old Act			13 270 577	148 789	129 569	114 462	100 114
Personal New Act			18 311 208	36 401 321	42 015 655	48 435 438	55 808 723
Supplier			853 464	783 282	791 320	833 037	890 874
Undertakings			380 605	404 840	462 421	525 875	595 422
Investment income		76 390	66 206	81 655	82 041	82 051	82 051
Available funds at year-end		1 048 224	1 666 206	1 681 655	1 682 041	1 682 051	1 682 051