

ANNUAL PERFORMANCE PLAN 2022/2023

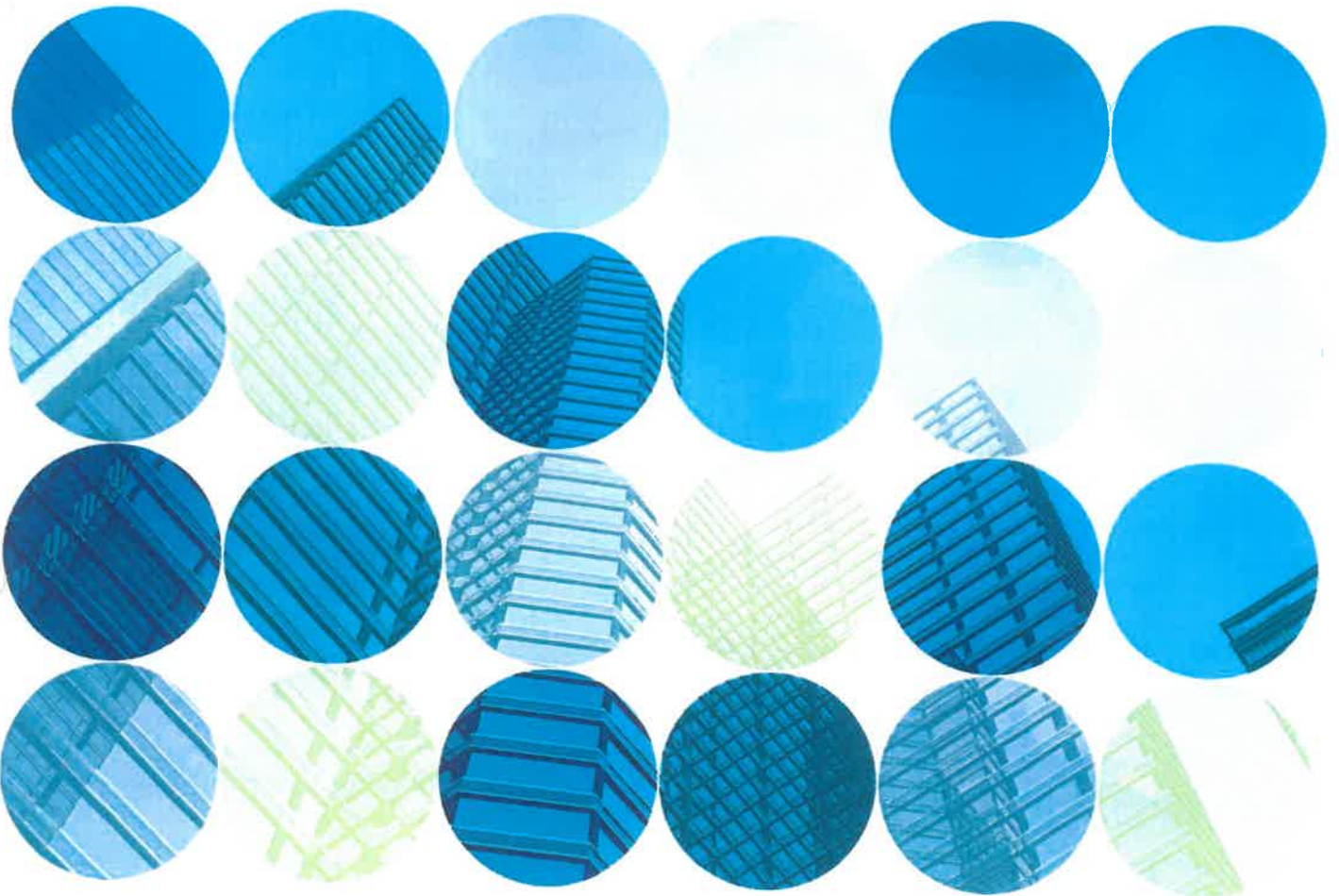


Table of Contents

1. FOREWORD BY THE MINISTER	2
2. STATEMENT BY THE ACCOUNTING OFFICER	4
3. OFFICIAL SIGN-OFF	8
4. ABBREVIATIONS	9
5. PART A: OUR MANDATE	10
5.1. CONSTITUTIONAL MANDATE	10
5.2. LEGISLATIVE AND POLICY MANDATES	10
5.3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD	10
5.4. RELEVANT COURT RULINGS	11
6. PART B: OUR STRATEGIC FOCUS	15
7. UPDATED SITUATIONAL ANALYSIS	15
7.1. EXTERNAL ENVIRONMENT ANALYSIS	15
8. INTERNAL ENVIRONMENT ANALYSIS	19
8.1. WEAKNESSES/CHALLENGES	19
9. UPDATED KEY RISKS AND MITIGATION	20
10. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	23
REVISED 2020-25 STRATEGIC PLAN: OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS, AND TARGETS	25
PART D: TECHNICAL INDICATORS (TID)	40

1. FOREWORD BY THE MINISTER

I am pleased to present the Road Accident Fund (RAF) 2022/23 Annual Performance Plan (APP). This APP marks the third year of implementation of the 2020/25 Strategic Plan adopted by Parliament. It outlines the Fund's strategic outcomes to be prioritised during 2022/23FY. The RAF is one of the Department of Transport's (DoT) State Owned Entity (SOE) responsible for compensation of motor vehicle accident victims.

The RAF's biggest cost driver is the number of road accidents. In South Africa more than 45 people die daily on the roads due to road traffic crashes. This poses a huge challenge to government and to the RAF in particular for compensation of road accident victims.

When I appointed the RAF Board towards the end of the 2019/20 FY, they inherited a financially unsustainable Fund with a highly ineffective operating model. The Fund had been technically insolvent since 1981. Some of the operational challenges included the following;

- The outstanding claims were increasing year on year as a result of increased registration of claims and slow settlement. During the 2018/19 FY, these had increased by 26%.
- The operating model was anchored on litigation. This resulted in highly litigious environment which resulted in high administrative costs and delayed settlement of claims. During the 2018/19 FY, the average RAF legal & other costs had increased by 16% year on year to R10.3 billion. The RAF medical costs had increased by 45% in the 2018/19 FY.
- The RAF claims liability and the RNYP had increased by 26% and 24% respectively during the 2018/19 FY.
- The average claims settlement values were increasing by around 10% year on year. This was driven mainly by inefficiencies and fraud.
- Business processes which were highly manual with poor ICT infrastructure environment.

In giving them the mandate, I was clear that they needed to turnaround the RAF. Some of the priorities I gave them included reducing legal costs, reviewing the operating model and digitizing the claims management process. They proceeded to develop the 2020-25 RAF strategy as part of the turnaround plan for the Fund. Almost 2 financial years into implementation of the strategy, they have taken great strides towards addressing the legacy challenges of the RAF. The strategic decision of implementing a new operating model focused on claims administration has resulted in reduced administrative costs.

In conclusion, the 2022/23 APP outlines the RAF's strategic outcomes, key performance indicators, and annual targets to be implemented to continue in this journey of finally putting the RAF on a sustainable financial and operational path. The DoT, therefore, supports the implementation of the 2022/23 APP by the RAF.



Mr F A Mbalula, MP
Minister of Transport

2. STATEMENT BY ACCOUNTING OFFICER

It is my pleasure to submit the RAF's 2022/23 APP. This APP details the key activities that the RAF will carry out to meet the strategic outcomes and targets set out in the 2020-25 Strategic Plan and to achieve its priorities during the financial year.

STRATEGIC FOCUS 2020–2025

The 2020/21 FY saw the beginning of the RAF's strategic journey to 2025. The various initiatives that the RAF is implementing as part of the 2020-2025 Strategic Plan to turn the Fund around and transform it into a sustainable entity include the following amongst others:

- Implementing the RAF Business Operating Model.
- Claims processed within 120 days.
- Reduction of legal and medical costs.
- Improving financial sustainability by implementing the asset liability matching strategies.
- Implementing the ICMS.
- Reporting on the implementation of all the Department of Transport's (DoT's) transversal governance targets.

The 2022/23 FY marks the beginning of the medium term towards the 2020-2025 strategic journey, amidst the challenges faced in an endeavour to transform the RAF into a sustainable and efficient organisation. This 2022/23 APP will focus on continuing on this transformation journey. There are a number of significant highlights achieved in the last two years of the strategic journey.

The transformation journey has gained significant momentum. There has been several initiatives and projects implemented setting us on course to achieve our transformation goals. Some highlights include the establishment of our own in-house Actuarial Claims Administration Unit, the implementation of the State Attorney model and the Claims Investigation Unit. In the 2020/21 financial year, the RAF achieved a significant reduction in administrative costs of more than R7 billion and posted a surplus of R3.2 billion. We are particularly encouraged by these major achievements amidst the devastating impact brought about by COVID-19 pandemic.

A further highlight was the approval by the Board of the RAF's Conceptual Model, the organisational macro-structure, and the completion of the skills assessment.

All our work in the past year, aligned to our ICARE Core Values, has culminated in positive feedback from our claimants and stakeholders. This shows that we are on the right track to becoming a more efficient and claimant-centric organisation whose objective is the swift and hassle-free settlement of claims.

Although the challenges in the legislative environment that the RAF operates within still remain the same, the building blocks for change were put in place to lay a foundation for the transformation of the Fund. The legislative amendments were submitted to the Minister for final review and further processing.

Financial Sustainability

Financial sustainability remains a key priority in the 2022/23 APP. The fuel levy revenue received is not matched with the claims liabilities for the compensation benefits offered by the RAF. This mismatch has resulted in the RAF accumulating a large financial deficit over the years. In the 2020/21 FY, the RAF Board approved the funding model to the Department of Transport (DoT) and National Treasury (NT) proposing additional funding streams.

On the revenue front, the Fund's annual revenue income increased from R41.2 billion to R42.2 billion in the 2020/21 FY.

Claims expenditure for the year 2020/2021 amounted to R35 billion, R27 billion relates to claimant compensation (general damages, loss of earnings and support and funeral benefits) an increase from R26,6 billion in the 2019/20 FY. A notable achievement in claims expenditure is the reduction in the claimant medical costs and RAF legal and other costs from R3,2 billion to R2,4 billion in the 2020/21 FY and R5,4 billion and R4,6 billion in the 2020/21 FY respectively. The reduction in claim-related expenditure is one of the 2020/25 strategic priorities. Furthermore, RNYP is reduced for the first time to R14,884,812 from the R16,297,832 in the 2019/20 FY.

Claims Administration

The most significant change going into the 2022/23 FY is the implementation of the RAF Operating Model. The Operating Model represents a new approach intended to address the adverse effects of a highly ineffective and litigious Operating Model.

The new business model focuses on the claims value chain through the separation of the litigation function from claims administration. This will be done through the creation of Claims and Legal Administration business units. Key to claims administration capabilities is:

- The introduction of claims pre-assessment at registration phase.
- Merits management.
- Product-based approach.
- Establishing in-house claims actuarial management.
- In-house claims investigation management.
- Building internal medical management capability to expedite claims medical assessment outcomes.

The above re-defined claim value chain process is fundamental in achieving RAF priorities as defined in the 2020-2025 Strategic Plan.

Administration and Governance

The organisational structure review is at an advanced stage (currently filling vacant Executive positions), and it is aimed at ensuring that the Fund can deliver on its mandate efficiently. This also includes measures to ensure that the SCM processes are improved.

Change Management initiatives that focus on culture, New Operating Model, skills, and values are implemented across the organisation. These changes and associated risks linked to this transformation must be monitored and managed closely as the Fund moves into year three of this five-year journey.

ICT remains a major challenge going into the new planning cycle. The Fund is still largely manually operated with legacy systems which are not integrated. The implementation of the ICMS as envisaged in the remaining three financial years will be a critical success factor for the five-year strategy.

Fraud and corruption remain key risks for the Fund. The organisation continued to be targeted by fraudsters and this will remain a high risk as long as the Fund's processes have not been fully automated. Whilst this remains an area of improvement going into the 2022/23 FY, there has been an improvement in consequence management on internal officials within the Fund who were found to be corrupt and/or involved in acts of maladministration.

We will intensify the fight against fraud and corruption going into the 2022/23 FY. This will include building our forensic investigation capacity and collaboration with law enforcement agencies.

Conclusion

COVID-19 had a devastating impact on the country's economy. The RAF was not spared the adverse impact, both on its performance and on having lost staff members and family members to this pandemic. The RAF operations were tremendously affected by the rising numbers of COVID-19 infections which led to temporary closure of our offices which disrupted claims lodgement. However, the RAF remains resolute in ensuring that claims are processed, and the stakeholders are engaged while complying with COVID-19 regulations as set out by the Government.

In pursuit of the 2020/25 strategic outcomes, we will continue to do so within the framework of our newly adopted Values of Integrity, Compassion, Accountability, Respect, and Excellence (ICARE).



[Collins Letsoalo \(Mar 29, 2022 13:54 GMT+2\)](#)

Collins Phutjane Letsoalo

Chief Executive Officer

Road Accident Fund

3. OFFICIAL SIGN-OFF

It is hereby certified that this Final Draft 2022/23 Annual Performance Plan:

- Was developed by the management of the RAF under the guidance of the RAF Board.
- Takes into account all the relevant policies, legislation, and other mandates for which the RAF is responsible.
- Accurately reflects the impact, outcomes, and outputs which the RAF will endeavour to achieve over the period of the revised 2020– 2025 Strategic Plan.


Phathutshedzo Lukhwareni (Mar 29, 2022 09:13 GMT+2)

Signature:

Phathutshedzo Lukhwareni

Acting Chief Strategy Officer

BPotgieter
BPotgieter (Mar 29, 2022 11:12 GMT+2)

Signature

Bernice Potgieter

Chief Financial Officer


Collins Letsoalo (Mar 29, 2022 13:54 GMT+2)

Signature

Collins Phutjane Letsoalo

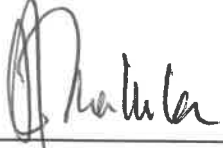
Chief Executive Officer


TN Msibi (Mar 29, 2022 16:49 GMT+2)

Signature

Ms Thembelihle Msibi

Chairperson of the Board



Signature

Date:

Mr Fikile April Mbalula, MP

Minister of Transport

4. ABBREVIATIONS

APP	Annual Performance Plan
B-BBEE	Broad-based Black Economic Empowerment
B/F	Brought Forward
CEO	Chief Executive Officer
C/F	Carried Forward
CPI	Consumer Price Index
CRMP	Compliance Risk Management Plan
CSC	Customer Service Centre
CSSS	Comprehensive Social Security System
DoE	Department of Education
DoT	Department of Transport
EA	Enterprise Architecture
ECM	Enterprise Content Management
ENE	Estimates of National Expenditure
ESD	Enterprise Supplier Development
HSC	Hospital Service Centre
IBNR	Incurred But Not Recognised
ICMS	Integrated Claims Management System
ICT	Information Communication Technology
IT	Information Technology
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan
NHI	National Health Insurance
NT	National Treasury
ORC	Open Registered Claims
PCoT	Portfolio Committee on Transport
POP	Patient Outreach Programme
PDPs	Public Driver Permits
RAF Act	Road Accident Fund Act, 1996
RNYP	Requested but Not Yet Paid
RTMC	Road Traffic Management Corporation
SAP	System Application and Products
SAPS	South African Police Service
SCM	Supply Chain Management
SOE	State-Owned Entity
SONA	State of the Nation Address
SOP	Standard Operating Procedure
WHO	World Health Organization
VV	Validation and Verification

5. PART A: OUR MANDATE

5.1. CONSTITUTIONAL MANDATE

The Fund was established in terms of the Road Accident Fund Act, 1996 (Act No. 56 of 1996), which outlines the mandate of the Fund as the payment of compensation for loss or damage wrongfully caused by the negligent driving of a motor vehicle.

5.2. LEGISLATIVE AND POLICY MANDATES

The powers and functions of the Fund shall include:

- The stipulation of the terms and conditions upon which claims for the compensation contemplated in section 3 shall be administered.
- The investigation and settling, subject to the Act, of claims arising from loss or damage caused by the driving of a motor vehicle whether or not the identity of the owner or ~~driver thereof, or the identity of both the owner and the driver thereof, has been established.~~
- The management and utilisation of the money of the Fund for purposes connected with or resulting from the exercise of its powers or the performance of its duties; and reinsurance for any risk undertaken by the Fund.

5.3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

The institutional policies and strategies of the Fund shall be developed in line with the objectives, functions, and powers of the RAF Act. The RAF will further develop and implement policies that support the national agenda. Such policies include, but are not limited to:

- The RAF B-BBEE Policy;
- RAF Disability Policy; and
- RAF Gender Policy.

5.4. RELEVANT COURT RULINGS

Matters	Description
Zuko Busuku vs RAF	<p>A claimant, Zuko Busuku, issued summons in the Mthatha High Court for damages of bodily injuries that arose from a motor vehicle collision that took place in 2012. The Fund raised a special plea and argued that the claimant had failed to send or deliver to it a medical report as contemplated by section 24 (1) read with section 24 (2) (a) of the Act resulting in the claimant's claim becoming prescribed.</p> <p>The judge of first instance, Mr Justice Alkema, agreed with the Fund and upheld the special plea. On appeal to the full bench of the Mthatha High Court, two of the three judges hearing the appeal found that the judge of first instance was incorrect, but the third judge agreed with him. On appeal to the Supreme Court of Appeal (SCA), the Court was unanimous that the judge of first instance was incorrect on two grounds, first, that the medical report that was attached to the claim form was sufficient on a proper interpretation of the Act; and second, the provisions of section 24(5) were conclusive of the issue and the special plea ought to be dismissed. The SCA had thus granted judgment in favour of the claimant on 1 December 2020.</p> <p>The Fund had then appointed Bonoko & Maphokga Attorneys to petition the appeal to the Constitutional Court. The Leave to Appeal Application was issued out at the Constitutional Court on 16 August 2021, and the claimant subsequently filed an answering affidavit on 15 October 2021. The parties are now waiting for the Constitutional Court to allocate the matter for hearing.</p>
RAF vs The Legal Practice Council and 18 Others	<p>The RAF had issued an application where it was seeking an order in terms of Rule 45A of the High Court Rules to suspend execution of warrants of execution authorised pursuant to judgment obtained against the RAF.</p> <p>The matter was heard, as set down, on 15–16 March 2021 with judgment delivered on 09 April 2021. The court made the following orders:</p> <ul style="list-style-type: none"> • <i>Temporary order made by the court on 09 December 2020 and was extended by the court on 16 March 2021, is discharged.</i> • <i>All Writs of execution and attachments already reached in terms of the RAF Act are suspended until 30 April 2021.</i>

Matters	Description
	<ul style="list-style-type: none"> • <i>The RAF is to pay all claims based on court orders already granted or settlements already reached in terms of the RAF Act, which are older than 180 days as from date of court orders or date of settlement reached, on or before 30 April 2021.</i> • <i>All Writs of execution and attachments against the RAF based on court orders already granted or settlement reached, which are not older than 180 days as from the date of court order or date of settlement reached, are suspended from 01 May until 12 September 2021.</i> • <i>The RAF is to continue with its process of making payment of the oldest claims first by date of court order or date of written settlement agreement a priore tempore.</i> • <i>Any party may approach this court during September 2021 to vary, extend or amend this order.</i> <p>The RAF had, through Malatji & Co Attorneys, issued an urgent application on 20 September 2021 seeking relief from court to extend an order of the full bench dated 09 April 2021 with a further six months. The terms of the 09 April 2021 order were that writs of attachments and executions based on court orders already granted or settlements reached in terms of the RAF Act, which were older than 180 days as from the date of the court order or the date of the settlement reached were suspended.</p> <p>An urgent application was enrolled for 26 October 2021 but was removed from the roll. The parties are now waiting for special allocation of the matter from the Registrar of the Court.</p>
<p>Mautla & Six Others v RAF: Acceptance of Lodgement Documents</p>	<p>The RAF issued a compulsory minimum information directive on 08 March 2021, following the resolution of the Board. The aforementioned directive was circulated to all plaintiff attorneys within the RAF database on 11 March 2021 and was published on the Legal Practice Council website for the attention of all attorneys on 15 March 2021.</p> <p>Subsequently, Adams & Adams Inc issued an urgent application on behalf of Mautla and six other claimants for an interim interdict against the implementation of the RAF's management directive referred to above which imposed new terms and conditions for administering claims. The RAF was advised by senior counsel to file a concession affidavit on the basis that it would publish the terms and conditions for administering claims for comment prior to implementation.</p>

Matters	Description
	<p>The court has ordered the RAF not to implement the terms and conditions for administering claims and the amended RAF 1 Claim Form pending the outcome of a review application which was launched by the applicants on 14 June 2021. As a result, thereof, the RAF management directive issued on 08 March 2021 was thus suspended by the court.</p> <p>The review application is pending. The RAF has in the interim withdrawn the terms and conditions and suspended the implementation of the RAF 1 Claim Form. The RAF's attorneys have written to the applicant's attorneys enquiring from them whether they still intend to proceed with the application given that the RAF has withdrawn of the terms and conditions which are now been published for comment. The review may still proceed, and the applicants may persist with it should they also want the RAF 1 Claim Form to be withdrawn and subjected to consultation under the Promotion of Administrative Justice Act (PAJA).</p>
<p>Phillipa Susan van Zyl N.O. v Road Accident Fund (CONSTITUTIONAL COURT OF SOUTH AFRICA)</p>	<p>On 1 May 2010, Mr Jacobs was injured in a motor vehicle collision. He sustained severe head injuries which rendered him of unsound mind. His mother, acting in terms of section 17(1)(a) of the RAF Act, lodged a claim for compensation for him with the RAF on 18 January 2017, seven years after the incident. The RAF repudiated his claim, pleading prescription. Under section 23(1) of the RAF Act, claims must be lodged within three years after the incident.</p> <p>The High Court found in favour of the RAF. The SCA dismissed the appeal. It held that Road Accident Fund v Mdeyide 2011 (2) SA 26 (CC) (Mdeyide II) created a rule that the Prescription Act 68 of 1969 and the RAF Act are inconsistent and that questions of prescription in respect of third-party claims against the RAF are governed exclusively by the RAF Act.</p> <p>The plaintiff appealed to the Constitutional Court.</p> <p>Judgement</p> <p>To arrive at a constitutionally compliant interpretation, the first judgment relied on the impossibility principle, <i>lex non cogit ad impossibilia</i> (the law does not require the impossible) and the incapacity principle, <i>contra non valentem agere non currit praescriptio</i> (prescription does not run against one who has no capacity to institute action). Parliament would have had to expressly exclude the impossibility principle if it did not intend for it to apply, and that interpreting the prelude to section 23(1)</p>

Matters	Description
	<p>to implicitly exclude the impossibility principle would be a perversion of justice. This finding was premised on the natural durability of the impossibility principle as right reason and its recognition of human capabilities.</p> <p>The first judgment held that the Supreme Court of Appeal had erred in finding that Mr Jacobs could have complied with section 23(2)(b)-(c) to avoid the prescription of his claim. It would have been impossible for him, in light of his disability, to manage his own detention in terms of mental health legislation, or to arrange for the appointment of his own curatrix. Consequently, the first judgment found that Mr Jacobs lacked the legal capacity to institute his claim personally and that prescription did not run until the appointment of his curatrix.</p> <p>The first judgment noted in conclusion that this interpretation achieves consistency with the Convention on the Rights of Persons with Disabilities by affording the affected persons access to courts, enabling them to exercise their legal capacity and protect their dignity. It proceeded to uphold the appeal and dismiss the RAF's special plea of prescription with costs. It mentioned specifically, "This is required of the RAF, as a social institution, to accommodate the affected persons. After all, this is what it means to be a caring society."</p>

6. PART B: OUR STRATEGIC FOCUS

7. UPDATED SITUATIONAL ANALYSIS

7.1. EXTERNAL ENVIRONMENT ANALYSIS

PESTEL Analysis is a strategic framework used to evaluate the external environment of a business by breaking down the opportunities and risks into Political, Economic, Social, Technological, Environmental, and Legal factors. There are critical and several external environmental issues which may influence the operations of the organisation but are not within its control. The PESTEL analysis of the RAF's external environment indicates significant changes in the Fund's external operating context, which are important to consider going into the Medium Term Strategic Framework Cycle (2022-2024). The NDP Vision 2030 sets out the long-term vision for the country and provides the programme through which South Africa can advance inclusive socio-economic transformation through development planning. Among the most important measures and targets set out in the NDP are those relating to economic growth, addressing poverty, inequality, and unemployment.

7.2. SEVEN APEX PRIORITIES FOR 2019–2024

The MTSF 2019–2024 translates the NDP goals and the governing party's electoral mandate government's priorities over a five-year period. These apex priorities were announced by the President in July 2019 at the start of the term for the Sixth Administration. These apex priorities, which will be achieved through the joint efforts of all government institutions, are as follows:

Priority 1: A capable, ethical and developmental state.

Priority 2: Economic transformation and job creation.

Priority 3: Education, skills, and health.

Priority 4: Consolidating the social wage through reliable and quality basic services.

Priority 5: Spatial integration, human settlements, and local government.

Priority 6: Social cohesion and safe communities.

Priority 7: A better Africa and world.

7.3. NATIONAL ANNUAL STRATEGIC PLAN

In 2019, the Department of Planning, Monitoring and Evaluation (DPME), in consultation with the rest of government, developed the MTSF as the implementation plan for the Sixth Administration. The revised 2019- 2024 MTSF and the 2022 Budget Prioritisation Framework (BPF) were endorsed at the Cabinet Lekgotla in September 2021. The Lekgotla agreed that the DPME should prepare a National Annual Strategic Plan (NASP) which sets out government priorities and targets for a particular year in order to guide the development of APPs and Annual Operational Plans (AOP) from 2022/23 onwards. Amongst others, the NASP 2021 set out the following key priorities for 2022 that must be taken into account in developing the 2022/23 APP:

- Managing the pandemic.

- Driving economic recovery.
- Employment support and relief.
- Enhancing state capability to deliver on government's priorities.

The tables below summarise the external environment analysis of the critical issues that directly and indirectly impact the RAF.

7.4. Table 2: PESTEL Analysis

<p>POLITICAL</p> <ul style="list-style-type: none"> • The main areas to observe going into 2022/23 will be the elective conference of the ruling party in December 2022 and the national elections in 2024. • The State Capture Report will be a key dominant feature during the 2022/23 FY. • The local political environment remains unstable and uncertain, particularly at the major metros governed by coalition governments. • The state of governance in SOEs remains a concern. 	<p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • With the world moving towards 4IR, the RAF is still aiming to have an ICMS in place. • Cyber security risks remain an increasing global risk. This remains a high risk for the RAF with our legacy systems. • The DoT developing regulations on self-driving cars. • The new registration of electric vehicles remains low at around 0.052% (276) of the national car sales (525 876). • Cost and energy supply fears are the biggest deterrents. • The DTI has published the <i>Auto Green Paper on the advancement of new energy vehicles in SA</i>. • Some of the policy proposals include zero-rated duty for identified unique EV components and a sunset clause reducing duties for a limited number of years while allowing local EV component production to grow to meet demand.
<p>ECONOMIC</p> <ul style="list-style-type: none"> • The South African Reserve Bank (SARB) has revised downwards its GDP forecast for the South African economy to 5.2% year-on-year from 5.3% year-on-year previously for Quarter 3. 2021's GDP figure is now projected at -2.5%, notably weaker than September's forecast of -1.2%. Growth for 2022 and 2023 at 1.7% and 1.8% respectively are unchanged. • The International Monetary Fund's (IMF's) global growth forecast for 2021 was revised down marginally to 5.9% year-on-year in October, moderating thereafter to 4.9% (2022), however, global growth continues to 	<p>SOCIAL</p> <ul style="list-style-type: none"> • South Africa's unemployment rate rose to 34.9% in the third quarter of 2021, up from 34.4% in the previous period. • This is the highest jobless rate since comparable data began in 2008, on the back of the July unrests and the still stringent lockdown due to the Covid-19 pandemic. • Growing income disparity and inequality. • According to the RTMC 2018/19 Annual Report, there were 12,921 deaths on South Africa's roads in a single year.

<p>remain uneven with emerging markets lagging behind developed economies, prejudiced by slower vaccination roll-outs and a limited fiscal stimulus.</p> <ul style="list-style-type: none"> • The National Treasury projects the national debt to increase to R4.38 trillion in 2022/23. • This is due to the evolution of the pandemic, the July 2021 unrest, imposed travel bans on South Africa ahead of its summer holiday season following its discovery of Omicron and ongoing electricity supply constraints. • As things stand, without any policy adjustments, debt will most likely exceed 70 per cent of the GDP by 2022/23. • Credit rating risk remains just one notch above junk status with a forecast high risk of sub-investment grading. • New vehicle sales are expected to contract by 2.6% in 2019, after falling by 1% in 2018. • Whereas diesel sales volumes increased at a relatively robust pace over the last decade, there has been virtually no growth in petrol sale volumes since 2008. Diesel increased by 21% between 2008 to 2018 whilst petrol increased by 0.5 % over the same period. • The primary reason for the diesel sales growth is the increased usage of diesel by Eskom in its open cycle gas turbines in order to avoid power outages. • Treasury has announced a consolidated spending cut by 2.5% in the 2022/23 FY and will not be bailing out distressed state-owned entities. 	<ul style="list-style-type: none"> • Fatal crashes for the period from 1 December 2020 to 11 January 2022 indicates that 1,295 people lost their lives over the December 2021 festive season on SA roads. • Human factors remain the main contributory factor to road accidents, followed by environmental factors and inadequate road safety awareness and training.
<p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • The energy supply risk remains a concern with financial challenges at Eskom and water supply. • Climate change risks as seen by increased severe weather events will remain a concern. 	<p>LEGAL</p> <ul style="list-style-type: none"> • Introduction of key legislations, i.e. <ul style="list-style-type: none"> • NHI • POPIA • The RAF will have to monitor closely the impact of the 17 December 2021 Constitutional Court judgement, whereby it overturned the SCA's decision that the RAF may reject a compensation claim if it has not been lodged within three years

	<p>because of a person's mental incapacity.</p> <ul style="list-style-type: none"> • The evolving case law within the personal injury space must also be monitored closely. There are still key litigations brought against the RAF which may have an impact on the strategy and will have to be monitored closely.
--	--

7.5. IMPACT OF COVID-19

The COVID-19 pandemic has made it difficult for the RAF and government to deliver on their mandates. The economy took a strain from the consequences of having many aspects of economic activity curtailed by government's efforts to curb the spread of the pandemic.

The extent of the devastation brought about by the pandemic has been extreme in the economy, as such, the Fund's social activities have also been affected as a result of continuous restrictions aimed at curbing the spread of the virus. In its effort to curb the spread of COVID-19, the RAF nominated COVID-19 Compliance Officers who are responsible for ensuring that the organisation's buildings do not exceed their occupancy capacity, according to the projected number of visitors expected per building during a normal working day, at any given time.

The Fund has also dealt with the misfortune of the passing of its employees due to COVID-19. As a compassionate and caring organisation, the safety and well-being of employees is important, hence employees were encouraged to work from home to minimise the continued risk of exposure. Further measures aimed at avoiding prolonged office closure, regional offices introduced a mandatory staff rotation system for all employees.

The Fund has now commenced to implement a staggered return to work whilst encouraging all its staff members to vaccinate for COVID-19.

7.6. Table: SWOT

<p>STRENGTHS</p> <ol style="list-style-type: none"> 1. Reliable revenue stream 2. Competent and permanent Board of directors 3. Governance stability 4. New Operating Model and 2020-2025 Strategy 	<p>WEAKNESSES</p> <ol style="list-style-type: none"> 1. Inadequate legislative framework 2. ICT 3. RNYP 4. Succession planning for key positions
<p>THREATS</p> <ol style="list-style-type: none"> 1. Fraud and corruption 2. High motor vehicle accident rate 3. Political/policy changes 	<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Implementation of the RAF ICMS system/digitisation

<ol style="list-style-type: none"> 4. COVID-19 5. RAF is underfunded 6. Business continuity 7. ????? 	<ol style="list-style-type: none"> 2. Implementation of the internal RAF Operating Model 3. RAF legislative review 4. Technology and innovation (i.e., electric vehicles and self-driving cars) 5. Remote working as a mitigating factor for motor vehicle accidents
--	--

8. INTERNAL ENVIRONMENT ANALYSIS

SWOT analysis as an assessment of the internal organisational issues in the Strength and Weaknesses which are fairly within the control of the institution. A SWOT analysis is a strategic planning technique used to help an organisation identify its strengths, weaknesses, opportunities, and threats related to business competition or project/initiatives planning.

8.1. WEAKNESSES/CHALLENGES

As indicated in the SWOT analysis in table 7.6 above, the main challenges of the RAF were mainly the inadequate legislative framework which has resulted in a highly litigious operating environment. Although the 2020/21 FY saw a reduction in administrative costs, this remains a strategic focus area during the 2022/23 FY.

The previous strategic focus area included registering more claims through the direct claims strategy. A total of 328, 173 new claims were registered, representing a 12.4% and 13% increase in personal and supplier claims respectively. This contributed to a number of challenges as listed below, which saw a year-on-year growth in the deficit:

- Outstanding claims increased by 26% to 309, 710 as a result of the increased registration and slow settlement.
- One of the strategic focus areas was "improved litigation" which only served to fuel the litigious environment.
- Average RAF legal and other costs increased by 16% to R10,3 billion.
- Average RAF medical claims increased by 45%.
- Claims liability increased by 26%.
- RNYP increased by 24%.
- Average General Damages had increased by 8%.
- Average Loss of Earnings had increased by 11%.
- Operational deficit of R1.3 billion.
- Finance costs increased by 19%.
- Current liabilities of the RAF exceeded assets by R31 billion.

- Interim Board.
- Acting CEO.

The RAF developed a New Operating Model during the 2020/21 FY. This was intended to address the adverse effects of a highly ineffective and litigious Operating Model. In the 2020/21 FY, the RAF achieved a significant reduction of more than R7 billion in administrative costs.

- The change in the litigation management resulted in the reduction of legal costs by 42%. As of 31 March 2021, the legal costs had reduced to R3.9 billion.
- Finance costs reduced by 62% as of 31 March 2021.
- Investment income grew by 153%.
- Recorded a R3.2 billion surplus.
- Maintained an average positive cash balance.
- Recovered over R571 million in duplicate payments.
- The establishment of an in-house Actuarial Claims Administration Unit, the implementation of the State Attorney Model and the Claims Investigation Unit are the outcomes of the New Operating Model.
- Challenges still remain in reducing the turnaround time of settlement of claims and in bringing down average claim values. The implementation of the Minimum Requirements Directive will assist.
- The onboarding of an implementing partner will finally assist in the implementation of the ICMS.

9. UPDATED KEY RISKS AND MITIGATION

Outcome	Key Risks	Risk Mitigation
A transformed and sustainable RAF	Financial Sustainability Fraud, corruption, and Unethical Behaviour People Management Service Delivery Regulatory Framework	<ul style="list-style-type: none"> • Reviewing the RAF Funding Model and exploring other possible sources of revenue to sustain the RAF. • Regularly assessing and optimising the Cash Management Strategy to respond to cash constraints including extending the Payment Strategy of paying all claims older than 180 days. • Collaborating with all key stakeholders and lobbying for political support. • Prioritising the legislative process to move to the instalment payments. • Introduction of various stringent financial management and cost-cutting controls, e.g., the introduction of Internal State Attorneys and Assessors, etc. • Enhancing the fraud prevention and detection measures, e.g., focused fraud awareness sessions, fraud risk

Outcome	Key Risks	Risk Mitigation
		<p>assessments, capacitation of the Cyber Unit, procurement of relevant fraud investigation tools and collaboration with law enforcement agencies.</p> <ul style="list-style-type: none"> • Conducting the skills audit to identify skills gaps and implement appropriate interventions.
Systems modernisation	Information and Communication Technology Financial sustainability Service delivery	<ul style="list-style-type: none"> • Implementing Phase 1 of the ICMS following the appointment of a service provider and ensuring continuous alignment with the revised Operating Model. • Reviewing the ICT environment, and establishment of internal controls to enhance ICT Governance, Risk and Control; and to stabilise the ICT operating environment. • Rolling out ECM to optimise current business processes. • Prioritising initiatives aimed at improving ICT security to ensure resilience to cyber security and ICT continuity risks. • Optimising online lodgement and processing of claims throughout the claims value chain. • Providing ICT tools to enable remote working and processing of claims. Integration and alignment the Litigation Management System with the court's online Case Line System to improve litigation management. • Implementing Enterprise Architecture.
Improved governance and strengthened control environment	Fraud and corruption Financial sustainability People Management Service delivery Regulatory Framework Reputational risk Governance/Leadership	<ul style="list-style-type: none"> • Conducting the Board Performance Assessment including King IV Governance Assessment. • Reviewing, monitoring, and reporting on adherence to the Governance Framework to the RGAC. • Verifying Declaration of interest (DOI) for completeness and compliance. • Continuous monitoring, advising and reporting on compliance requirements. • Conducting an independent Ethics Risk Assessment. • Developing the Ethics Strategy and Plan.

Outcome	Key Risks	Risk Mitigation
		<ul style="list-style-type: none"> • Rolling out awareness sessions on the new Organisational Values. • Conducting focussed ethics and fraud awareness sessions. • Procuring cyber tools and conducting cyber investigations. • Expediting the filling of Executive positions.
Improved service delivery	Fraud and corruption Financial sustainability People Management Service delivery Reputational risk Information and Communication Technology Regulatory Framework	<ul style="list-style-type: none"> • Reviewing the Claims Operating Model with the main focus of settling claims within 120 days. • Developing and implementing a Client Experience Model across the organisation. • Optimising the State Attorney Model to reduce the exposure of undefended matters. • Mapping out the Summons Management Process to enhance monitoring and avoid default judgement. • Initiating the process of procuring a panel of cost consultants to reduce the workload for legal cost assessment. • Monitoring court orders and settlement agreements and ensuring timeous request of payments. • Developing the microstructure including work study and determination of workforce requirements. • Conducting a skills gap analysis and implementing appropriate interventions. • Implementing the appropriate change management interventions to introduce a high-performance culture and ethics across the organisation. • Implementing the disaster management regulations and protocols. • Implementing the Stakeholder Engagement Strategy and Plan; and implementing monitoring tools to assess the levels and impact of customer satisfaction.

10. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

REVISED 2020-25 STRATEGIC PLAN: OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS, AND TARGETS

Outcome 1. A transformed and sustainable RAF

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS						
			AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MTEF PERIOD			
			2018/19	2019/20		2021/22	2022/23	2023/24	2024/25
A transformed and sustainable RAF	Approved RAF Business Operating Model	Implementation of RAF Business Operating Model	-	-	EXCO approved the Business Operating Model and recommended it to the Board	RAF Business Operating Model implemented	Year 2 Business Operating Model initiatives implemented	Year 3 Business Operating Model initiatives implemented	-
	Claims processed within 120 days	% of all new personal claims settled within 120 days	-	-	Offers made within 120 days: 360 Number of claims lodged: 118, 424 (cumulated from 1 April 2020) % Achievement: 0.30 %	5%	5%	10%	-

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS							
			AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MTEF PERIOD				
			2018/19	2019/20		2020/21	2021/22	2022/23	2023/24	2024/25
	Claims validated and verified within 60 days	% of all new personal claims validated and verified within 60 days	-	-	Personal claims VV & VO within 60 days: 22, 088 (cumulated number from 1 April 2020 to date)	50%	55%	80%	-	-
					Total Number of personal claims VV & VO: 37, 446 (cumulated number from 1 April 2020 to date)					
					% Achievement: 59.0 %					

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					MTEF PERIOD		
			AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MTEF PERIOD				
			2018/19	2019/20		2020/21	2021/22		2022/23	2023/24
	% reduction of three-year-old open claims	% reduction of three-year-old open claims	9	0	Actual performance is 49% below annual target Average age of old claims grew from 896 days in the 2019/20 FY to 1, 290 days in the 2020/21FY, which is an increase of 44% in the average age of a claim	10%	20%	35%		
	Reduction of legal costs	% reduction of legal costs	-	-	Legal costs as of 31 March 2021: R3 991 940 168.38 compared to R6 971 394 186.86 as of	25%	30%	55%	-	

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					MTEF PERIOD		
			AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	2022/23	2023/24		2024/25	
			2018/19	2019/20						2020/21
			9	0	31 March 2020 42.74% legal cost ratio Actual performance is 27.74% above annual target					
	Reduced medical costs	RAF medical tariffs implemented	-	-	RAF medical tariff developed	RAF medical tariff implemented	RAF Year 2 medical tariff implemented	-	-	-
		% reduction of medical costs	-	-	No target for FY	-	10%	20%	-	-
	Improved financial sustainability	Debt restructuring finalised (RNYP)	-	-	Annual target of obtaining a finance facility is not achieved due to RAF financial position and	Secured finance facility for short-term liability (RNYP)	-	-	-	-

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					ESTIMATED PERFORMANCE	MTEF PERIOD				
			AUDITED/ACTUAL PERFORMANCE			2020/21	2021/22		2022/23	2023/24	2024/25		
			2018/19	2019/20	2020/21								
			9	0		overall unfavourable market conditions This target has been moved to the 2021/22 APP							
	Improved financial sustainability	Asset and Liability Strategy implemented	-	-	-	No target for FY	Asset and Liability Strategy developed and approved	Asset and Liability Strategy implemented	-	-	-	-	-

Outcome 2 System modernisation

		ANNUAL TARGETS							
OUTCOME	OUTPUTS	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MTEF PERIOD			
			2018/19	2019/20			2020/21	2021/22	2022/23
System modernisation	An ICMS	Implemented ICMS	-	-	Planned initiatives as per the initial Operational Plan were not achieved	Phase 1 of the ICMS completed	Phase 2 initiatives of the ICMS Project Plan implemented	Phase 3 initiatives of the ICMS Project Plan implemented	-

Outcome 3 Improved Governance and Strengthened Control Environment

		ANNUAL TARGETS							
OUTCOME	OUTPUTS	OUTPUT INDICATOR	AUDITED/ACTUAL PERFORMANCE		ESTIMATED PERFORMANCE	MTEF PERIOD			
			2018/19	2019/20			2020/21	2021/22	2022/23
Improved governance and strengthened control environment	Adequate responses to Parliament questions	Percentage responses to Parliament questions	-	-	No target for FY	100% responses to Parliament questions	100% responses to Parliament questions	100% responses to Parliament questions	100% responses to Parliament questions

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					ESTIMATED PERFORMANCE	MTEF PERIOD		
			AUDITED/ACTUAL PERFORMANCE		2020/21	2021/22	2022/23		2023/24	2024/25	
			2018/19	2019/20							
	Resolution of reported incidents of fraud and corruption	Percentage resolution of reported incidents of fraud and corruption	-	-	No target for FY	75% resolution of reported incidents of fraud and corruption	85% resolution of reported incidents of fraud and corruption	95% resolution of reported incidents of fraud and corruption	-		
	Functionality of ethics structures and adequate capacity	Report on status and operations of Ethics Committee	-	-	No target for FY	Departmental Ethics Committees operationalised	Report on status and operations of Ethics Committee	Report on status and operations of Ethics Committee	Report on status and operations of Ethics Committee		
	Implementation of action plan to address audit findings	Percentage implementation of action plans to address audit findings	-	-	21 of the 31 Auditor-General of South Africa (AGSA) findings were resolved by end of January 2021	80% implementation of action plans to address audit findings	65% implementation of action plans to address audit findings	75% implementation of action plans to address audit findings	-		

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					ESTIMATED PERFORMANCE	MTEF PERIOD				
			AUDITED/ACTUAL PERFORMANCE						2021/22	2022/23	2023/24	2024/25	
			2018/19	2019/20	2020/21								
	Reduction of qualified audits	Regulatory Audit Outcome by the AGSA	-	-	Unqualified audit outcomes for the 2019/20 FY from the AGSA	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings
	Elimination of wasteful and fruitless expenditure	Report on cases of wasteful and fruitless expenditure	-	-	No target for FY	80% reduction of cases of wasteful and fruitless expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS					ESTIMATED PERFORMANCE	MTEF PERIOD			
			AUDITED/ACTUAL PERFORMANCE						2021/22	2022/23	2023/24	2024/25
			2018/19	2019/20	2020/21	2021/22	2022/23					
	Reduction of irregular expenditure	Report on cases of irregular expenditure	-	-	No target for FY	55% reduction of cases of irregular expenditure	Report on cases of irregular expenditure	Report on cases of irregular expenditure	Report on cases of irregular expenditure	Report on cases of irregular expenditure		
	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement	-	-	No target for FY	100% compliance	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement		

OUTCOME	OUTPUTS	OUTPUT INDICATOR	ANNUAL TARGETS						
			AUDITED/ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	MTEF PERIOD	
			2018/19	2019/20	2020/21	2021/22		2022/23	2023/24
Improved service delivery	Stakeholder Management Strategy	Stakeholder Management Strategy developed and implemented	-	-	Stakeholder Management Strategy approved by the CEO and recommended to the Board.	50% of the Stakeholder Management Strategy implemented	75% of 2022/23 Stakeholder Management Strategy initiatives implemented	85% of 2023/24 Stakeholder Management Strategy initiatives implemented	95% of 2024/25 Stakeholder Management Strategy initiatives implemented
	Customer Satisfaction Survey conducted	% Customer Satisfaction Survey rating	-	-	No target for FY	-	50%	60%	-
	Organisational structure review	Organisational structure reviewed and approved	-	-	Conceptual model and functional structure endorsed at Board level	Work study and organisational structure Developed	30% implementation of the approved organisational structure	60% implementation of the approved organisational structure	90% implementation of the approved organisational structure
	Skills Audit of all employees	Skills Audit Report	-	-	Skills Audit project approved by CEO	Skills Audit Report finalised	Year 1 implementation of Skills Audit Report Outcomes	Year 2 implementation of Skills Audit Report Outcomes	Assess successful implementation and adoption of the Outcome of the Skills

	2020-2025 Strategic Plan Impact Assessment	Approved Strategy Impact Assessment Report	No target for FY	No target for FY	No target for FY	No target for FY	Approved Impact Assessment Report	Implement corrective actions identified in the Impact Assessment Report	-
--	--	--	------------------	------------------	------------------	------------------	-----------------------------------	---	---

Outcome 4 Improved Service Delivery

11. 2022/23 Quarterly Targets

Output Indicators		2022/23 Target			
		Q1	Q2	Q3	Q4
1.	Implementation of RAF Business Operating Model	-	-	-	Year 2 Business Operating Model initiatives implemented
2.	Percentage of all new personal claims settled within 120 days	5%	5%	5%	5%
3.	Percentage of all new personal claims validated and verified within 60 days	55%	55%	55%	55%
4.	Percentage reduction of three-year-old open claims	5%	10%	15%	20%
5.	Percentage reduction of legal costs	30%	30%	30%	30%
6.	Reduction of medical costs	-	-	-	RAF medical tariff implemented
7.	Percentage reduction of medical costs	-	-	-	10%
8.	Asset and Liability Strategy implemented	-	-	-	Asset and Liability Strategy implemented
9.	Implemented ICMS	-	-	-	Phase 2 of the ICMS completed
					Phase 2 of the ICMS implemented

Output Indicators		2022/23 Target			
		Q1	Q2	Q3	Q4
10	Percentage responses to Parliament questions	-	-	100% responses to Parliament questions	100% responses to Parliament questions
11	Percentage resolution of reported incidents of fraud and corruption	-	-	85% resolution of reported incidents of fraud and corruption	85% resolution of reported incidents of fraud and corruption
12	Report on status and operations of Ethics Committee	-	-	Report on status and operations of Ethics Committee	Report on status and operations of Ethics Committee
13	Percentage implementation of action plans to address audit findings	-	-	65% implementation of action plans to address audit findings	65%
14	Regulatory Audit Outcome by the AGSA	-	-	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings
15	Report on cases of wasteful and fruitless expenditure	-	-	Report on cases of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure
16	Report on cases of irregular expenditure	-	-	Report on cases of irregular expenditure	Report on cases of irregular expenditure
17	Report on steps taken to ensure Compliance to 30-day payment requirement	-	-	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement

Output Indicators		2022/23 Target				Q1	Q2	Q3	Q4
		day payment requirement						day payment requirement	
18	Stakeholder Management Strategy developed and implemented	75% of 2022/23 Stakeholder Management Strategy initiatives implemented	-	-	-	-	-	75% of 2022/23 Stakeholder Management Strategy initiatives implemented	
19	Percentage of Customer Satisfaction Survey rating	50%	-	-	-	-	-	50% rating	
20	Organisational structure reviewed and approved	30% Implementation of the approved organisational structure	-	-	-	-	-	30% Implementation of the approved organisational Structure	
21	Skills Audit of all employees	Outcome of Skills Audit Report implemented	-	-	-	-	-	Outcome of Skills Audit Report implemented	
22	Percentage of ESD spent on women-owned enterprises	30%	-	-	-	-	-	30%	
23	Approved Strategy Impact Assessment Report	Approved Impact Assessment Report	-	-	-	-	-	Approved Impact Assessment Report	

PART D: TECHNICAL INDICATORS (TID)

Technical indicators have been developed and will be annexed to the Final 2022/23 APP document.