



ANNUAL PERFORMANCE PLAN 2018-2019



FOREWORD BY THE MINISTER OF TRANSPORT

I have pleasure in presenting the 2018/19 Annual Performance Plan (APP) of the Road Accident Fund (RAF). This 2018/19 APP marks the fourth year of reporting within the five-year planning cycle that commenced in 2015, guided by the Medium Term Strategic Framework (MTSF). Based on the National Development Plan (NDP), we are building a South Africa that must be free from poverty, inequality and unemployment. The Department of Transport (DoT) will support and guide the RAF in its endeavours to achieve this plan, which was deliberated on and costed to ensure alignment to the 2018/19 resources and budget.

The RAF remains focused on its core mandate, which is to cover, compensate and rehabilitate road accident victims. Fundamental to the RAF's mandate is the enormous task of mitigating the adverse impact of road crashes. By alleviating the financial suffering and burden on thousands of road crash victims, as well as their loved ones, the RAF plays a comforting and aiding role in the country's social protection agenda. Serious mental or bodily injury sustained through a road crash may result in loss of support and income, and this can likely drive many people into abject poverty and suffering. The RAF is thus called on to receive, process and pay claims to the bereaved and the injured, as well as indemnifying the wrongdoer of crashes on South African roads. The RAF remains a beacon of hope to the distressed and destitute victims and families of those affected by death and injury on our roads. Claims expenditure was R29.8 billion in the previous financial year and over 8,795 funeral claims were paid by the RAF in 2016/17.

The RAF continues to bring its services to the doorsteps of the previously disadvantaged communities in the country. These community outreach campaigns provide a platform to engage with stakeholders from the three tiers of government, as well as national, regional and local media. The benefits of this programme include, but are not limited to, promoting direct claims, and exposing stakeholders to the RAF's post-crash rehabilitation initiatives through its Patient Outreach Programme (POP). 'RAF on the Road' has been hailed by high-ranking government officials as "a prime example of taking public services to the people".

South Africa is a signatory to the Decade of Action for Road Safety 2011-2020. As part of this United Nations initiative, government is targeting the reduction of road fatalities by 50% in 2020. Despite this intention, the number of road casualties remains high. This reality calls on all entities, including the RAF, to seriously intensify their road safety programmes to ensure the reduction of accidents on our roads. The RAF is implementing systematic road safety strategies that are tackling the main risk factors of road crashes, namely speed, alcohol consumption, non-compliance with the rules of the road, etc.

Legislative changes, which will be brought about by the Road Accident Benefit Scheme (RABS), are eminent. The RABS Bill was approved by Cabinet on 29 March 2017 and was formally introduced in Parliament on 8 June 2017 as the RABS Bill, No. 17 of 2017. The envisaged new scheme will be more reasonable, equitable, affordable and sustainable. The RABS aims to ensure expanded access to benefits by removing the requirement to establish "fault" as a determinant to qualify for benefits and making available timely and appropriate health care based on a reasonable tariff. Equally, the RABS will ensure that benefits intended for road crash victims and their dependants are in fact received by the intended beneficiaries in contrast to the RAF where numerous intermediaries often unfairly benefit at the expense of the claimant. The promulgation of this piece of legislation will address many of the current challenges experienced by the Fund.

In conclusion, this APP outlines the RAF's strategic objectives, key performance indicators and annual targets up to 2020. As the Minister of Transport, I fully endorse the RAF's targets contained in the APP and am confident that that they reflect the strategies and goals, as approved in the RAF Strategic Plan 2015 -2020.



Dr BE Nzimande, MP

Minister of Transport

FOREWORD BY THE CHAIRPERSON OF THE ROAD ACCIDENT FUND BOARD

On behalf of the Board of the RAF, it is my privilege to submit the organisation's 2018/19 APP. This APP details the key activities that the RAF will carry out to meet the strategic outcomes and objectives set out in the RAF's 2015-2020 Strategic Plan, and to achieve the priorities for the year.

The 2015-2020 Strategic Plan and the 2018/19 APP are focused on performance and delivery, while great effort will be placed on the following:

- Fulfilling the Strategic Plan and APP deliverables;
- Addressing the challenges and risks;
- Preventing the catastrophic socio-economic effects of accidents on our society; and
- Supporting the transition from RAF to RABS.

This APP has been revised in certain respects, whilst retaining the core seven strategic objectives and most of the content of the 2017/18 version.

Operational Environment

In 2017/18, the financial challenges that have beset the Fund for decades continued to put a severe strain on the organisation's operations and, more importantly, on our ability to carry out our core mandate, being to cover, compensate and rehabilitate victims of road crashes and their dependants. The Fund's financial challenges deteriorated under these circumstances with bank accounts being attached by the Sheriff. However, as we have done in recent years, we were transparent in regularly communicating to all stakeholders what the challenges were. Heightened communication in February 2017 also saw all RAF payees being appraised of the financial pressure, causes and mitigation measures. In addition, extensive engagements took place with affected claimants and their representatives, banks, the Board of Sheriffs, 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 RAF dispensation is not adequately funded and remains unreasonable, inequitable, unaffordable and unsustainable.

Financial challenges will continue to affect many of government's projects and interventions. Although the financial year was harsh, the Board remains convinced that the RAF will surmount the challenges faced, but will not solve the decades-old financial predicament the Fund finds itself in. Nevertheless, the institution has been successful in securing additional financial support from government and in the past two years such additional support added a further R11 billion to the fuel levies it received. With an additional 9c increase, the RAF Fuel Levy stood at 163 cents a litre for the 2017/18 financial year. It is expected that net fuel levies will amount to an estimated R35 billion for the upcoming financial year of 2017/18.

RAF's employees are what make the Fund to be the reputable institution it is. With 2,676 employees in the previous financial year, the RAF registered 202,100 claims and finalised a record 209,561. This again speaks to productivity levels despite challenges and limitations. The RAF continues to transform itself, to record successes and drive the evolution of the business into a new dispensation which will address the weaknesses of the present business model and will benefit considerably more South Africans for decades to come.

Furthermore, in the 2017/18 APP additional targets that were aimed at addressing South Africa's triple threat challenges (i.e. poverty, inequality and unemployment) were introduced. Targets such as the management of the vacancy rate, increase in the disability ratio and the Youth Driver Development Programme were but some of the targets that were included in this Plan.

Engagements with Customers

The hard work put in over recent years earned the RAF great support from government, communities and stakeholders, but has also boosted the image and reputation of the organisation. We continue to take our services to the doorsteps of previously marginalised communities with our community outreach programme, 'RAF on the Road', and other promotions and activations. As at the end of 2016/17 financial year, the target for claimants engaged at road shows (33,100) was far exceeded with an audited figure of 54,148.

The national service footprint was further expanded, with the number of Hospital Service Centres (HCSs) increasing from 98 in 2015/16 to 100 in 2016/17; and a total of six Customer Service Centres (CSCs) and four Walk-In Service Centres (WICs) added throughout the country. Segregated functional areas yielded an improvement in operations as is seen by claim numbers. The RAF is now present in most of the larger hospitals across the country, where claims can be originated immediately on admission of motor vehicle accident victims.

Road Accident Benefit Scheme (RABS)

The RABS Bill was approved by Cabinet for introduction to Parliament on 29 March 2017. The scheme will operate on social security principles and will protect people from misfortune, distress and the significant risks to life caused by unemployment, illness, injury, disability and death of a breadwinner due to road crashes, and provide security to individuals, families and communities.

With regard to the administration of RABS, this will be an easier and more cost-efficient change and funds spent on intermediaries will now be channelled to claimants. While RABS will usher in change, the winding down of the RAF will take a number of years to ensure that all RAF claims are processed and honoured over time. Rationalising benefits to match available funding through limits and time frames is a necessary step for viability, but certainly not a popular one – but in all things there must be informed limits.

The RAF Board reflects with pride on the strides made on many fronts and acknowledges that perfection is always under construction. The new Board is confident about the RAF's ability to sustain its resilience to the many challenges that the organisation faces and enters the 2018/19 financial year with enthusiasm.

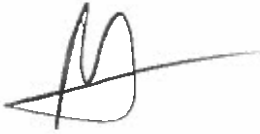


Dr Ntuthuko Bhengu

Chairperson of the Board

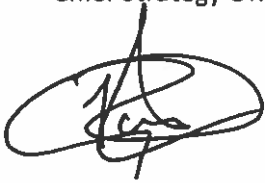
CERTIFICATION

It is hereby certified that this APP was developed by the Management of the RAF under the guidance of the DoT. The APP was prepared in line with the RAF 2015–2020 Strategic Plan and accurately reflects the performance targets which the Fund will endeavour to achieve, given the resources made available for the 2018/19 financial year.



Ms Mantiti Kola

Chief Strategy Officer



Mr Rodney Gounden

Chief Financial Officer



Ms Lindelwa Jabavu

Acting Chief Executive Officer



Dr N Bhengu

Chairperson of the RAF Board

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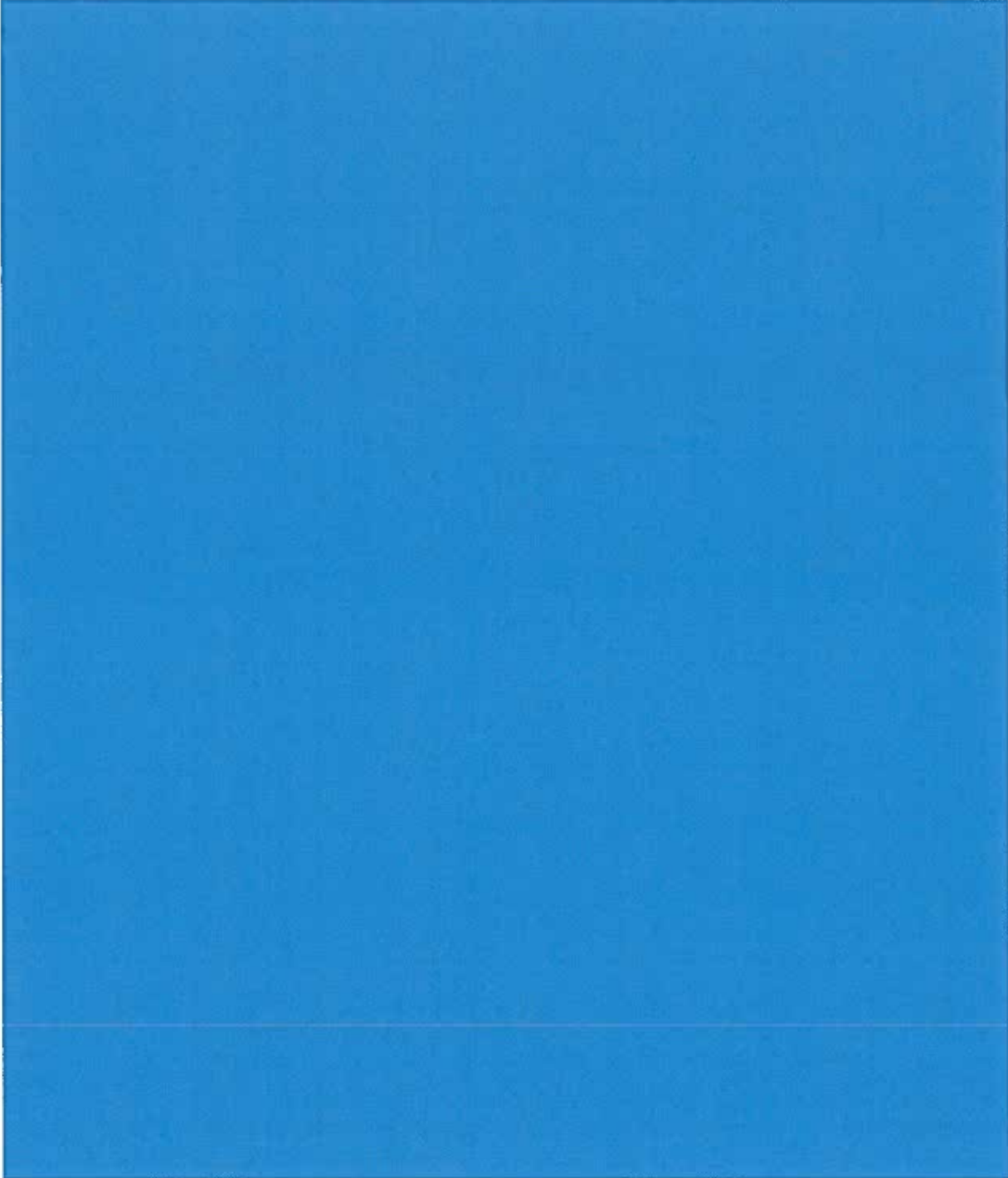
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ABBREVIATIONS

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
CVS	Crash Verification System
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
NEDLAC	National Economic Development and Labour Council
NT	National Treasury

ORC	Open Registered Claims
PCoT	Portfolio Committee on Transport
POP	Patient Outreach Programme
PDPs	Public Driver Permits
RABS	Road Accident Benefit Scheme
RAF Act	Road Accident Fund Act, 1996
RNYP	Requested But Not Yet Paid
RoTR	RAF on the Road
SAP	System Application and Products
SAPS	South African Police Services
SCM	Supply Chain Management
SONA	State of the Nation Address
SOP	Standard Operating Procedure



PART A: STRATEGIC OVERVIEW

1. ROAD ACCIDENT FUND OPERATING ENVIRONMENT

1.1. NATIONAL POLICY DIRECTION

The Road Accident Fund (RAF) is a juristic person established by an Act of Parliament, namely the Road Accident Fund Act, 1996 (Act No. 56 of 1996), as amended (RAF Act). It commenced operations on 1 May 1997, assuming at the time, all the rights, obligations, assets and liabilities of the Multilateral Motor Vehicle Accident Fund.

In his February 2017 State of the Nation Address (SONA), President Zuma mentioned that all government departments and entities must be guided by the National Development Plan (NDP) in building a South Africa that must be free from poverty, inequality and unemployment. Furthermore, the President stated that the country will now focus on radical economic transformation which is one of the key areas packaged as the Nine Point Plan.

The RAF, in its quest to implement the NDP and the Nine Point Plan, has subsequently expanded its physical and virtual presence, and access to the RAF is greater than it has ever been. The RAF national footprint has been expanded with 100 HSCs and six CSCs in place. Over 54,000 claimants were engaged at the highly revered 'RAF on the Road' community outreach campaigns and other road shows, and more than 376,000 telephone calls were responded to by the Call Centre in the 2016/17 financial year. Over 162,000 people follow the RAF on its social media platforms – eager to keep track of what the RAF is doing, when and where. The organisation is fast becoming a public entity that all road users have confidence in and are proud to be associated with.

202,100 new claims were registered and a record 209,561 finalised in 2016/17, with claims expenditure being R29.8 billion. The number of registered claims also showed an increase compared to the registrations in 2015/16. The increase in newly registered claims attest to effective outreach programmes. Furthermore, in 2016 the RAF commenced the Youth Driver Development Programme that has assisted 72 unemployed matriculants to acquire their drivers' licences and Public Driver Permits (PDPs). An increase in expenditure on B-BBBEE rated suppliers is one of the agreed APP targets throughout the entire MTEF.

The draft RABS Bill was approved by Cabinet on 29 March 2017 and formally introduced into Parliament on 8 June 2017. RABS will see the open-ended liability the RAF dispensation imposes on the country wound down and a solvent arrangement introduced. It will benefit many people who have not had access to the RAF, but the pay-off would be a rationalisation of what is paid out at the upper end. Poor people especially will benefit from a minimum benefit they do not currently enjoy.

The RAF provides two types of cover, namely personal insurance cover to accident victims or their families and indemnity cover to wrongdoers.

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 MTEF (2017–2019) in pursuit of its strategic outcomes as set out in its Strategic Plan 2015–2020.

The table below details the seven (7) pillars that guide the Fund’s strategic outcomes in the next three years of the MTSF.

2. RAF STRATEGIC OUTCOMES 2015 TO 2020

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.

Pillars	Outcome Indicators
Efficient Claims Processing	<ul style="list-style-type: none"> • Manage the number of outstanding claims • Increased efficiency of claims processing • Improved direct claims management • Improved claims litigation • Improved post-crash care management

Accessible Services	<ul style="list-style-type: none"> • Promote RAF services through outreach programmes and other events • Improved Call Centre responsiveness
Effective Financial Management/Health	<ul style="list-style-type: none"> • Effective cash flow management • Assess claims liability quarterly and annually • Improved procurement outcomes • Improved B-BBEE rating
Optimal ICT Services	<ul style="list-style-type: none"> • Ensured optimal ICT service availability
Improve People Management	<ul style="list-style-type: none"> • Optimised organisational performance • Maintained RAF's contribution towards government's social and economic agenda • Contribute to government's Employment and Youth Development Programme
RAF Transformation	<ul style="list-style-type: none"> • Transform RAF • Implemented Five-year ICT Strategy
Assured Control Environment	<ul style="list-style-type: none"> • Raised ethical standards • Increase percentage of fraud detected before undue payments are made • Combined Assurance maturity

3. UPDATED SITUATIONAL ANALYSIS

The successes realised during the previous years did not emanate from what some would call a conducive environment for success. 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 core mandate, being to cover, compensate and rehabilitate victims of road crashes and their dependants. The financial strain was so severe that there were periods where the Fund was over R11 billion in arrears with finalised claims that could not be paid, because there was no money available.

The Fund's financial challenges worsened with the cash constraints. However, as done in recent years, we were transparent in regularly communicating to all stakeholders about the challenges. Extensive engagements took 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 RAF dispensation is not adequately funded and remains unreasonable, inequitable, unaffordable and unsustainable.

To counter the challenges experienced on the historic practice of direct claims, policies were put in place and performance continues to improve with increased direct claims being registered and increased settlements being made.

3.1 RAF Strategic Risks, Current Controls and Mitigation Plans

The King IV Report of 2016 recommends that the Board periodically oversees a formal process to review the risks associated with the institution. The Board Risk Assessment Workshop to review the strategic risks was held on 25 April 2017. Upon identification of the risks, the Board must further assist management in identifying and implementing appropriate controls to treat the identified risks. Below are the strategic risks facing the RAF and mitigations to be introduced in order to reduce the impact of the risks:

Table 2: RAF associated risks and mitigation actions

Impacted strategic objectives	Risk	Key mitigation plans under way
<ul style="list-style-type: none"> • Efficient Claims Processing • Effective Financial Management • Administrative dispensation aligned to the RABS Bill • Assured Control environment 	<p>Risk 1. Financial Management:</p> <p>The RAF Levy is determined with little regard for the main drivers of the RAF's claims expenditure, i.e. the number of accidents on the roads, the number of vehicles driven, the volume and quantum of the benefits payable by the RAF and various other economic factors like the inherent inflation of the benefit levels.</p> <p>The prevailing disconnects between the fuel levy awarded by government and the RAF's operational cash requirements are the primary cause of the poor cash constraints currently being experienced by the RAF.</p> <p>Due to the unsustainable financial model, the RAF runs at a substantial deficit each year (claims incurred exceed revenue). Consequently, a backlog of finalised but not yet paid (RBNYP) claims has accumulated over time, representing a liability to the RAF.</p>	<ul style="list-style-type: none"> • Consider other income-generating initiatives as a medium- to long-term solution to sustain the RAF, e.g. a policy decision in respect of levies from motor vehicles propelled by electricity and hybrid cars. • Engage key stakeholders on the appropriate funding model. • Regularly assess and optimise cash management to respond to cash constraints. • Conduct SCM and contract Awareness Sessions (Roadshows).

<ul style="list-style-type: none"> • Efficient Claims Processing • Accessible Services • Optimal ICT Services • Administrative dispensation aligned to the RABS Bill 	<p>Risk 2: ICT</p> <p>The Fund relies heavily on ICT systems to deliver on its mandate effectively and efficiently. ICT systems are utilised to process, store and protect the massive amount of claims transactions and data. Additionally, the successful implementation of the RABS also depends on other ICT outcomes, i.e. improvement of claims processing and efficiency, optimisation of content and information management, strengthening of ICT governance and risk management, as well as the stabilisation and adequacy of ICT infrastructure. Most of the RAF ICT systems are outdated, not fully integrated and supported to effectively support the organisation's current and future plans.</p>	<ul style="list-style-type: none"> • Implement Year 3 initiatives of the Five-Year e-Enablement Plan. • Capacitate the Enterprise Architecture function and implement the Enterprise Architecture Roadmap. • Fully implement Enterprise Architecture Governance (Board, Forums, Policy and Directive). • Utilisation of the existing Human Capital attraction and retention processes to ensure adequate capacitation of ICT. • Introduce a panel of ICT service providers to enable immediate access to the RAF services/resources when required. • Procure and implement ICT security solutions and services. • Collaborate with RAF Forensics and other related government forums to close loopholes that may result in cyber-attacks.
<ul style="list-style-type: none"> • Efficient Claims Processing • Accessible Services • Effective Financial Management • Improved People Management • Administrative dispensation aligned to the RABS Bill 	<p>Risk 3: Stakeholder Pressure</p> <p>The current scheme is complex and subjective in that it often requires time-consuming and expensive legal procedures to establish fault and the quantum of damages suffered. The persistent cash constraints and resistance to accept the RABS Bill result in pressure on the organisation from various angles.</p>	<ul style="list-style-type: none"> • On-going implementation of reputation management tactics. • Sign off the MOU with media houses. • Implement Media and Reputation Strategy. • Implement and efficiently make use of social media tools. • On-going social and digital media training. • Proactive and continuous engagement of key stakeholders for strategic intervention and to improve service delivery. • Optimise stakeholder issues report. • Educate new shop-stewards on labour and employer engagement processes. • On-going monitoring of media alerts about RAF and responding accordingly. • Enabling stakeholders on the RAF mandate and information requirements.

<ul style="list-style-type: none"> • Efficient Claims Processing • Effective Financial Management • Optimal ICT Services • Improved People Management • Assured Control environment 	<p>Risk 4: Fraud and Corruption</p> <p>The RAF operates in an environment that is targeted by internal and external fraudsters. It therefore continuously has to deal with professional syndicates and individual fraudsters. Considering the state of the organisation and claims values or claims pay-outs, there is a higher propensity for fraud and corruption.</p>	<ul style="list-style-type: none"> • Conduct fraud awareness training for employees and management on the pertinent fraud risks/ incidents that could lead to pressures and opportunities to commit fraud. • Procure a tool to conduct trend analysis, intelligence gathering, quantification of losses/risks (benchmarking from industry players and law enforcement agencies). • Verify validity, completeness and accuracy of Declaration of Interest information. • Analysis of Declaration of Interest forms by the Ethics Unit to identify trends and patterns. • Periodic fraud risk assessments of business units to identify areas of vulnerability. • Continuous analysis of fraud trends and recommendation of control measures.
<ul style="list-style-type: none"> • Efficient Claims Processing • Accessible Services • Effective Financial Management 	<p>Risk 5. Service Delivery</p> <p>The mandate of the Fund is to (a) cover, (b) compensate, and (c) rehabilitate victims of road crashes and their dependants. However, the RAF has a lot of outstanding claims for processing and is unable to pay claims at the rate it receives them as a result of the legislative requirements necessary to finalise a claim, as well as the cash resources required to effect payment.</p> <p>Notwithstanding, the organisation continues to focus on processing claims effectively and efficiently in order to reduce the backlog, average cost-of-claim settlements, and improving turnaround times. Service delivery continues to be impacted by a variety of factors, including financial constraints that result in the delays in payment of claims. Furthermore, there are also interdependencies in terms of</p>	<ul style="list-style-type: none"> • Introduce KPIs directed at improving quality, customer service and reducing the re-opening of finalised claims and rejected offers. • Conduct scenario analyses on productivity. • Implement recommendations made from risk assessments conducted on all pillars. • Monitor implementation of findings and recommendations made by assurance providers. • Implement guidelines identified in the project to manage removal of assets. • Optimise pre-trial conferences to reduce matters going to trial. • Enhance the existing training programme to include Litigation Officers and develop a training manual. • Target medical experts' interns and develop a strategy/process to outsource more critical medical experts' skills needed.

	<p>the claims pillars. Inefficiencies in one pillar affects the rest of the value chain and subsequently impacts the turnaround time and quality of service delivery.</p>	<ul style="list-style-type: none"> • Conduct a gap analysis on document management services and registration to identify the root cause for the increase in summons and writs received on unregistered claims. • Prioritise key stakeholder engagements and operationalise MOUs with ICAs. • Enhance service offering to improve customer satisfaction in servicing direct claims.
<ul style="list-style-type: none"> • Efficient Claims Processing • Effective Financial Management • Administrative dispensation aligned to the RABS Bill • Assured Control environment 	<p>Risk 6. Regulatory Framework</p> <p>The current scheme is complex and subjective in that it often requires time-consuming and expensive legal procedures to establish fault and the quantum of damages suffered. The implementation of RABS may take longer than expected due to possible constitutional challenges. This risk also concerns itself with compliance with laws and regulations governing the business of the RAF.</p>	<ul style="list-style-type: none"> • Revise the Stakeholder Engagement Strategy for RABS to include detractors. • Collaboration and cross-ministerial engagements between the DoT and Departments of Health and Social Development. • Develop and back-test a fall-back plan - Amend the RAF Act to limit the liability. • Implement and monitor the RAF Transformation Plan (pre- and post-). • Analyse the RAF Act for areas of improvement. • Automate the Policy Management Framework and Standard Operating Procedure (SOP).
<ul style="list-style-type: none"> • Efficient Claims Processing • Accessible Services • Optimal ICT Services • Improved People Management • Assured Control environment 	<p>Risk 7. People Management</p> <p>The RAF is a labour-intensive service organisation that relies heavily on people to effectively deliver on its mandate. Therefore, the attraction and retention of leadership and a workforce that is appropriately skilled, motivated, performance-driven, customer-centric and committed to providing excellent service is crucial.</p>	<ul style="list-style-type: none"> • Educate new shop-stewards on labour and employer engagement processes. • Create awareness on disciplinary processes. • Introduce business coaching for selected categories of employees. • Revise the Knowledge Management Strategy. • Automate and enhance existing IT systems.

3.2. Way Forward

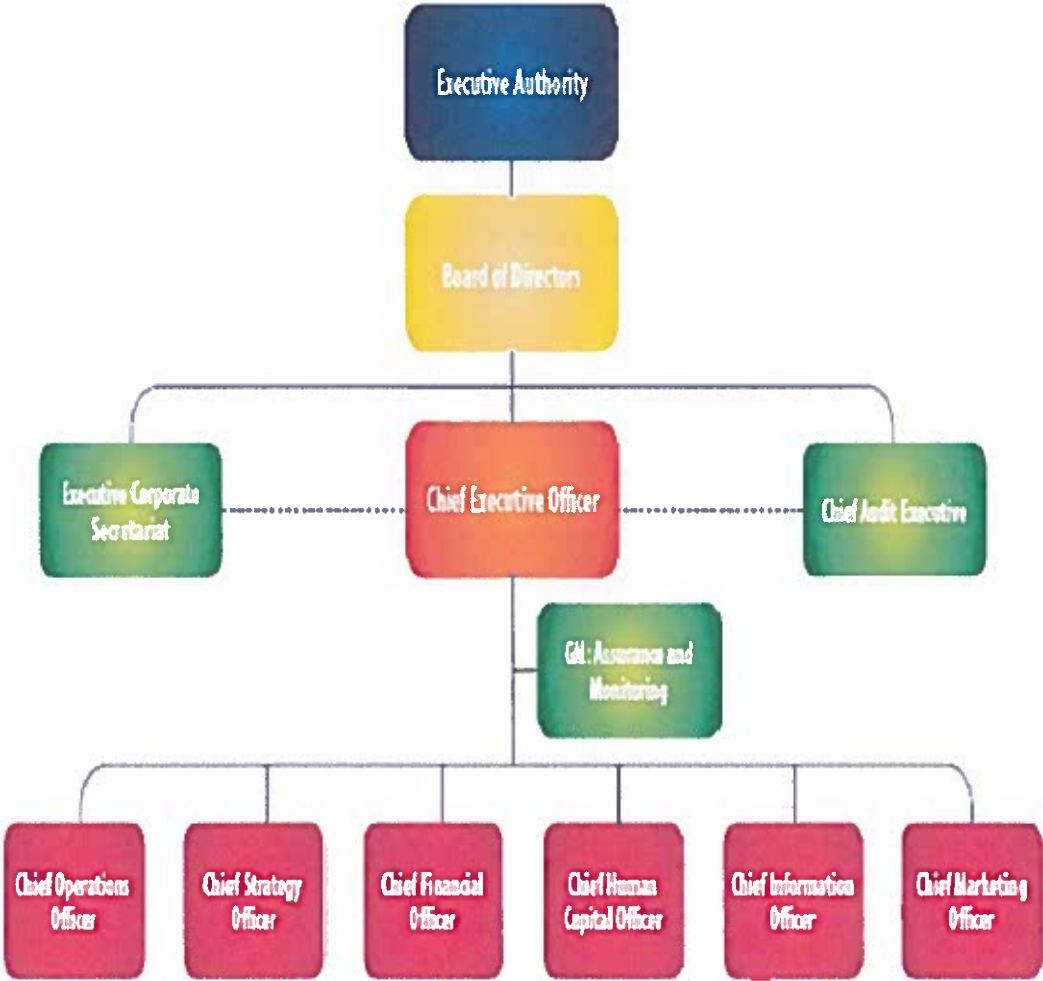
During the 2017/18 Budget announcement, the Minister of Finance delivered his speech in a tough economic climate of fiscal consolidation and slowing growth with a 9c additional fuel levy allocated to the RAF. Taking into account that the Fund has been insolvent since 1981 because funding and expenditure are not linked, the RAF does not have a surplus for investment and has no assets to borrow against. On multiple occasions 'cash injections' were sought and in 2011, although insolvent, surplus cash accumulated due to sub-optimal productivity. The RAF has taken the following actions to minimise the impact of the situation:

- A turnaround strategy was launched in 2012;
- Increased claim registrations, claim finalisations, claim payments, direct claims, access points;
- Improved internal controls and audit outcomes, with reduced non-claims expenditure;
- Successfully secured additional financial support which added almost R13 billion to the fuel levy since 2014;
- Engaged various stakeholders on an on-going basis to ensure transparency and sharing information on the Fund's circumstances and consequences;
- All savings on general expenditure are channelled to the settlement of claims;
- Direct claims originations generate reduced future legal expenditure; and
- Creditors are managed via an approved cash management procedure (SOP) with the payment shortfall plateauing and interest rates not applying for the full financial year.

Despite its challenges and limitations, the RAF continues to transform itself, to record successes and to drive the evolution of the business into a new dispensation which addresses the weaknesses of the present model and which will benefit considerably more South Africans for decades to come.

4. ORGANISATIONAL ENVIRONMENT

Figure 1 .Top Structure of the Fund



4.1 Staff Complement

The RAF staff complement has grown in line with expansive budgets approved by the DoT, National Treasury and Parliament over the medium term. Experts in numerous fields were brought in to help improve delivery in both core and support business, resulting in a permanent staff complement of 2,676 at the end of March 2017, and reducing the vacancy rate to 5.2%.

Work is underway to fill the existing 149 vacancies. The RAF continues to ensure 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 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 in line with the with National Treasury CPI.

5. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

5.1. Road Accident Benefit Scheme (RABS)

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. The draft RABS Bill was approved by Cabinet on 29 March 2017; formally introduced in Parliament on 8 June 2017 as the RABS Bill, No. 17 of 2017; and referred to the Portfolio Committee on Transport (PCoT) for processing.

The Bill paves the way for the transformation of the current scheme to one which is more reasonable, equitable, affordable and sustainable. The scheme, as set out in the version of the Bill currently before PCoT, aims to provide defined benefits, on a no-fault basis, and paid in a structured manner to qualifying beneficiaries. The scheme will operate on social security principles and will protect people from misfortune, distress and the significant risks to life caused by unemployment, illness, injury, disability and death of a breadwinner due to a road crash, as well as provide security to individuals, families and communities.

In addition, a 'no-fault', fixed benefit scheme will ensure smooth alignment with the Comprehensive Social Security System (CSSS) envisaged by government.

5.2. RAF Amendment Act

The significant progress made in respect of legislating RABS has resulted in a situation where both the RABS Bill, No. 17 of 2017, and the RAF Amendment Bill, No. 3 of 2017, served before the PCoT at the same time. Consequently, a decision was taken to withdraw the RAF Amendment Bill, No. 3 of 2017.

5.3. The Current Status of the Public Entity

Despite its challenges and limitations, the RAF continues to transform itself, to record successes and to drive the evolution of the business into a new dispensation which addresses the weaknesses of the present business model and which will benefit considerably more South Africans for decades to come.

The 2015-2020 Strategic Plan and the 2017/18 APP are focused on medium-term performance and delivery, while preparing for the future with a keen emphasis on:

- Processing claims, doing so in less time, and enhancing the quality of claims processing;
- Prudently managing available cash;
- Ensuring good governance and management of the business; and
- Motivating for additional funding to meet existing demand.

Great effort is and will be placed on:

- Fulfilling the Strategic Plan and APP deliverables;
- Addressing challenges and risks;
- Preventing the catastrophic socio-economic effects of accidents in our society; and
- Supporting the transition from RAF to RABS.

5.4. Underlying Cost Assumptions

The costs proposed in this MTEF are generally in line with the National Treasury guidelines and cost containment measures. The RAF always strives to align expenditure with prescripts issued by National Treasury on cost containment, and issues directives on this to staff from time to time. The RAF is advertising bids on e-Tenders as per National Treasury Instruction No. 1 of 2015/16 and utilising the Transversal Term Contract as per National Treasury Circular No. 3 of 2016, where applicable. Operational costs increased by National Treasury's CPI. The National Treasury CPIs are 5.7%, 5.6% and 5.5% for 2018/19 to 2020/21, respectively.

5.5. Prevailing Issues/Challenges

The financial challenges that have beset the Fund for decades continued to put a severe strain on the operations and, more importantly, on our ability to carry out our core mandate, being to cover,

compensate and rehabilitate victims of road crashes and their dependants. The financial strain on the RAF is tough. The successes realised during 2016/17 did not emanate from a conducive environment for achievement. In fact, to say the fiscal was eventful would be an understatement. The Fund's financial challenges worsened with its cash constraints, resulting in the attachment of the organisation's bank accounts by Sheriffs in the previous financial year. This effectively put a 10-day halt to the organisation's operations. Notwithstanding, the organisation persevered, overcame and conquered many of its challenges.

In fulfilling its governance oversight responsibility, the Board identified seven (7) strategic risks which could threaten the achievement of the RAF's strategic goals and performance targets for the 2016/17 financial year. These were: financial management; information communication technology (ICT); stakeholder pressure; people management; fraud and corruption; service delivery; and regulatory framework. The risk management culture is maturing, the strategic risk profile has changed in the past three years with financial management being rated the highest, and fraud management improving because of various interventions. Strategic risks, such as financial management, ICT and fraud may further deteriorate mainly due to continued cash constraints, undercapitalisation of the Fund and stakeholder pressure as a result of delayed payments to claimants, possible resistance to the RABS Bill and funding of RABS, which subsequently impact on other strategic risks such as service delivery, fraud and corruption, regulatory framework, and stakeholder pressure.

5.6. Expenditure Trends

5.6.1. Claims Requested But Not Paid (Claims Creditors)

The RAF continues to face financial challenges, and this has put more strain on the ability of the Fund to carry out its mandate. Because of this, the balance of claims creditors as at 31 March 2017 was R 8.5 billion. Claims creditors are projected to grow to R9.2 billion by the end of the current financial year. Over the MTEF period, the RAF Fuel Levy is projected to remain flat, and as a result, claims creditors are projected to grow to R39.4 billion by the end of the 2020/2021 financial year.

The RAF continues to settle claims in terms of its mandate and targets. This is even though the available funding is not sufficient for the amount required to effect payment on the finalised claims. Cash constraints are further exacerbated by the assumptions that underpin the fuel levy in the period of the MTEF.

5.6.2. e-Enablement Plan

In the previous submissions of the MTEF and ENE, the RAF requested additional funding for the e-Enablement Plan. There were informal engagements with the DOT and National Treasury, but no funding has yet been approved. This project is presenting a problem in light of the fact that it

effectively has to be self-funded. (The current scenario reflected in the MTEF assumes that this project will be self-funded.) It must be noted that delivery on APP targets and the operational implementation of this project may be negatively affected. The RAF once again requests that the DoT and National Treasury favourably consider allocating additional funding for this project.

5.6.3. Personnel Headcount & Other Personnel Matters

As a result of existing 153 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 of 2,676 (budgeted positions = 2,829) as at 31/03/17 to 2,878 in the 2017/18 financial year. 34 additional posts have been added in 2018/19 to capacitate the Pillar 6 division in core business. The responsibility of this division is to ensure that MVA victims are rehabilitated. No other staff increase is expected for the rest of the MTEF period.

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 in line with National Treasury's CPI.

5.6.4. Other Relevant Information

a. Fuel Levy Income

The levy is assumed to remain at 163c throughout the MTEF period.

b. Claims Expenditure

The rate at which the RAF settles claims is expected to remain constant over the MTEF period. Once the 153 vacancies are filled, there will not be a significant impact on the productivity as the full headcount (2,878) as at 31 March 2018 was factored in the previous years' settlement projections.

Claims inflation is expected to be 13% for 2017/18 and for the rest of the MTEF period. This is the long-term average claims inflation over the period 2006 to 2017 and was derived by comparing the Fund's average claim settlements from year-to-year over this period. This inflation assumption has been reduced slightly from the previous year's assumption of 15% due to a lower than expected change in the average values for the 2016/17 financial year. It must be noted that the full effects of these increases are not reflected in the claims payments line (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 paid is

accrued for as "Claims Requested but not Paid". The level of claims requested, but which the RAF is not able to pay is not sustainable, as it exposes the organisation 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

	2016/17	2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000
Amount available for claims payments	34,110,970	32,990,398	33,322,441	33,147,912	32,916,540
Amount that can be paid based on productivity	31,954,954	33,672,800	38,050,264	42,996,798	48,586,382
Shortfall/(Excess) for the year	-2,156,016	682,402	4,727,823	9,848,886	15,669,842
Balance of Claims requested but not paid	8,516,245	9,198,647	13,926,470	23,775,356	39,445,198

c. Provision for Outstanding Claims (ORC & IBNR)

The provision for outstanding claims increases because the number of claims reported is expected to remain high. This, on the back of trends observed in 2015/16 and 2016/17, and believed to be supported by the initiatives to continuously increase the visibility of the organisation.

The following table shows how the provision develops over the MTEF period:

PROVISION FOR OUTSTANDING CLAIMS (ORC & IBNR)

	2016/17	2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000
Provision for outstanding claims - ORC	119,830,139	141,404,800	168,957,889	200,715,319	237,007,771
Provision for outstanding claims - IBNR	59,633,344	72,821,761	80,732,785	90,039,708	101,268,568
Total provision	179,463,483	214,226,561	249,690,674	290,755,027	338,276,339

** 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 2015/16 and 2016/17 financial years 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.

d. Cash Balances

The RAF 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 RAF Fuel Levy is received around the 25th of each month. The RAF normally has a cash balance of around R100 million before the Fuel Levy is received.

PART B:

ANNUAL PERFORMANCE PLAN INITIATIVES AND ACTIVITIES

6. PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS FOR 2018-2020

6.1. Objective 1: Initiatives Aligned to Efficient Processing of Claims

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/2017	Estimated Performance 2017/18	2018/19	2019/20
Efficient claims processing	1.	Manage the number of outstanding claims	173,740	207,461	235,129	247,899
	2.		209 561	171 167	166 610	167 230
	3.		-	28%	Increase by 12%	Increase by 12%
	4.	Manage efficiency of claims processing	-	49 days	Reduce by 10%	Reduce by 10%
	5.		89.99%	Increase to 90%	Maintain at 60 days	Maintain at 60 days
	6.		94%	Increase to 80%	Increase to 85%	Maintain at 85%
	7.	Improve direct claims management	% increase in direct personal claims originated	38,60%	Increase by 20%	Increase by 20%

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/2017	Estimated Performance 2017/18	2018/19	2019/20
Efficient claims processing	8.	increase % in direct personal claims settled	34.41%	Increase by 30%	Increase by 30%	Increase by 30%
	9.	Reduce % of direct personal claims converted to represented	-	-	Reduce by 10%	Reduce by 10%
	10.	Improve claims litigation	34.09%	Increase by 10%	Increase by 10%	Increase by 10%
	11.		5.27%	Increase by 10%	Increase by 10%	Increase by 10%
	12.	Improve post-crash care management	12.17 days	30 days	30 days	30 days
	13.		Increase % of active undertakings	-	Increase by 10%	Increase by 10%

6.2. Objective 2: Initiatives Aligned to Providing Accessible Services

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/17	Estimated Performance 2017/2018	2018/19	2019/20
Providing Accessible Services	14.	Promote RAF services through outreach programmes and other events	54 148	43 700	15% increase based on actual achievement	15% increase based on actual achievement
	15.	Manage Call Centre responsiveness	2.30%	3% abandoned calls	Reduce to 2.8%	Maintain at 2.8%

6.3. Objective 3: Initiatives Aligned to Effective Financial Management

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/17	Estimated Performance 2017/2018	2018/19	2019/20
Effective financial management	16. Effective cash flow management	Compliance to approved cash management procedure (SOP)	Manage creditors in accordance with approved cash management procedure	Manage creditors in accordance with approved cash management procedure	Manage creditors in accordance with approved cash management procedure	Manage creditors in accordance with approved cash management procedure
	17. Provision for claims incurred assessed quarterly and an annual assessment conducted by an independent actuary	Quarterly and annual assessment of claims liability	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

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance	Estimated Performance	2018/19	2019/20
	18. Improve procurement outcomes	100% success of all bids issued within Supply Chain Management directive timelines	Procurement turnaround times reduced to 110 days	Reduce unsuccessful bids as a % of issued bids by 5%	100% success of all bids issued within 9 months	100% success of all bids issued within 7 months
	19. Improve B-BBEE rating	Level 5 rating	100% spend on ESD initiatives	Improve to Level 4 rating	Maintain B-BBEE rating at level 5	Maintain B-BBEE rating at level 5

6.4. Objective 4: Initiatives Aligned to Optimising ICT Functionality

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance	Estimated Performance	2018/19	2019/20
Optimal ICT services	20. Ensure optimal ICT availability	% availability of critical services	99.80%	98% availability of critical services	98% availability of services	98% availability of all services

6.5. Objective 5: Initiatives Aligned to Improving People Management

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/17	Estimated Performance 2017/18	2018/19	2019/20
Improved people management	21.	Manage organisational performance	5.27%	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%
	22.	RAF's 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
	23.		No baseline	Increase the disability ratio to 1 %	Increase the disability ratio to 1.25 %	Increase the disability ratio to 1.5 %
Improved people management	24.	Contribute to government youth employment and road safety through the Youth Driver Development Programme	150	Maintain at 150	Increase to 200	Increase to 250
	25.		80%	Increase to 80%	Increase to 85%	Maintain at 85%

6.6. Objective 6: Initiatives Aligned to RAF Transformation

Strategic Objective	Performance Indicator	Measure	Audited Actual Performance 2016/17	or Estimated Performance 2017/18	2018/19	2019/20
Transform RAF	Implement RAF Transitional Plan initiatives	Implement RAF Transformation Plan initiatives	Develop and approve RABS Transitional Plan	Implement Year 1 RAF Transformation Plan initiatives	Implement 2018/19 Transformation Plan initiatives (Business Model Feasibility, Change Impact Assessment and Medical Treatment Protocols), as per the approved project plan	Implement 2019/20 Transformation Plan initiatives (Business Model Feasibility Report, Transformation and Workforce Plan and Treatment Protocols), as per the approved project plan
			87% of Year 2 initiatives implemented	100 % roll-out of ECM	Implement 2018/19 e-Enablement initiatives (ICMS, ECM, Third Party Integration, Enterprise Architecture, Information Security and Infrastructure), as per the approved project plan	Implement 2019/20 e-Enablement initiatives (ICMS, ECM, Third Party Integration, Enterprise Architecture, Information Security and Infrastructure), as per the approved project plan
	28.		-	Year 2 Benefits and Value Realisation Report	Approved Year 3 Benefits and Value Realisation Report	Approved Year 4 Benefits and Value Realisation Report

6.7. Objective 7: Initiatives Aligned to Assured Control Environment

Strategic Objective	Performance Indicator	Measure	Audited or Actual Performance 2016/17	Estimated Performance 2017/18	2018/19	2019/20
Assured control environment	29.	Raise ethical standards	100% RAF Code of Ethics signed by new employees	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
	30.	Maintain percentage of fraud detected before undue payments are made	R901 557 47 4.32 repudiations before undue payments are made as at 31 March 2017	Increase by 20%	Increase by 10%	Maintain at 10%
	31.	Improve Combined Assurance maturity	70%	75%	80% implementation of all planned initiatives	85% implementation of all planned initiatives

7. QUARTERLY TARGETS FOR 2018/19

7.1. Objective 1: Initiatives Aligned to Efficient Processing of Claims

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Efficient claims processing	1. Manage the number of outstanding claims	207,461	Manage number of open claims to 235,129	224 819	228 032	231 513	235 129
	2.	171,167	Manage the number of claims finalised to 166 610	41 652	83 305	124 957	166 610
	3.	-	Increase the settlement of claims that are older than 3 years by 12%	Increase by 3%	Increase by 6%	Increase by 9%	Increase by 12%
Efficient claims processing	4. Increase efficiency of claims processing	80%	Improve claims registration turnaround times by 10%	Reduce by 10%	Reduce by 10%	Reduce by 10%	Reduce by 10%
	5.	90%	Maintain average days of claims verified by objecting or accepting in 60 days	Maintain at 60 days	Maintain at 60 days	Maintain at 60 days	Maintain at 60 days
	6.	-	Increase % of claims with merits finalised within 80 days	Increase to 85%	Increase to 85%	Increase to 85%	Increase to 85%

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Efficient claims processing	7. Improve direct claims management	-	% increase in direct personal claims originated by 20%	Increase by 20%	Increase by 20%	Increase by 20%	Increase by 20%
	8.	-	% increase in direct personal claims settled by 30%	Increase by 30%	Increase by 30%	Increase by 30%	Increase by 30%
	9.	-	Reduce % of direct personal claims converted to represented by 10%	Reduce by 10%	Reduce by 10%	Reduce by 10%	Reduce by 10%
10.	Improve claims litigation	-	Increase % of offers made before trials by 10%	Increase by 10%	Increase by 10%	Increase by 10%	Increase by 10%
12.	Improve post-crash care management (Pillar 6)	-	Manage Caregiver payments within 30 days	30 days	30 days	30 days	30 days

7.2. Objective 2: Initiatives Aligned to Providing Accessible Services

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Providing Accessible Services	14. Promote RAF services through outreach programmes and other events	43 700	15% increase in the number of claimants serviced during outreach programmes and other events	Increase by 3.75%	Increase by 7.5%	Increase by 11.25%	Increase by 15%
	15. Improved Call Centre responsiveness	3.0%	Reduce % of abandoned calls to 2.8 %	Reduce abandoned calls to 2.8 %	Reduce abandoned calls to 2.8 %	Reduce abandoned calls to 2.8 %	Reduce abandoned calls to 2.8 %

7.3. Objective 3: Initiatives Aligned to Effective Financial Management

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Effective financial management	Effective cash flow management	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	Manage creditors in accordance with approved cash management procedures	Manage creditors in accordance with approved cash management procedures
				Provision for claims incurred quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred quarterly and an annual assessment conducted by an independent actuary	Provision for claims incurred quarterly and an annual assessment conducted by an independent actuary
18.	Improve procurement outcomes	Unsuccessful bids as a % of issued bids reduced by 5%	100% success of all bids issued within 9 months	ANNUAL TARGET			

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Effective financial management	19. Improve B-BBEE rating	Level 4	Maintain B-BBEE rating at level 5	ANNUAL TARGET			

7.4. Objective 4: Initiatives Aligned to Optimising ICT Functionality

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Optimal ICT services	20. Ensure optimal ICT availability	98% availability on critical services	98% service availability on all services	98% service availability on all services	98% service availability on all services	98% service availability on all services	98% service availability on all services

7.5. Objective 5: Initiatives Aligned to People Management

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/18	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Improved people management	21. Manage organisational performance	Implement 360° assessment at Executive level	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%	Maintain vacancy rate at 6%

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/18	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
22.	RAF contribution towards government's social and economic agenda	Maintain gender equity within 10% variance Organisation meets the minimum 1 % target for the representation of persons with disabilities	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
23.			Increase disability ratio to 1.25 %	Increase disability ratio to 1.25 %	Increase disability ratio to 1.25 %	Increase disability ratio to 1.25 %	Increase disability ratio to 1.25 %
24.	Contribute to government's youth employment and road safety initiatives through the Youth Driver Development Programme	150 number of Youth Driver Development Programme intake	Increase to 200	ANNUAL TARGET	ANNUAL TARGET	ANNUAL TARGET	ANNUAL TARGET
25.		Increase % of candidates whom have successfully completed the programme by 80%	Increase to 85%	ANNUAL TARGET	ANNUAL TARGET	ANNUAL TARGET	ANNUAL TARGET

7.6. Objective 6: Initiatives Aligned to RAF Transformation

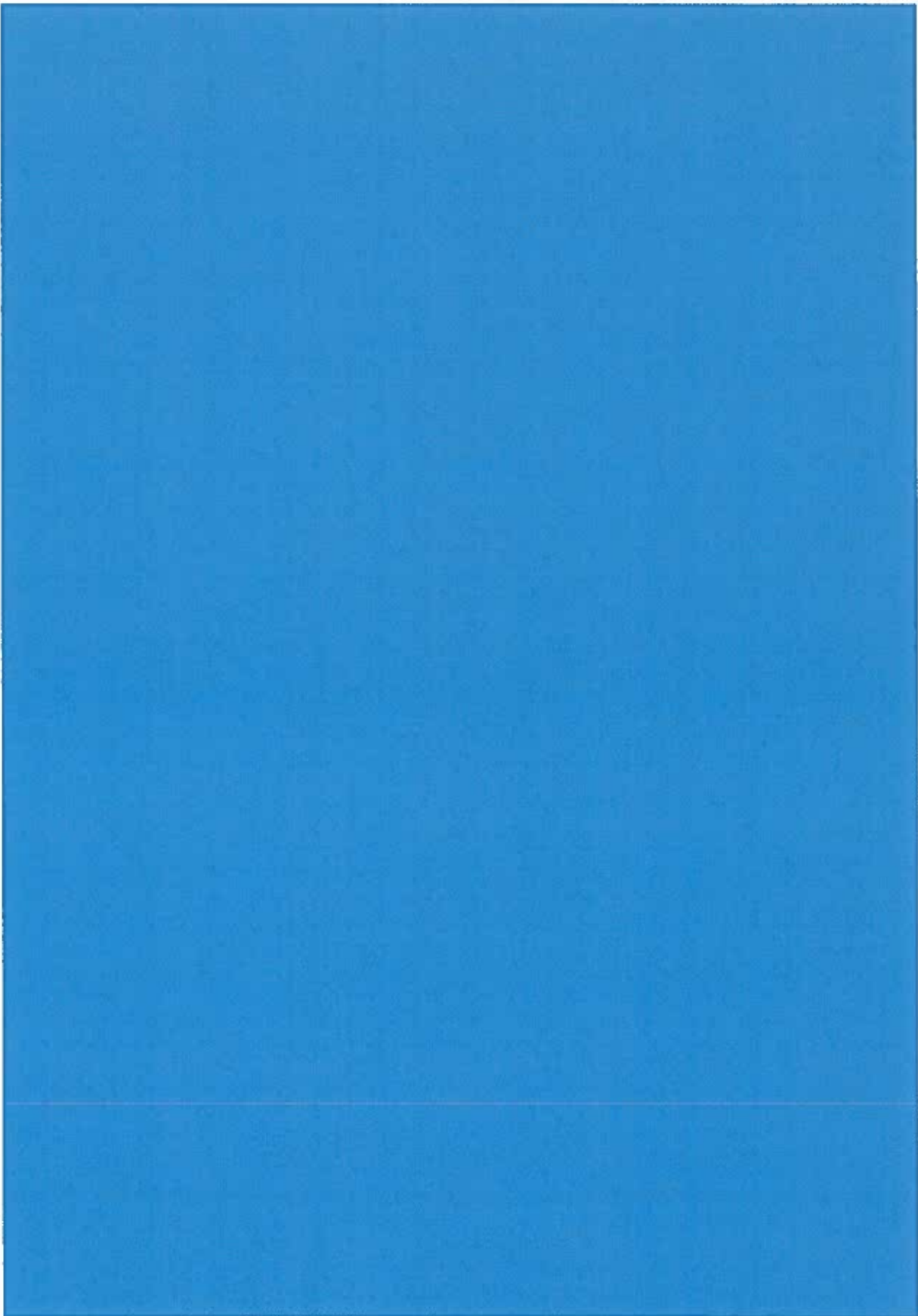
QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1st	2nd	3rd	4th
26. Transform RAF	Implement RAF Transformation Plan initiatives	Implement Year 1 RAF Transformation Plan initiatives	Implement 2018/19 Transformation Plan initiatives (Business Model Feasibility, Change Impact Assessment and Medical Treatment Protocols), as per approved project plan.	Q1 milestones achieved (as per approved project plan)	Q2 milestones achieved (as per approved project plan)	Q3 milestones achieved (as per approved project plan)	2018/19 Transformation Plan initiatives implemented, as per approved project plan
27.	Implement the Five-Year e-Enablement Strategy	100% roll-out of ECM	Implement 2018/19 e-Enablement initiatives (ICMS, ECM, Third Party Integration, Enterprise Architecture, Information Security and Infrastructure), as per approved project plan	Q1 milestones achieved (as per approved project plan)	Q2 milestones achieved (as per approved project plan)	Q3 milestones achieved (as per approved project plan)	2018/19 e-Enablement initiatives implemented, as per approved project plan
28.		Year 2 Benefits and Value Realisation Report	Approved Year 3 Benefits and Value Realisation Report	Annual Target			

7.7. Objective 7: Initiatives Aligned to Assured Control Environment

QUARTERLY TARGETS							
Strategic Objective	Performance Indicator	Baseline 2017/2018	Annual Target 2018/2019	1 st	2 nd	3 rd	4 th
Assured control environment	29. Raise ethical standards	Report on adequacy and effectiveness of the ethics programme	Report on adequacy and effectiveness of the ethics programme	ANNUAL TARGET			
	30. Increase percentage of fraud detected before undue payments are made, based on the number of files.	10% increase in the level of fraud detected before undue payments are made	10%	2.5%	5%	7.5%	10%
	31. Improve Combined Assurance maturity	75%	80% implementation of all planned initiatives	20%	40%	60%	80%

Table 7: Summary of Claim Numbers

ORC												
O/S at start	171392	203110	214273	226782	239039	251819	265127	278831				
Newly reported	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000
Settled	-38283	-58837	-57491	-57743	-57219	-56692	-56296	-56110				
O/S at end	171392	203110	226782	239039	251819	265127	278831	292721				
Supplier claim numbers												
ORC	2017	2018	2019	2020	2021	2022	2023	2024	2025			
O/S at start		2862	18630	20857	21117	21142	21144	21144	21144	21144	21144	21144
Newly reported		110000	110000	110000	110000	110000	110000	110000	110000	110000	110000	110000
Settled		-94232	-107773	-109739	-109976	-109998	-110000	-110000	-110000	-110000	-110000	-110000
O/S at end	2862	18630	20857	21117	21142	21144	21144	21144	21144	21144	21144	21144
Total claim numbers												
ORC	2017	2018	2019	2020	2021	2022	2023	2024	2025			
O/S at start	0	174254	221740	235129	247899	260180	272963	286271	299975			
Newly reported	0	180000	180000	180000	180000	180000	180000	180000	180000	180000	180000	180000
Settled	0	-132515	-166610	-167230	-167719	-167218	-166692	-166296	-166110			
O/S at end	174254	221740	235129	247899	260180	272963	286271	299975	313865			



PART C

LINKS TO OTHER PLANS

PART C: LINKS TO OTHER PLANS

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

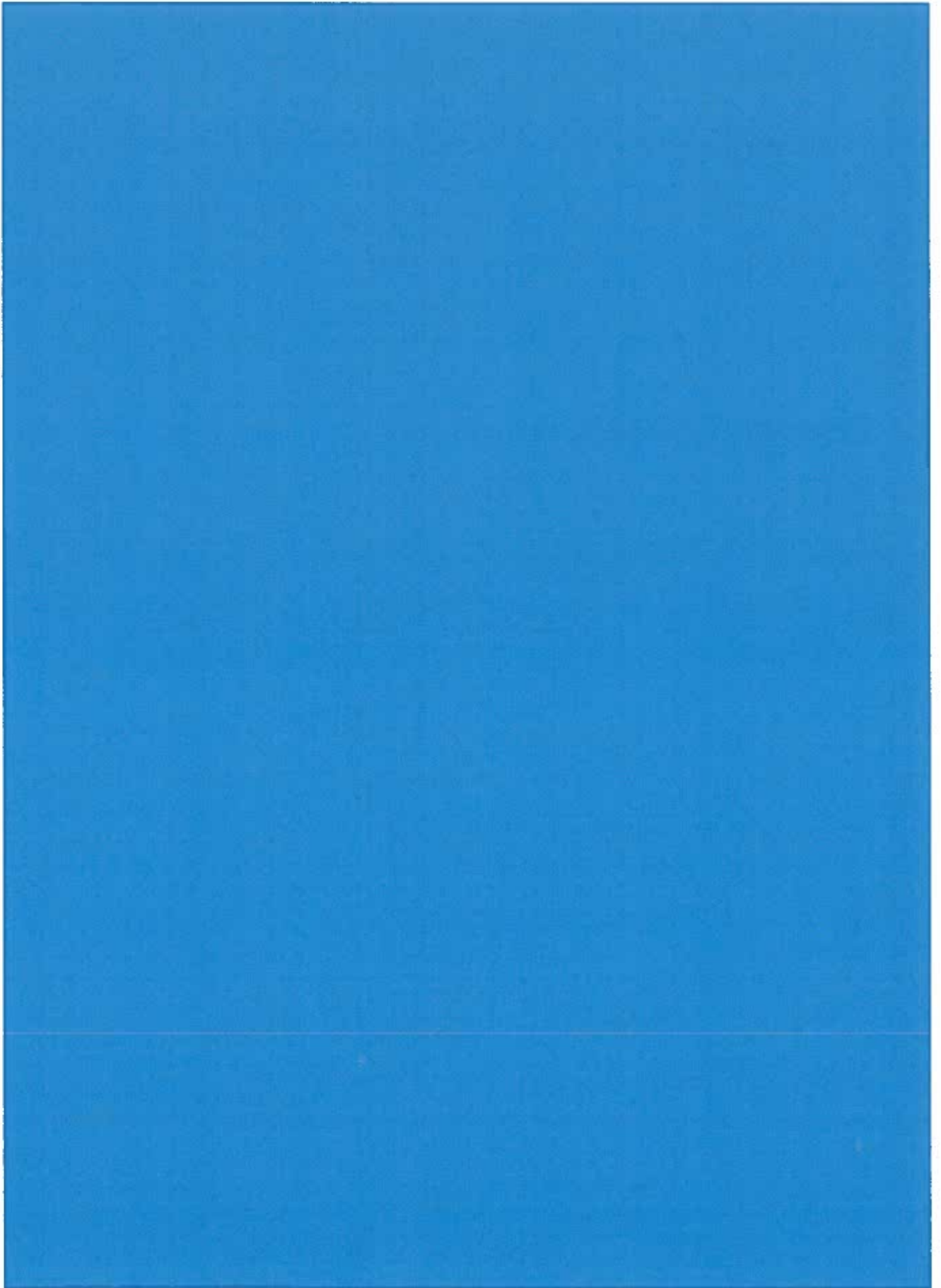
Not applicable to the Fund.

9. Conditional Grants

Not applicable to the Fund.

10. Public-Private Partnerships

Not applicable to the Fund.



ANNEXURES

ANNEXURE D

- VISION
- MISSION
- VALUES
- BUDGET PROGRAMME

11. VISION, MISSION, VALUES, AND BUDGET PROGRAMME

11.1. Vision

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

11.2. 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.

11.3. Values

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

	UBUNTU We care for and support our customers. We care for and support each other.
	SOLUTION FOCUSED We offer solutions. We take responsibility for our actions.
	EXCELLENCE We execute our duties with dedication and fortitude while pursuing excellence across the business. We are driven by a desire to succeed which we realise through intelligent planning and commitment to delivery.
	EFFICIENCY Doing the right thing with the least amount of resources. In our endeavours we strive to optimal output from the time, cost and effort invested.
	WE TAKE PRIDE We commit to and demonstrate integrity, honesty, consistency and fairness in our actions and decisions. We model the highest standards of personal and professional behaviour.

11.4. Budget Programme

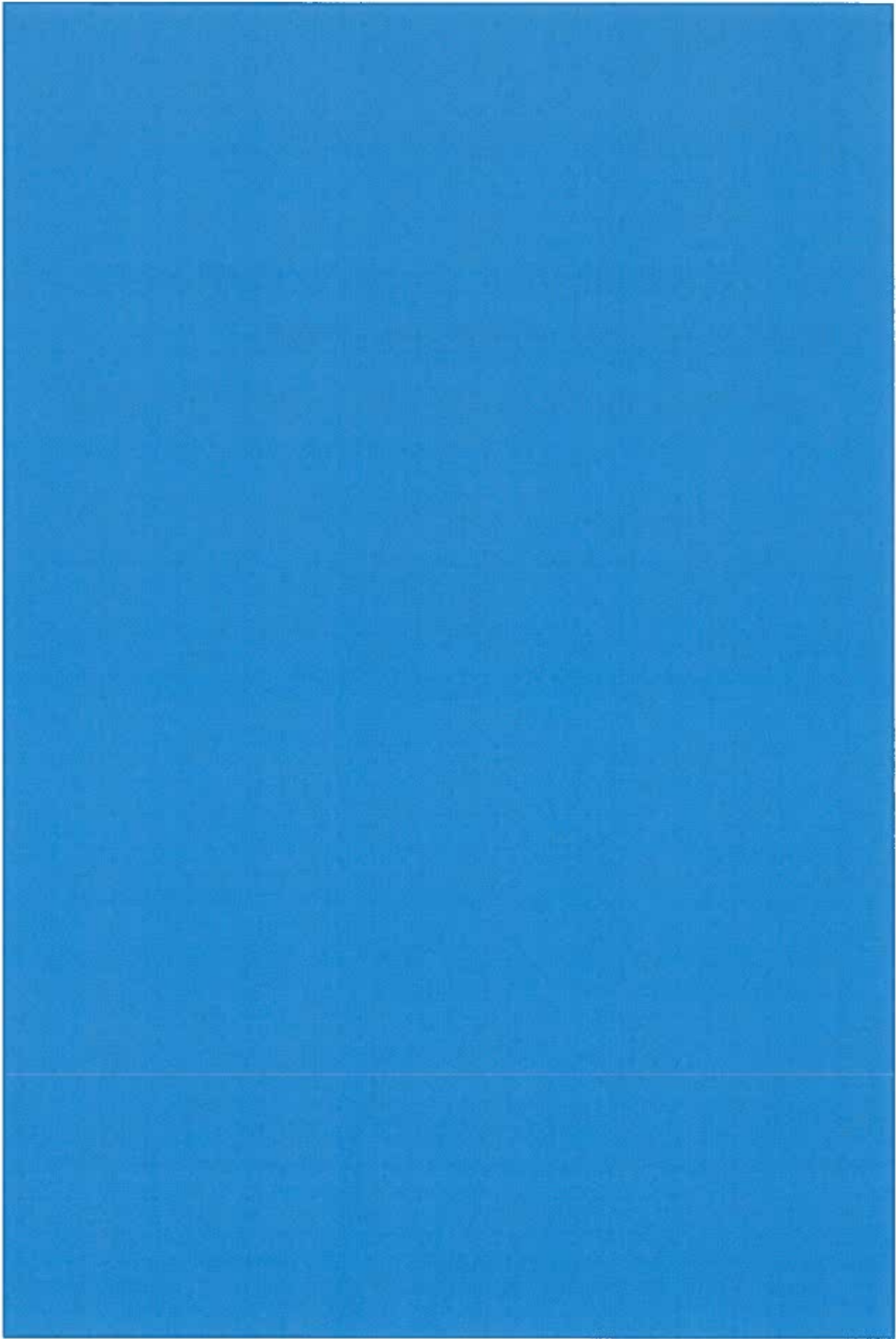
12. Figure 2 Values of the Fund

Table 8. Projected Statement of Financial Performance

	2017	2018	2019	2020
Revenue from non-exchange transactions				
Net fuel levies	33 660 076	35 425 252	36 178 508	36 079 930
FI b/f	7 515 690	7 630 891	7 447 543	7 546 122
FI Received	33 544 875	35 608 600	36 079 930	36 079 930
FI c/f	7 630 891	7 447 543	7 546 122	7 546 122
Revenue from exchange transactions				
Other income	1 974	-	-	-
Reinsurance revenue	-	-	-	-
Allowance for credit losses adjustment	-	-	-	-
Gains on disposal of assets	1 023	-	-	-
Investment revenue	109 330	81 310	82 033	82 051
	112 327	81 310	82 033	82 051
LESS EXPENSES	65 954 638			
Claims expenditure	65 954 638	68 435 878	73 514 377	84 061 151
Reinsurance premiums	21 666	24 300	25 685	27 123
Employee costs	1 421 874	1 559 006	1 700 606	1 836 655
General expenses	420 019	750 350	739 801	737 543
Depreciation and amortisation	42 890	49 176	44 905	41 815
Finance costs	209 375	236 594	267 351	302 107
Deficit for the year	(34 298 059)	(35 548 742)	(40 032 185)	(50 844 414)

Projected Statement of Financial Position

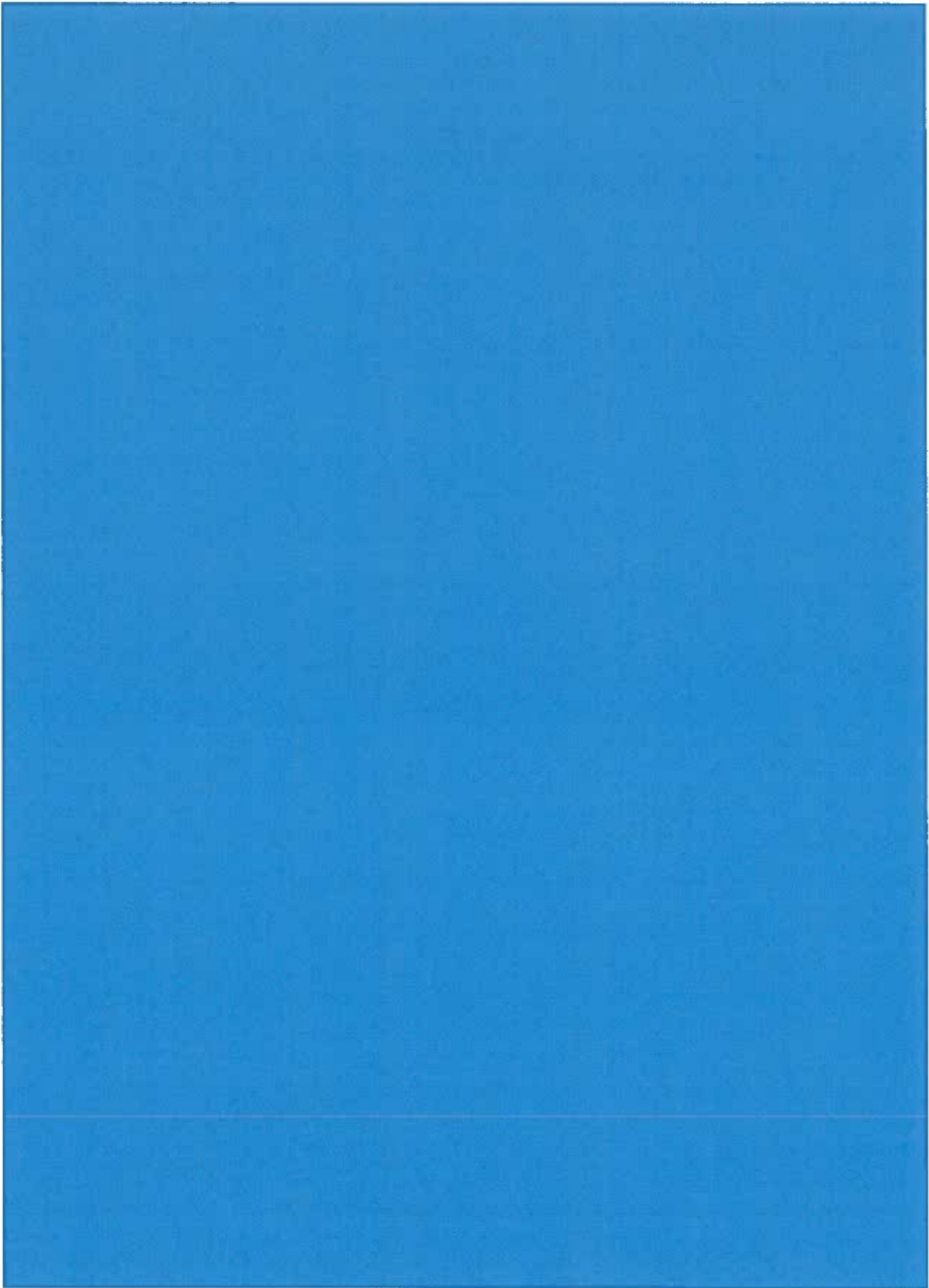
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets									
Current Assets									
Cash and cash equivalents	1 652 386	1 681 310	1 682 033	1 682 051	1 682 051	1 682 051	1 682 051	1 682 051	1 682 051
Receivables from non-exchange transactions	7 630 891	7 447 543	7 546 122	7 546 122	7 546 122	7 583 853	7 659 691	7 736 288	7 813 651
Receivables from exchange transactions	7 198	7 630	8 088	8 573	9 087	9 633	10 211	10 823	11 473
Other financial assets	160 911	170 566	180 800	191 648	203 146	215 335	228 255	241 951	256 468
Consumable stock	5 668	6 008	6 369	6 751	7 156	7 585	8 040	8 523	9 034
	9 472 054	9 313 057	9 423 411	9 435 144	9 447 563	9 498 457	9 588 248	9 679 636	9 772 676
Non-Current Assets									
Property, plant & equipment	177 845	177 951	181 826	188 881	199 115	211 062	223 726	237 149	251 378
Intangible assets	37 943	88 998	145 573	207 326	275 069	291 573	309 067	327 611	347 268
	215 788	266 949	327 399	396 207	474 184	502 635	532 793	564 761	598 646
Total Assets	9 672 842	9 580 006	9 750 810	9 831 351	9 921 747	10 001 092	10 121 041	10 244 396	10 371 323
Liabilities									
Current Liabilities									
Payables from exchange transactions	216 454	229 441	243 208	257 800	273 268	289 664	307 044	325 467	344 995
Other financial liabilities	40 838	43 288	45 886	48 639	51 557	54 650	57 929	61 405	65 090
Claims liabilities	34 180 160	48 145 678	59 370 984	76 635 493	100 944 852	132 960 441	173 543 017	223 870 661	285 278 656
Other provisions	892 384	945 927	1 002 683	1 062 844	1 126 614	1 194 211	1 265 864	1 341 816	1 422 325
	35 329 836	49 364 335	60 612 760	78 004 775	102 396 292	134 498 966	175 173 855	225 599 349	287 111 065
Non-Current Liabilities									
Other financial liabilities	7 958	8 435	8 942	9 478	10 047	10 650	11 289	11 966	12 684
Claims liabilities	153 826 417	175 279 529	204 296 160	237 894 890	276 776 685	321 747 324	373 732 802	433 796 975	503 161 749
Employee benefit obligation	58 117	61 604	65 300	69 218	73 371	77 774	82 440	87 386	92 630
	153 892 492	175 349 569	204 370 402	237 973 587	276 860 104	321 835 747	373 826 531	433 896 328	503 267 063
Total Liabilities	189 222 328	224 713 903	264 983 161	315 978 362	379 256 395	456 334 714	549 000 386	659 495 677	790 378 128
Net Deficit	(179 549 486)	(215 133 897)	(255 232 352)	(306 147 011)	(369 334 648)	(446 333 622)	(538 879 344)	(649 251 280)	(780 006 805)
Net Deficit									
Reserves	84 063	84 063	84 063	84 063	84 063	84 063	84 063	84 063	84 063
Revaluation Reserve	(179 633 549)	(215 217 960)	(255 316 415)	(306 231 074)	(369 418 711)	(446 417 685)	(538 963 407)	(649 335 343)	(780 090 868)
Accumulated surplus	(179 549 486)	(215 133 897)	(255 232 352)	(306 147 011)	(369 334 648)	(446 333 622)	(538 879 344)	(649 251 280)	(780 006 805)
Total Net Deficit									



ANNEXURE E

12.1. TECHNICAL INDICATOR DESCRIPTIONS:

- **REFER TO THE PERFORMANCE INFORMATION PLAN AND FRAMEWORK**



ANNEXURE F

12.2. FUNDING MODEL

RAF Funding Model

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Float: ad hoc		1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000
Float: Months' expenses (Multiple of)		1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000
Float: Months' claims (Multiple of)		1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000	1 600 000
Capacity ramp-up	1	0%	0%	0%	0%	0%	0%	0%	0%
Cash Flow Statement									
+Fuel Levy	33 544 875	35 608 600	36 079 930	36 079 930	36 079 930	36 260 329	36 622 932	36 989 162	37 359 053
Fuel Sold (litres) ('000)	23 925 393	23 925 393	23 925 393	23 925 393	23 925 393	24 045 020	24 205 471	24 528 325	24 773 609
Inflationary fuel levy increase	Off								
Ad hoc fuel levy increase									
Total fuel levy increase	154,0	163,0	163,0	163,0	163,0	163,0	163,0	163,0	163,0
Total fuel levy (cents per litre)	36 258 279	38 488 936	38 998 391	38 998 391	38 998 391	39 193 383	39 585 317	39 981 170	40 380 982
Gross fuel levy revenue ('000)	2 713 404	2 880 336	2 918 462	2 918 462	2 918 462	2 993 054	2 962 385	2 992 068	3 021 929
Refunds + Recoupment	33 544 875	35 608 600	36 079 930	36 079 930	36 079 930	36 260 329	36 622 932	36 989 162	37 359 053
Net fuel levy revenue ('000)									
+Cash Injections		682 402	4 727 823	9 848 886	15 669 942	22 023 133	29 031 427	36 981 412	45 995 174
Required injection to meet operational capacity for the FY**									
+Cash assets at start of year	2 044 261	1 652 386	1 681 310	1 682 033	1 682 051	1 682 051	1 682 051	1 682 051	1 682 051
-Expenses paid	2 093 468	2 670 587	2 838 799	3 014 050	3 245 440	3 462 902	3 696 459	3 947 480	4 217 465
Available for claim settlement	33 495 668	34 990 398	34 972 441	34 747 912	34 516 540	34 479 479	34 608 524	34 723 733	34 823 640
Available for claim settlement (allowing for float)		32 990 398	33 322 441	33 147 912	32 916 540	32 879 479	33 008 524	33 123 733	33 223 640
Operational Claims Limit		33 672 800	38 050 264	42 996 798	48 586 382	54 902 612	62 039 951	70 105 145	79 218 814
Claims Paid	31 954 954	32 990 398	33 322 441	33 147 912	32 916 540	32 879 479	33 008 524	33 123 733	33 223 640
Claims Settled	29 798 938	33 672 800	38 050 264	42 996 798	48 586 382	54 902 612	62 039 951	70 105 145	79 218 814
Personal Old Act		7 045 468	132 217	90 581	63 801	45 821	28 881	9 037	-
Personal New Act		25 251 889	36 189 363	40 860 140	46 125 646	52 057 625	58 749 022	66 301 628	74 812 388
Supplier		652 071	842 666	969 567	1 097 963	1 240 953	1 402 297	1 584 584	1 790 574
Undertakings		723 373	886 018	1 076 511	1 298 972	1 558 213	1 859 751	2 209 895	2 615 852
Investment Income	111 672	81 310	82 033	82 051	82 051	82 051	82 051	82 051	82 051
Available funds at year-end	1 652 386	1 681 310	1 682 033	1 682 051	1 682 051	1 682 051	1 682 051	1 682 051	1 682 051

ANNEXURE G

12.3. 2018/2019 APP ANNEXURE TO THE 2015/2020 STRATEGIC PLAN

ANNEXURE G: 2018/2019 APP ANNEXURE TO THE 2015/2020 STRATEGIC PLAN

1. CHANGES IN PERFORMANCE INDICATORS, MEASURES AND ANNUAL TARGETS:

The changes effected to the 2015-2020 RAF Strategic Plan were as a result of past performance, current operating environment, financial challenges as well as the need to improve the governance environment. The following objectives and KPI's have been affected:

- **Objective 1: Efficient Processing of Claims**
 - Manage the number of outstanding claims
 - Manage efficiency of claims processing
 - Improve Direct Claims Management
 - Improve Claims Litigation
- **Objective 2: Accessible Services**
 - Promote RAF services through outreach programmes and other events
 - Improved Call Centre responsiveness
- **Objective 3: Effective Financial Management**
 - Improve B-BBEE rating
- **Objective 4: Optimising ICT Functionality**
 - Improve ICT User Satisfaction
 - Implement the Five Year E-Enablement Strategy
- **Objective 5: Improving People Management**
 - RAF contribution towards Government's social and economic agenda
 - Contribute to government youth employment and road safety through the Youth Driver Development Programme
- **Objective 6: Aligned to RAF Transformation**
 - Implement RAF Transitional plan initiatives
- **Objective 7: Assured Control Environment**
 - Increase percentage of fraud detected before undue payments are made, based on the number of files.
 - Improve Combined Assurance maturity

DIFFERENCES BETWEEN THE 2015/2020 STRATEGIC PLAN AND THE FINAL 2018/2019 ANNUAL PERFORMANCE PLAN			
KPI No	Performance Indicator	Measure	Changes
2015-2020			
2018/19 APP			
Objective 1: Efficient Processing of Claims			
1.	Manage the number of outstanding claims	Manage number of open claims	<p>Target revised: Update as per the latest RAF Funding model</p> <p>Target revised: Update as per the latest RAF Funding model</p> <p>Measure and target changed</p> <p>New added measure and target</p>
		Manage number of open claims to 215, 439	Manage number of open claims to 235,129
3.		Manage the number of claims finalised	Manage the number of claims finalised 166,610
		Reduce % of claims older than 3 years	<p>Measure: Increase the % settlements of claims that are older than 3 years</p> <p>Target: Increase by 12%</p>
4.	Manage efficiency of claims processing	Improve claims registration turnaround time	Reduce by 10%
5.		Maintain number of days for claims verified by objecting or accepting within 60 days	Maintain at 60 days
6.		Increase % of claims with merits finalized within 80 days	<p>Measure: Increase % of claims with merits finalized within 80 days</p> <p>Target: Increase to 85%</p> <p>Target revised: Changed from: " 120 days" To: Increase % of claims with merits finalized within 80 days</p> <p>New added measure and target</p>
9.		Reduce % of direct personal claims converted to represented	Reduce by 10%

DIFFERENCES BETWEEN THE 2015/2020 STRATEGIC PLAN AND THE FINAL 2018/2019 ANNUAL PERFORMANCE PLAN			
KPI No	Performance Indicator	Measure	Changes
			2018/19 APP
10.	Improve Claims Litigation	Increase variance (in value) between amounts claimed vs. amount settled.	2015-2020 Reduce by 10% No target Target removed
Objective 2: Accessible Services			
14.	Promote RAF services through outreach programmes and other events	15% increase in the number of claimants serviced during outreach programmes and other events	15% increase in the number of claimants serviced during outreach programmes and other events. Target revised to reflect % increase on actual achievement instead of number
15.	Improved Call Centre responsiveness	Reduce % of abandoned calls	Maintain abandoned calls at 2.8 % Maintain abandoned calls at 3% Target revised Changed from: 3% to 2.8%.
Objective 3: Effective Financial Management			
19.	Improve B-BBEE rating	Improve B-BBEE rating to level 4	Improve to level 3 rating Maintain at least level 5 rating B-BBEE rating to be maintained at level 5 instead of level 3 improvement.
Objective 4: Optimising ICT Functionality			
19.	Improve ICT User Satisfaction	10% improvement from baseline	10% improvement from baseline No target Target removed

DIFFERENCES BETWEEN THE 2015/2020 STRATEGIC PLAN AND THE FINAL 2018/2019 ANNUAL PERFORMANCE PLAN				
KPI No	Performance Indicator	Measure	2015-2020	2018/19 APP
Changes				
Objective 5: Improving People Management				
23.	RAF contribution towards Government's social and economic agenda	Organizational meets the minimum 1% target for the representation of persons with disability	Increase the Disability ratio to 1%	Increase the Disability ratio to 1.25 %
25.	Contribute to government youth employment and road safety through the Youth Driver Development Programme	% of candidates who have successfully completed the programme	Maintain at 80%	Increase to 85%
Objective 6: Align to RAF Transformation				
26.	Transform RAF	Implement RAF Transitional plan initiatives	Implement year 2 RAF Transformation plan initiatives	Implement year 2 RAF Transformation plan initiatives
27.	Implement RAF Transitional plan initiatives	Implement the Five Year E-Enablement Strategy	Integrated Claims Management System (ICMS) developed and tested	Implement 2018/19 E-Enablement initiatives (ICMS, ECM, Third Party Architecture, Enterprise Security Infrastructure) as per the approved project plan
				<p>KPI have been amended as follows:</p> <p>Implement 2018/19 Transformation Plan initiatives (Business Model Feasibility, Change Impact Assessment and Medical Treatment Protocols), as per the approved project plan.</p> <p>The Transformation plan encompasses all RAF strategic projects and programmes which will transform the organisation. 62% (of the 29 initiatives 18 are ICT) of the Transformation plan initiatives are technology initiatives(ICT) and it has been amended as follows for the Final 2018/19 APP:</p> <p>Implement 2018/19 E-Enablement initiatives (ICMS, ECM, Third Party Integration, Enterprise Architecture, Information Security and</p>

DIFFERENCES BETWEEN THE 2015/2020 STRATEGIC PLAN AND THE FINAL 2018/2019 ANNUAL PERFORMANCE PLAN			
KPI No	Performance Indicator	Measure	2015-2020
			2018/19 APP
Changes			
28.			Infrastructure), as per the approved project plan.
		Conduct benefit and value realisation assessment on deliverables completed	Approved Year 3 Benefits and Value Realisation Report
			The KPI has been amended as follows for the Final 2018/19 APP: Approved Year 3 Benefits and Value Realisation Report
Objective 7: Assured Control Environment			
30.	Increase percentage of fraud detected before undue payments are made	Increase percentage of fraud detected before undue payments are made, based on the number of files.	10% increase in the level of fraud detected before undue payments are made
			increase percentage of fraud detected before undue payments are made, based on the number of files.
31.	Improve Combined Assurance maturity	Success implementation of approved combined assurance plan	80% implementation of approved combined assurance plan
		No target	
			The following words were added: "based on the number of files".
			New added performance indicator, measure and target

