ANNUAL REPORT 2022-2023

Road Accident Fund

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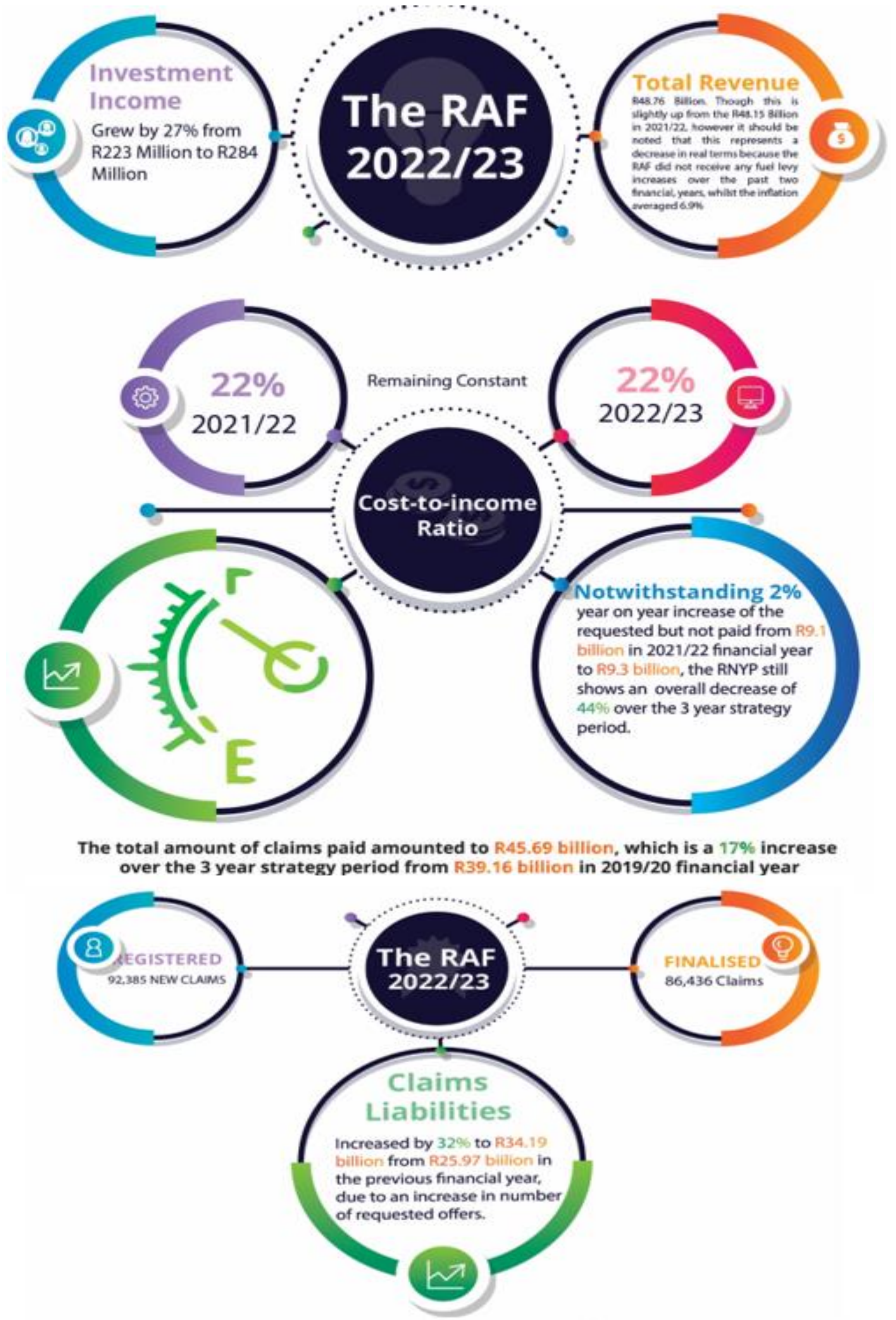
THE YEAR AT A GLANCE



(Statistics represented on this page are in line with numbers and amounts mentioned elsewhere in this report.)

PART A: THE PUBLIC ENTITY'S GENERAL INFORMATION

1. RAF GENERAL INFORMATION

Registered name: Road Accident Fund
Physical address: Eco Glades Office Park 2
420 Witch-Hazel Avenue
Centurion
0046
Postal address: Private Bag X178
Centurion
0046

Telephone number: 087 820 1 111
(Customer Care Share Call Number)

Website: www.raf.co.za
External Auditors: Auditor-General of South Africa
Bankers: Absa Bank
Board Secretary (Acting): Mr. T Phechudi

2. LIST OF ABBREVIATIONS/ACRONYMS

ADP	Accelerated Directorship Programme
AGSA	Auditor-General of South Africa
Amendment Act	RAF Amendment Act, 2005 (Act No. 10 of 2005)
APP	Annual Performance Plan
APs	Assurance Providers
ASB	Accounting Standards Board
AVE	Advertising Value Equivalency
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BoT	Pension Fund Board of Trustees
CBO	Community-Based Organisation
CBRTA	Cross-Border Road Traffic Agency
CCO	Chief Claims Officer
CEF	Central Energy Fund
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of ICT Policy Framework
CGO	Chief Governance Officer
CIA	Change Impact Assessment
CIAO	Chief Internal Audit Officer
CIME	Certified Independent Medical Examiners
CIO	Chief Investment Officer
CIPC	Companies and Intellectual Property Commission
COO	Chief Operations Officer
CPI	Consumer Price Index
CRMP	Compliance Risk Management Plan
CS	Company Secretary
CSC	Customer Service Centre
CSTO	Chief Strategy and Transformation Officer
CSR	Corporate Social Responsibility
CVS	Crash Verification System
DAM	Database Activity Monitoring
DG	Director-General
DHA	Department of Home Affairs
DMP	Demand Management Plan
DoE	Department of Education
DoH	Department of Health
DoJ	Department of Justice
DoT	Department of Transport
DR	Disaster Recovery
EA	Enterprise Architecture
EAP	Employee Assistance Programme
EE	Employment Equity
EPA	Ethics Programme of Action
ERA	Ethics Risk Assessment
EWS	Employee Wellness Services
EXCO	Executive Management Committee
FAR	Fixed Asset Register
FID	Forensic Investigation Department

GRAP	Generally Recognised Accounting Practice
GRAC	Governance, Risk and Actuarial Committee
HC	Human Capital
HIV	Human Immunodeficiency Virus
HPCSA	Health Professions Council of South Africa
HRA	Health Risk Assessment
ICAS	Independent Counselling and Advisory Services
ICMS	Integrated Claims Management System
ICT	Information and Communication Technology
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
ISA	International Standards of Auditing
ISPPIA	International Standards for the Professional Practice of Internal Auditing
IT	Information Technology
King IV	King Code on Corporate Governance IV
LMS	Litigation Management System
MAP	Management Advanced Programme
MBA	Master of Business Administration
MDP	Management Development Programme
MoU	Memorandum of Understanding
MVA	Motor Vehicle Accident
NA	National Assembly
NCRF	National Community Radio Forum
NDOH	National Department of Health
NDP	National Development Plan
NEAP	National Economically Active Population
NGO	Non-Governmental Organisation
NIAP	Nurse-based Initiation Project
NMDP	New Management Development Programme
NSD	National Skills Development
NT	National Treasury
OCR	Liability for Outstanding Claims Reported
OHS	Occupational Health and Safety
OPSIT	Operations, Information Technology Committee
PA	Prudential Authority
PAIA	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
PCoT	Portfolio Committee on Transport
PEEC	Provincial Efficiency Enhancement Committee
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PMO	Programme Management Office
POPI Act	Protection of Personal Information Act, 2013 (Act No. 3 of 2013)
QA	Quality Assurance
RAF	Road Accident Fund
RAF Act	Road Accident Fund Act, 1996 (Act No. 56 of 1996)
RGAC	Risk Governance and Actuarial Committee
REMCO	Remuneration and Human Resources Committee
RMC	Risk Management Committee
RNYP	Requested but Not Yet Paid (Claims)
RTMC	Road Traffic Management Corporation
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community

SALGA	South African Local Government Association
SANTACO	South African National Taxi Council
SAOPA	South African Orthotic and Prosthetic Association
SAPO	South African Post Office
SAPS	South African Police Service
SARS	South African Revenue Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SED	Socio-economic Development
SMDP	Senior Management Development Programme
SMRs	Statutory Medical Reports
SOE	State-Owned Entity
SONA	State of the Nation Address
SOP	Standard Operating Procedure
SRM	Stakeholder Relations Management
TEC	Total Employment Cost
Transitional Act	RAF (Transitional Provisions) Act, 2012 (Act No. 15 of 2012)
TSTF	Transport Sector Transformation Forum
UDM	Unstructured Data Management
UIF	Unemployment Insurance Fund
UN	United Nations
WHO	World Health Organization
YDDP	Youth Driver Development Programme

3. SCOPE OF THE REPORT

3.1 INTRODUCTION

The Road Accident Fund (RAF) welcomes the opportunity to present its Annual Report for the year ending 31 March 2023 in line with the National Treasury Annual Report Guide for Public Entities, the King Code on Corporate Governance for South Africa 2016 (King IV), and the Protocol on Corporate Governance in the Public Sector (2002). In terms of the protocol, corporate governance "embodies processes and systems by which corporate enterprises are directed, controlled and held to account." According to the National Treasury (NT), oversight entails "reviewing, monitoring and overseeing the affairs, practices, activities, behaviour and conduct of an administrative authority to ensure that it meets its objectives."

3.2 REPORTING CYCLE

The objective of this report is to provide stakeholders with an integrated view of the RAF's organisational, operational, and financial performance for the financial year 1 April 2022 to 31 March 2023. The report demonstrates the RAF's commitment to integrity, transparency and accountability and provides a complete and balanced view of its performance, including the successes and challenges during the 2022/23 financial year, as well as those likely to form part of its future.

The RAF remains committed to being accountable to its stakeholders. It defines stakeholders as "persons, groups or organisations that have a direct stake in our business, since they can affect or be affected by our activities, objectives and policies." The way in which the organisation engages with and responds to its stakeholders is described in Part C of this report.

3.3 REPORTING BOUNDARY

This Annual Report covers organisational, operational, and financial performance, including the audited financial results for the period 1 April 2022 to 31 March 2023 in terms of section 55(1) of the Public Finance Management Act, 1999 (Act No. 1 of 19995[C) (PFMA). The narrative of the report is structured around the NT Annual Report Guide for Public Entities. In addition, the report covers the social, environmental, and broader economic impacts of the organisation's activities in Part C. The RAF acknowledges that its sustainability platform represents the beginning of a journey towards the maturation of its sustainability management and is inextricably linked to its business objectives.

3.4 REPORTING PRINCIPLES

The reporting principles applied are in line with the PFMA and South African Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, NT Guidelines, and King IV (to the extent possible).

3.5 SUPPORTING DOCUMENTS

All documentation supporting the contents of this report is available for inspection at the RAF's offices.

3.6 AUDIENCE

The stakeholders addressed by this report include, among others, the Parliament of the Republic of South Africa, the Executive Authority, national, provincial and local government, industry-related organisations, trade unions, employees, suppliers, existing and prospective claimants (local and foreign), the media, and the public.

4. FOREWORD BY THE CHAIRPERSON

Photo of the Chairperson of the Board Name: Zanele L. Francois Title: Chairperson of the Board

It gives me great pleasure to present the RAF 2022 – 20223 Annual Report. This report is prepared in accordance with the National Treasury Annual Report Guide for Public Entities, the King Code on Corporate Governance for South Africa 2016 (King IV), and the Protocol on Corporate Governance in the Public Sector (2002)

I would like to express my heartfelt gratitude and appreciation to the outgoing Board of the Road Accident Fund (RAF). Your tireless dedication and unwavering commitment over the past years were truly remarkable.

When the Minister of Transport appointed the Board in 2020 the RAF faced significant challenges, with the actuarial projections pointing to a total collapse of the system by 31 March 2023, if the operating model was maintained. The RNYP was expected to grow to over R51 billion, at which point it would have exceeded the annual revenue income which ended up at R48,7 billion in the 2022/23 financial year. The administrative costs snowballed to R17 billion, with legal costs accounting for R10.6 billion.

In Ketsekele vs Road Accident Fund, 08 May 2015, Judge Bertelsmann warned that a radical change was required “to provide a solution to the present morass of needless litigation and unacceptable delays”. He was concerned that the new proposals in the RABS bill contained “a worrisome proposal, that the new agency will absorb the existing Fund's structures.” he argued that “With such assimilation the new agency will be exposed to the risk of perpetuating the Fund’s culture of indifference to human suffering and financial waste. If so, the new agency would be saddled with an inheritas damnosa, a cursed inheritance that would doom it to fail virtually immediately.”

The RAF Board was then faced with radical solutions to develop and implement radical strategic initiatives. The 2020-25 strategic plan was premised on effecting this radical change, presenting a complete departure from the litigious and financially wasteful model that Judge Bertelsmann warned about.

But it is essential to recognise that over the past three and a half years, the organisation has been implementing a strategic plan aimed at achieving a robust and financially sustainable RAF. This strategy is designed to ensure that the Fund not only remains operational but also becomes more responsive to the needs of accident victims and claimants.

The predecessor Board contributions, characterised by professionalism, tenacity, and resilience, did not go unnoticed. In the face of numerous adversities, the Board managed to steer the RAF ship in a transformative direction. At a time when sceptics predicted the worst, the Board rose to the occasion and ensured its continued success.

As the term ended on 30 September 2023, the new RAF Board acknowledges the profound impact its' predecessor had on this organisation. Their legacy will serve as a guiding light, inspiring the new RAF Board to preserve and improve upon the predecessors' achievements.

Through the collective efforts of the board and executives, from the commencement of the term in December 2019 through to the financial year under review, there has been a marked improvement in the performance of the entity, indicated in the tangible recovery, gains and significant transformation in the areas that were previously hindering progress.

Progress of Implementing the 2020-2025 to date

- The litigation strategy of using an internal RAF panel of attorneys was abandoned. The new strategic focus is on claims investigation and settlement. In matters where litigation is required, RAF entered into a collaboration agreement with the State Attorney's office to manage RAF litigation. The model is being implemented and already resulted in reduced legal costs in the first 2 years of implementation.

- RAF also moved away from a model outsourcing actuarial function to an actuarial panel that was costing the Fund R10 000 per calculation and around R180 million per year. In terms of the new strategy, actuarial function is considered core business. Capacity has now been created internally with an insourcing budget of R51 million per annum, thus saving the Fund R129 million.

- A Claims Investigation Unit has been established. This is to ensure quality accident investigations previously outsourced to a panel of assessors for many years without any value for money. This panel would have amounted to **R1 billion** over a five-year period.

- Following decades of operating without any tariffs, the RAF Medical Tariffs were gazetted during the current financial year to help reduce medical costs.

- Identified over R800 million duplicate payment and recovered over R685 million in duplicate payments and handed over 102 plaintiff legal firms for further investigations.

- As with all major organisational overhauls, the journey to recovery and transformation required a rigorous interrogation and review of all systems. With decades of incohesive and unchecked processes, numerous loopholes were identified that were being exploited by opportunistic third parties, to the detriment of the organisation and most importantly road accident victims. In 2021/22 financial year RAF secured a strategic partner to implement the Integrated Claims Management System (ICMS) one of the RAF flagship projects named Project Bokamoso. Major phases of this project were successfully implemented in February 2022, with the first go live phase planned to be rolled out during November 2023.

- **The Minimum Information Requirements for claims lodgment were gazetted and new RAF 1 form published for implementation effective 04 July 2022.**

In order to determine the extent and impact of having incomplete and non-compliant claims in terms of the RAFs ability to assess merits and / or quantum, the RAF embarked on a process to audit all open represented claims and only 7,2% had the necessary documents to enable the Fund to process claims.

This necessitated the need for the implementation of frameworks that would allow for the pre-assessment of a claim against a set of minimum requirements before the RAF can accept the claim and/or any liability related to that claim.

The implementation of the new RAF1 form on 4 July 2022 and the launching of a pre-assessment application enabled the Fund to capture all new RAF1 claims. It was established that on average, the RAF received and pre-assessed 3,132 claims per month, of which 97% are non-complaint i.e., empty claims. This means that only 3% of claims received are eligible to be assessed and finalised by the Fund within 120 days.

2022/2023 audit outcomes

The 2020-2025 strategic journey and performance was overshadowed by the continued dispute between the RAF and the Auditor General of South Africa (AGSA) emanating from the RAF's new accounting policy. This dispute detracted attention from the year on year improved organisational performance, as noted above.

However, RAF's performance against its predetermined objectives showed a steady improvement from the 57% in 2019/20 FY to 91% in the 2022/23 FY. Importantly, the AGSA confirms in the 2022/23 audit report that, "I did not identify any material findings on the reported performance information of outcome 1: A transformed and sustainable RAF."

The overall audit outcome of the Road Accident Fund (RAF) improved compared to the prior year as an adverse audit opinion was expressed compared to the disclaimer of opinion received in the prior year. The RAF engaged meaningfully with the AGSA throughout the audit process and the Audit Report issued for the 2022/23 financial year is modified only as a result of the ongoing disagreement between the RAF and the AGSA regarding the accounting treatment of Claims Liabilities and Expenditure.

Conclusion

The board and the RAF's executive team worked diligently over the past 3-year strategic period to identify the most ineffectual and vulnerable areas of the business in order to consolidate and safeguard the entity from future breaches, this was incorporated in the RAF Amendment Act proposal submitted to DoT in 2020/21 financial year.

This is aimed at addressing the numerous administrative challenges and inconsistencies that create obstacles to a seamless operation and a financially sustainable RAF.

As a board we believe our recommended course of action and accompanying interventions will yield the most positive result as our propositions are aimed at our unwavering focus on delivering on the RAF's mandate to assist and provide relief for motor vehicle accident victims.

The commitment to overcoming the challenges, developing workable and people- centered solutions, and most significantly delivering on the Board's mandate has been highly commendable, particularly in the challenging environment.

The achievements of the entity are singularly noteworthy given the fact that there has not been an increase of fuel levy in the past three years, neither has there been any budgetary allocation from the national fiscus from National Treasury., through the fuel levy, in the past three years.

The Board wishes to extend its gratitude to the CEO and the executive team of RAF for their resolute dedication to the enormous task at hand.

We thank our Executive Authority, the Honourable Minister of Transport for trusting us with this mammoth task of turning the RAF around and ensuring that is on an operational and financially sustainable path. We would not have achieved this task without this support.

As we take on this next transformation journey, we are not only resolute in ensuring a sustainable RAF but also becoming a claimant centric organisation.

L Z FRANCOIS (Oct 31, 2023 15:50 GMT+2)

Ms Zanele L Francois
Chairperson of the RAF Board

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Photo of the CEO

Name: Collins Letsoalo
Title: Chief Executive Officer

Introduction

I am delighted to present the overview of the Road Accident Fund (RAF)'s annual report for the 2022/23 financial year. This represents year three of the RAF's transformation journey.

It is 81 years since the enactment of the Motor Vehicle Assurance Act 29 of 1942. The RAF has evolved over the years from a compulsory third party insurance scheme to a social security fund today. What has remained a consistent feature across its history are the challenges relating to financial unsustainability and inability to administer claims efficiently and effectively. Multiple commissions of inquiries were appointed over the years to address these challenges with little success.

When the Board and Management developed the RAF 2020-25 strategic plan, the requested but not yet paid (RNYP) had grown to R17 billion and was projected to increase to R51 billion by 31 March 2023. The claims backlog had also increased to over 300 000 claims, majority of which were already litigated. The 2020-25 strategic plan was therefore premised on effecting a turnaround to put the RAF on a sustainable financial and operational path.

This annual report reflects on the RAF transformation journey across its the operations, performance information, Governance, human resources information and the financial affairs of the RAF for the financial year ended 31 March 2023.

Mid-Term Strategic Review Outcomes

We also conducted an independent strategic mid-term review to take stock of this transformation journey. The strategic review report made the following key observations:

- RAF's solvency is improving.
- The RNYP has decreased at an average rate of 7% p.a. since 2020.
- The RAFs profitability ratios have on average been better than before the launch of the strategy.
- The new litigation strategy resulted in a reduction of R7 billion legal costs in the 2020/21 financial year.
- Expenditure on claimant medical costs has reduced at a rate of 13% per annum compared to an average growth rate of 33% per annum prior.
- Claimant legal and other costs have reduced at a rate of 13% per annum.
- Turnaround time for validating and verifying new claims within 60 days is decreasing.

Organizational Performance

The RAF recorded a performance of 91% against its predetermined objectives. This represents the best performance since the implementation of the 2020-25 strategic plan. The RAF also maintained a consistent

year on year improvement on performance since the `beginning the transformation journey. What makes this achievement commendable is the stretch targets that were set for this financial year.
The target to settle claims within 120 days, which is a key pillar of the strategy was achieved for the first time in this financial year. Although the target is a long way from where we want to be, it represents the beginning of the reversal of the legacy challenges created by the old target of settling claims within 1400 days. As the AGSA observed in this year's audit, achieving this target is commendable and the target must be increased.

The claims backlog remains a challenge, as evidenced by our failure to meet the target to reduce 3-year-old claims. Although the performance has improved compared to the previous financial year, this target will be a key focus in the 2023/24 financial year and I am confident that the new RAF contact centre will play a crucial role in this regard.

I am also delighted that the AGSA did not identify any material findings on performance information. This is testament to the improvements made in monitoring and reporting of performance information.

Financial Performance

With a fuel revenue income of R48 billion, the 2022/23 financial is the second consecutive year without fuel levy increase, which remained stagnant at 218c. however the investment income increased by 27% owing to our investment strategy and liquidity improvement presented by the rule 45A court order granted in favour of the RAF to pay court orders within 180 days instead of the standard 14 days.

The requested but not yet paid (RNYP) increased slightly from R9.1 billion to R9.3 billion in the current financial. However, the RNYP has decreased by 44% over the three-year strategy period.

Furthermore, the RAF reported a deficit of R6.5 billion in the Statement of Financial Performance for the period ended 31 March 2023 compared to the surplus of R428 million in the 2021/22 financial year. The deficit was due to the increase in the Claims Liability for offers that were not yet requested for payment as at 31 March 2023. This is a clear illustration of our efforts- to expedite claims settlement. In addition, it illustrates the urgent need to conclude the legislative review process, particularly the payment in installments.

Claims Performance

As indicated above, although the RAF achieved its target of settlement of claims within 120 days for the first time, it still fell short on its target on reducing the claims backlog.

The implementation of the new RAF 1 form has resulted in significant improvement in the quality of claims registered. Although the non-compliance rate of claims lodged on this new form is high, it is important to enable our claims officers to work with claims with all the necessary information to enable merits investigation and making offers within 120 days. We will continue to optimise our pre-assessment processes.

We have also observed the positive outcomes of the new operating model in the increase in claims settled by agreement as opposed to settlements by court orders. This is a clear illustration that the RAF has completely abandoned the strategy of litigating all matters without focusing on settlements.

On medical management, treatment of the injured claimant whilst in hospital and during the rehabilitation process is crucial. Activities undertaken within medical management are aimed at repositioning the RAF to be an injury management organization which allows for improved clinical outcomes and reduction of clinical and financial risk.

We continue to reimburse for past medical costs where such loss has been suffered by the claimant and will continue to do so in line with Section 19(d) of the RAF Act.

Digital Transformation

In line with the strategic outcome of modernization of the RAF, we have continued in the investment in ICT infrastructure and to ready the Fund for its digital transformation. Project Bokamoso has made good progress and will finally see the RAF implement a fully integrated claims management system and move away from manual processes and legacy claims systems. We look forward to the first release expected towards the end of 2023.

RAF Amendment Act

Following the approval of the RAF Amendment Act proposals by the Board and submission to DoT, the bill was finally published for comment, and we remain hopeful that it will be processed within the current term.

Looking ahead

The RAF has declared the 2023/24 as the "year of the claimant" and added empathy as a core value alongside our existing ICARE[2] values. This decision was made in response to challenges faced by our claimants and stakeholders when attempting to access RAF services. During my interactions with *stakeholders*, concerns were raised regarding unresponsiveness by RAF officials. Additionally, we have implemented a strategic outcome focused on enhancing claimant focus by establishing specific targets to improve their overall experience with the RAF.

A key strategic initiative will be the inclusion of a pre-claims phase as part of our claims management value chain. This addresses a long-standing challenge faced by the RAF of not having enough information to conduct thorough investigations when a claim is lodged. Previously, the RAF only began gathering accident information when a claim was submitted, which could take up to three years after the incident. By establishing an accident and contact centre, we will close this information gap and ensure that the RAF collects all accident-related data. Additionally, implementing a customer relationship management (CRM) process will improve the customer experience for RAF claimants.

We are prioritising medical management to ensure better medical outcomes for road accident victims. This includes developing and implementing a case management framework and implementing injury-specific undertakings. Collaborating with hospital groups, emergency management services and provincial departments of health will be crucial to this effort. We also recognize the strain placed on public hospitals by the high number of motor vehicle accident victims and are implementing specific projects to improve trauma facilities and rehabilitation centres in hospitals located near road accident hotspots.

Digital transformation journey is the RAF top priority. The implementation phase of "Project Bokamoso," which refers to the Integrated Claims Management System (ICMS), is underway, and the first Go-live launch is planned for the end of the third quarter of the financial year 2023/24.

The high rate of motor vehicle accidents continues to be a significant area of concern and the largest cost driver for the RAF. In 2021 alone, road crash fatalities resulted in an economic loss of R188 billion, which poses a significant burden on the economy and the RAF. Road safety is, therefore, a top priority and the RAF will implement several road safety initiatives. These initiatives include expanding the Driver Wellness Programme and focusing on road safety education, particularly among the youth.

In a country with high levels of poverty and unemployment, motor vehicle accidents worsen existing socio-economic challenges. The payment of compensation to victims of motor vehicle accidents for death and injury benefits is critical in improving the socio-economic conditions of the country.

Acknowledgements

We extend our heartfelt gratitude to the Minister of Transport, Honourable Lydia Chikunga, and Deputy Minister of Transport, Honourable Lisa Mangcu, for their unwavering support to the RAF.

We also express our appreciation to the previous Board, led by Ms. Thembelihle Msibi, as well as our dedicated Management and staff for their unwavering diligence and loyalty to the organisation. Despite the challenging and constrained environment, the team has made significant progress in meeting our targets, and we are committed to continuing the process of transforming the organisation and delivering tangible results.

Our gratitude also goes out to the thousands of claimants, healthcare providers, caregivers, corporate suppliers, and creditors who have shown patience and joined hands with the RAF in pursuit of our vision and mission.

We also take a moment to remember and honour those who lost their lives, suffered injuries, or lost loved ones in motor vehicle accidents during the year. The RAF remains steadfast in our primary responsibility to alleviate the suffering of those affected by road crashes. We urge all South Africans to use our roads safely and responsibly, ensuring that we do not become victims of road accidents.

MR CP LETSOALO
Chief Executive Officer
Date: 12 September 2023

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by NT.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the RAF.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control and has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources Information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the Operations, the Performance Information, the Human Resources Information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully

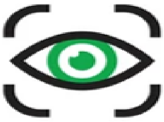
MR CP LETSOALO
Chief Executive Officer
Date: 12 September 2023

Dr NB Mabuya
Dr NB Mabuya (Sep 13, 2023 09:52 GMT+2)

DR NM MABUYA-MOLOELE
Acting Chairperson of the Board
Date: 12 September 2023

7. STRATEGIC OVERVIEW

7.1 VISION, MISSION AND VALUES OF THE RAF



VISION

An equitable and sustainable compensation system for motor vehicle accident victims.

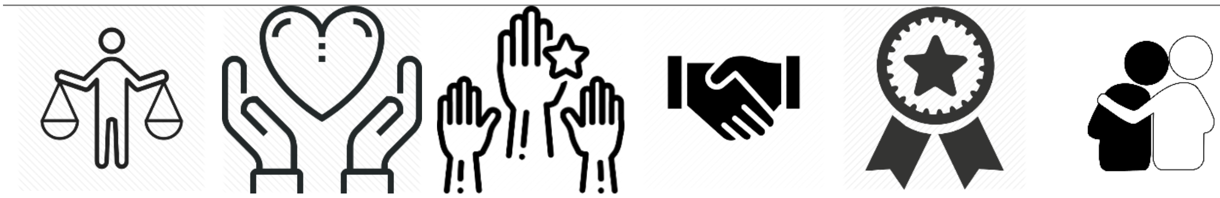
MISSION

To provide appropriate benefits to all qualifying road users within the borders of South Africa and support safe use of roads.

CORE VALUES

Integrity Compassion Accountability Respect Excellence Empathy

I.C.A.R.E²



7.2 CORE VALUES

The above-mentioned value statements represent the heart of the desired corporate culture to which all in the RAF family owe allegiance and will measure how well the organisation executes its mandate as leadership, staff and service providers (who act on behalf of the RAF).

8. LEGISLATIVE AND OTHER MANDATES

8.1 SCHEDULE IN TERMS OF THE PFMA

The RAF is a juristic person established by an Act of Parliament, namely the RAF Act. Section 3 of the RAF Act stipulates that "the object of the Fund shall be the payment of compensation in accordance with this Act for loss or damage wrongfully caused by the driving of motor vehicles." The RAF is a national public entity according to Schedule 3A of the PFMA.

8.2 POLICY FRAMEWORKS GOVERNING THE RAF

The following are, among others, relevant and applicable pieces of legislation to the RAF:

- Apportionment of Damages Act, 1956 (Act No. 34 of 1956)
- Basic Conditions of Employment Act, 1977 (Act No. 75 of 1977)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993)
- Constitution of the Republic of South Africa, 1996
- Contingency Fees Act, 1977 (Act No. 66 of 1977)
- Control of Access to Public Premises and Vehicle Act, 1985 (Act No. 53 of 1985)
- Corporate Governance of Information Communication Technology Policy Framework (CGICTPF), 2012
- Customs and Excise Act, 1964 (Act No. 91 of 1964)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Electronic Communications and Transaction Act, 2002 (Act No. 25 of 2002)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Income Tax Act, 1962 (Act No. 58 of 1962)
- King Report on Corporate Governance for South Africa, 2016 (King IV 2016)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Magistrate Court Act, 1944 (Act No. 32 of 1944)
- Minimum Information Security Standards, 1996
- National Archives and Records Service of South Africa Act, 1996 (Act No. 43 of 1996)
- National Environmental Management Waste Act, 2008 (Act No. 59 of 2008)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Pension Funds Act, 1956 (Act No. 24 of 1956)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Prescribed Rate of Interest Act, 1975 (Act No. 55 of 1975)
- Prescription Act, 1969 (Act No. 68 of 1969)
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)
- Protected Disclosures Act, 2000 (Act No. 26 of 2000)
- Protection of Personal Information Act, 2013 (Act No. 4 of 2013)
- Public Audit Act, 2004 (Act No. 25 of 2004)
- Road Accident Fund Act, 1996 (Act No. 56 of 1996)
- Road Accident Fund (Transitional Provisions) Act, 2012 (Act No. 15 of 2012)
- Road Accident Fund Amendment Act, 2005 (Act No. 19 of 2005)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Supreme Court Act, 1959 (Act No. 59 of 1959)
- Use of Official Languages Act, 2012 (Act No. 12 of 2012)

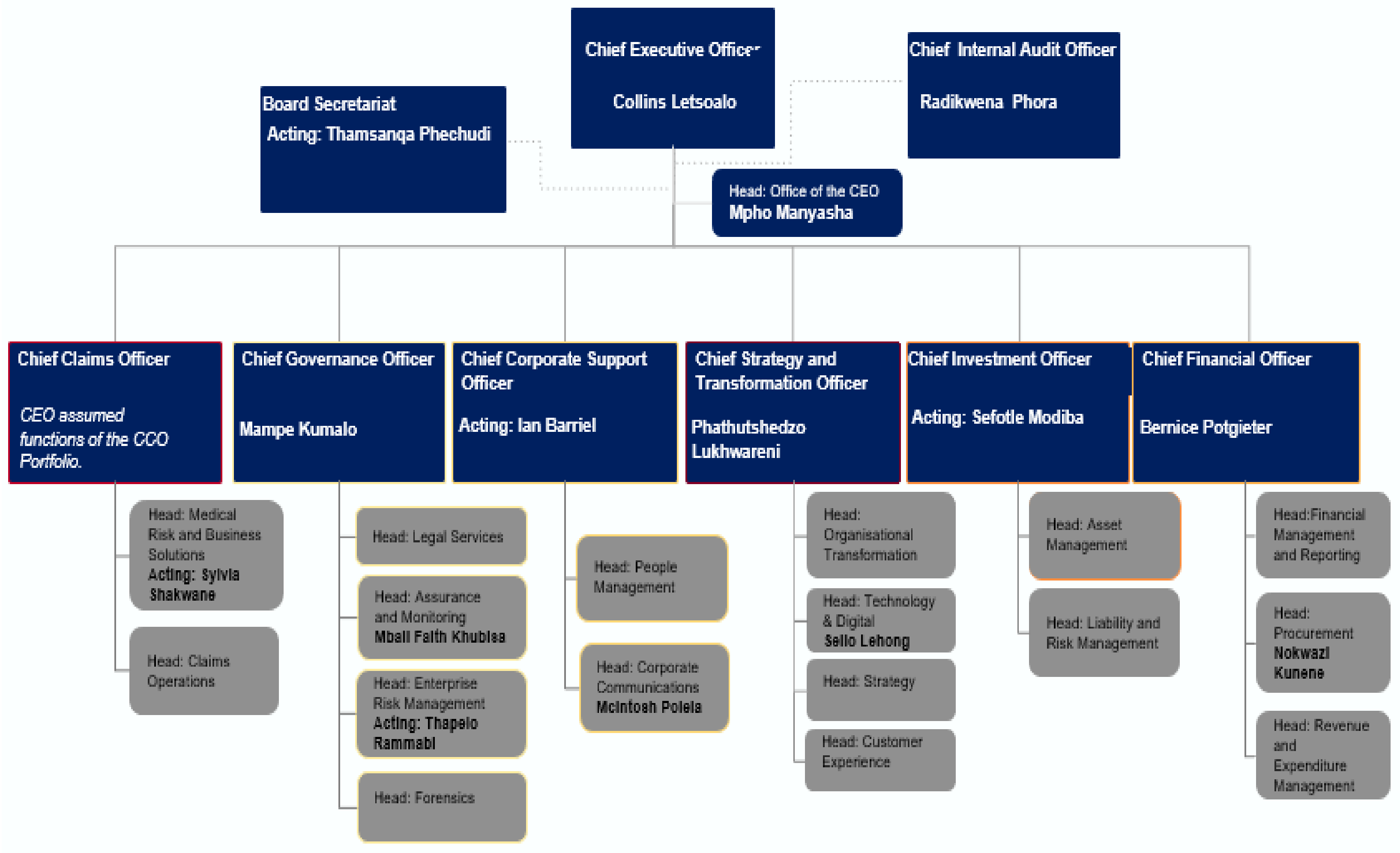
8.3 THE MANDATE OF THE RAF

The 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 (the RAF Act). The object of the Fund is the payment of compensation in accordance with the Act for loss or damage wrongfully caused by the driving of a motor vehicle.

8.4 THE ROLE OF THE RAF IN THE WIDER GOVERNMENT AND NATIONAL AGENDA

The RAF has a significant role in helping to achieve the objectives of the National Development Plan (NDP). In a country with high levels of poverty and unemployment, motor vehicle accidents only serve to worsen socio-economic challenges. The payment of compensation to victims of motor vehicle accidents for death and injury benefits is thus critical in improving the socio-economic conditions of the country.

9. ORGANISATIONAL STRUCTURE



PART B: PERFORMANCE INFORMATION

10. PERFORMANCE INFORMATION

10.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

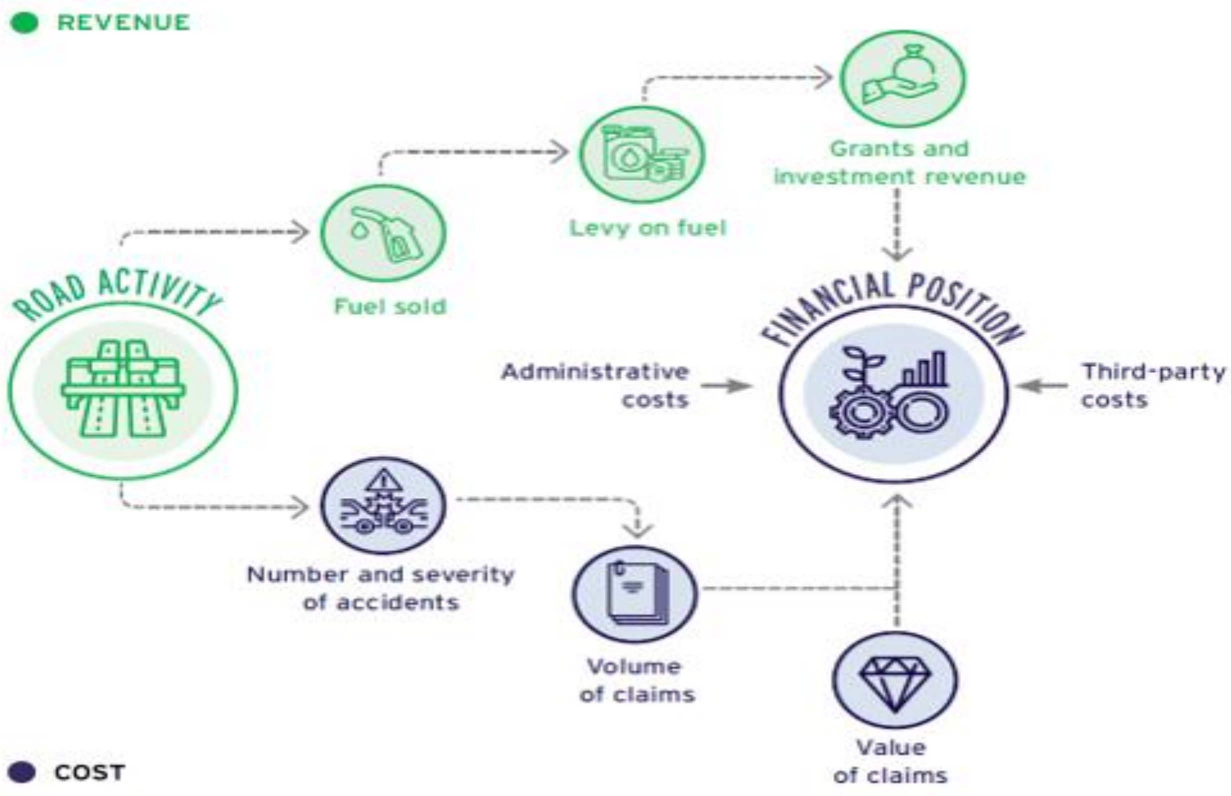
Refer to page 163 of the Report of the Auditor's Report, published as Part F: Financial Information.

10.2 OVERVIEW OF PERFORMANCE

10.2.1 SERVICE DELIVERY ENVIRONMENT

The ability of the RAF to operate efficiently and effectively is influenced by general economic conditions and environmental factors, and by the extent to which it manages its costs effectively. The major influencers are illustrated in the figure below:

FIGURE 1: Factors influencing the RAF's financial position



The primary source of income for the RAF compensation scheme is a levy raised on fuel. The levy is measured in terms of cents per litre on petrol and diesel fuel sold in South Africa and forms part of the general fuel tax regulated by government.

The fuel levy per litre is set by the NT on a yearly basis, whereas total fuel sales are influenced by many macroeconomic factors. On an annual basis, the RAF requests the NT for an increase in the RAF Fuel Levy, based on a financial model and a calculation of its costs during the coming year.

The full extent of the RAF Fuel Levy requested is seldom granted, because the NT has historically set the levy based on a pay-as-you go principle, rather than with the purpose of establishing a fully funded position for the RAF. During the 2022/23 financial year, the RAF Fuel Levy remained unchanged at 218 cents per litre in 2022/23.

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

The two main variables that determine the income of the RAF are the volume of petrol and diesel sold per annum and the rate of the levy. The RAF Fuel Levy, which is used only for the specific purposes provided for in legislation, can be viewed as a compulsory contribution to social security benefits.

The costs that the RAF incurs are as a result of road accidents. The volume and severity of accidents influence the volume and average value of claims made against the RAF.

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

Claims expenditure comprises the RAF's largest expense item. Liquidity is determined by the cash available after claims and other expenses have been paid out for a specific period. Liability is largely composed of claims liability offers not yet requested and claims requested but not paid that need to be settled and paid with their associated costs. This is graphically represented as follows:

FIGURE 2: Key value drivers

10.2.2 IMPLEMENTATION OF KEY RAF STRATEGIC INITIATIVES

In January 2020, the RAF Board approved the 2020–2025 Strategic Plan that aims to see the RAF operate sustainably and settle claims within 120 days using a product-based approach. The transition since 2020 to date has seen a change in the operations landscape dealing with new and old claims in a structured approach. It has enabled dual claims processing as follows:

- Claims management within 120 days; and
- A settlement drive to clear the old open claims backlog.

For the organisation to begin its transformation journey, the Board has set the following performance targets that started in 2020 progressing towards 2025:

- Approved RAF business operating model
- RAF Amendment Act proposal submitted to the DoT
- Claims processed within 120 days
- Claims validated and verified within 60 days
- Reduced average age of old claims
- Reduction of legal costs
- Developed medical treatment protocols and RAF Medical Tariffs implemented
- Reduction of medical costs

Three financial years into the implementation of the strategy, the Fund has made great strides towards addressing its legacy challenges. The newly approved operational model's focus is on optimising claims administration by improving the investigation and settlements of claims. This has resulted in the expedited settlement of claims and avoiding unnecessary litigation.

10.2.3 OPERATING ENVIRONMENT

Operations and Finance are the core business functions of the RAF. Below follows a comprehensive overview of both historical and current trends in these areas.

Background and Context

At the outset of the 2020−25 Strategic Plan, the RAF was confronted with a myriad of challenges, key amongst which was the risk to its financial and operational sustainability. It is important to indicate that these were not prevailing challenges which started in 2019, but in fact dated back to the Fund's establishment on 1 May 1946, as a compulsory insurance scheme under the Motor Vehicle Assurance Act 29 of 1942. The Fund's legislative framework has undergone six variations over the years, with no less than seven commissions of enquiries being established to enquire into the structural defects in its funding and operating models.

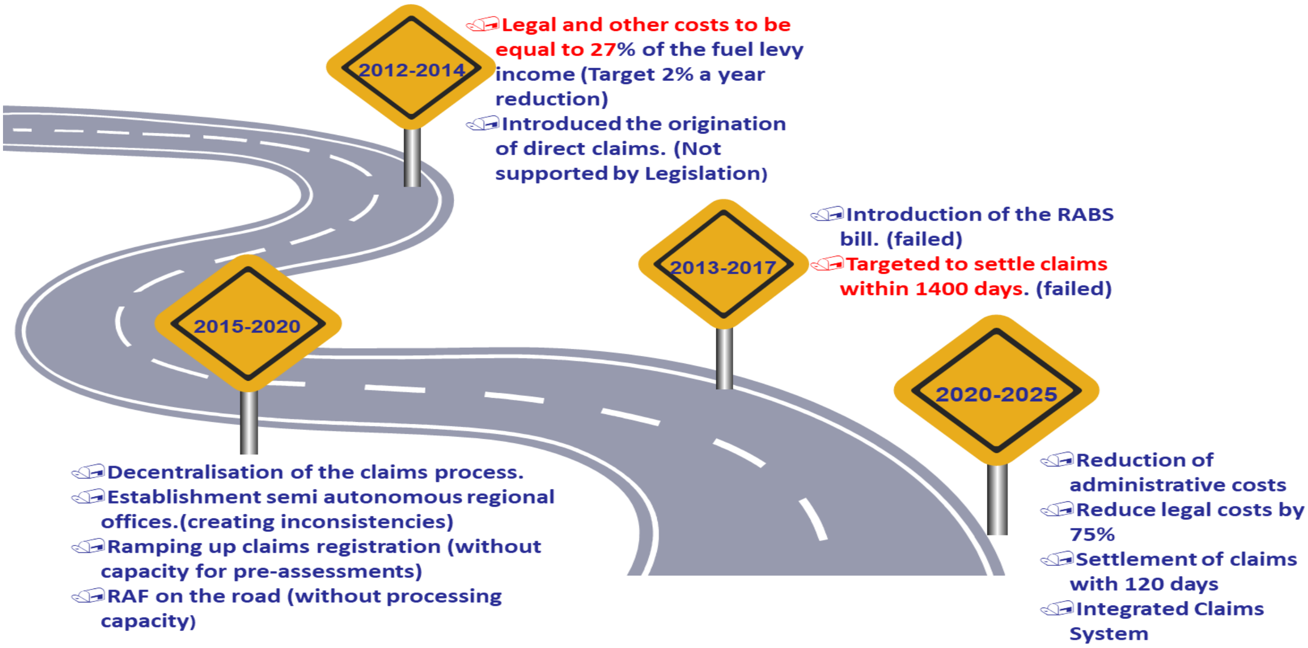
Following the 1998 white paper, the Satchwell Commission was subsequently established in order to avert what was clearly considered a crisis at the time. The main challenges were clearly articulated in the problem statement for the commission:

- The present system is financially unsustainable, and measures need to be taken to achieve a system that will be affordable and stable in the long term and yet be able to offer a reasonable set of benefits.
- The system needs to be made more efficient, thus reducing the present high cost in terms of time, effort and expertise incurred in the process of delivering the benefits.
- The system should be more effective, thus avoiding the present shortcomings, anomalies and inequities.

The RAF 2020−25 Strategic Plan was therefore developed to effect the turnaround and to finally put the Fund on a sustainable financial and operational path. The following were some of the challenges the RAF 2020−25 Strategy intended to address:

- Long turnaround time to settle claims.

It used to take just under five years to settle an RAF claim, and as clearly illustrated in the table below, the RAF in 2015–2017 decided on a plan to settle claims within 1,400 days. This was the undertaking notwithstanding the legislative requirement to do so within 120 days. This consequently resulted in a claims backlog, which had snowballed to over 300, 000 claims in 2019.



It is against this backdrop that the RAF 2020−25 Strategic Plan identified as one of its strategic outcomes, the settlement of claims within 120 days. The AGSA, in the RAF 2022/23 Audit and Management Reports acknowledged the RAF for not only its strategic focus on the settlement of claims within 120 days, but also for achieving this target for the first time. Although the RAF is still a long way from settlement of all claims within 120 days, the overall turnaround time has shown good signs of improvement.

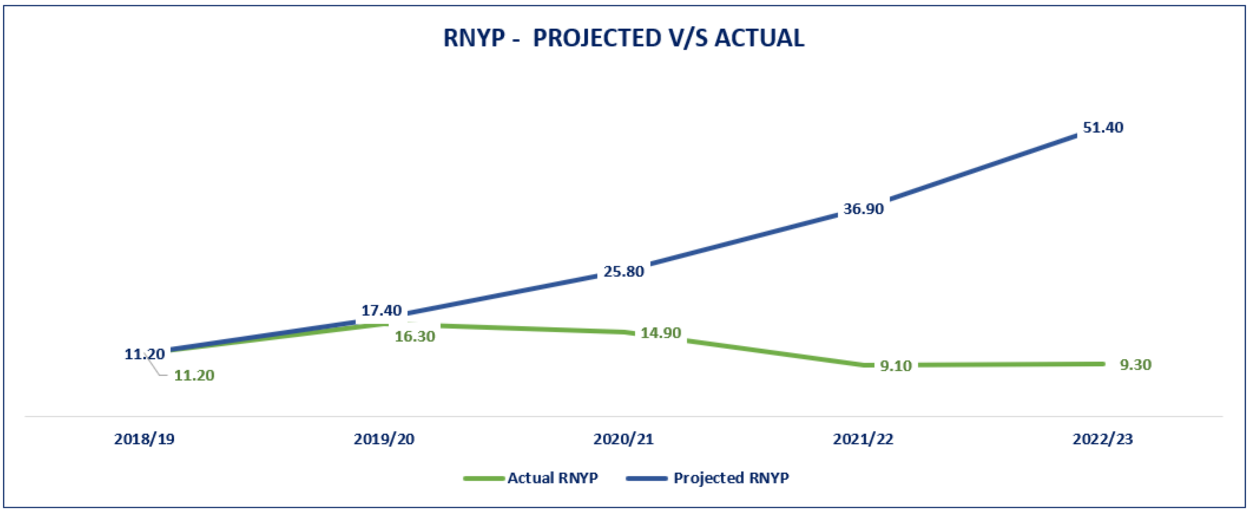
The biggest impediment to this target remains the 90% of claims in the RAF backlog which were lodged without the required minimum information to enable the Fund to make a settlement offer. The introduction of the new RAF 1 Form will go a long way in addressing this challenge.

To this end, the AGSA noted in paragraph 72 of the RAF Management Report that “Management has reported an achievement of 88.95% of claims validated and verified within 60 days against a target of 55%. The major contribution to this was the introduction of the RAF 1 Form on mandatory requirements for a valid claim. This ensures more credible data being maintained on valid claims that can be processed within the 120 days and also the ultimate liability in respect of claims registered on the RAF system.”

The RAF Claims Liability

As illustrated in the graph below, in 2020, the RAF’s Requested but Not Yet Paid (RNYP) claims were sitting at about R17 billion and it was expected to increase to R51 billion as at 31 March 2023 if the RAF had continued with its highly litigious and ineffective operating model. This would have exceeded the annual RAF Fuel Levy income which ended up at R48.4 billion.

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Projected RNYP			11,2	17,4	25,8	36,9	51,4
Actual RNYP	8,5	9,06	11,2	16,3	14,9	9,1	9,3



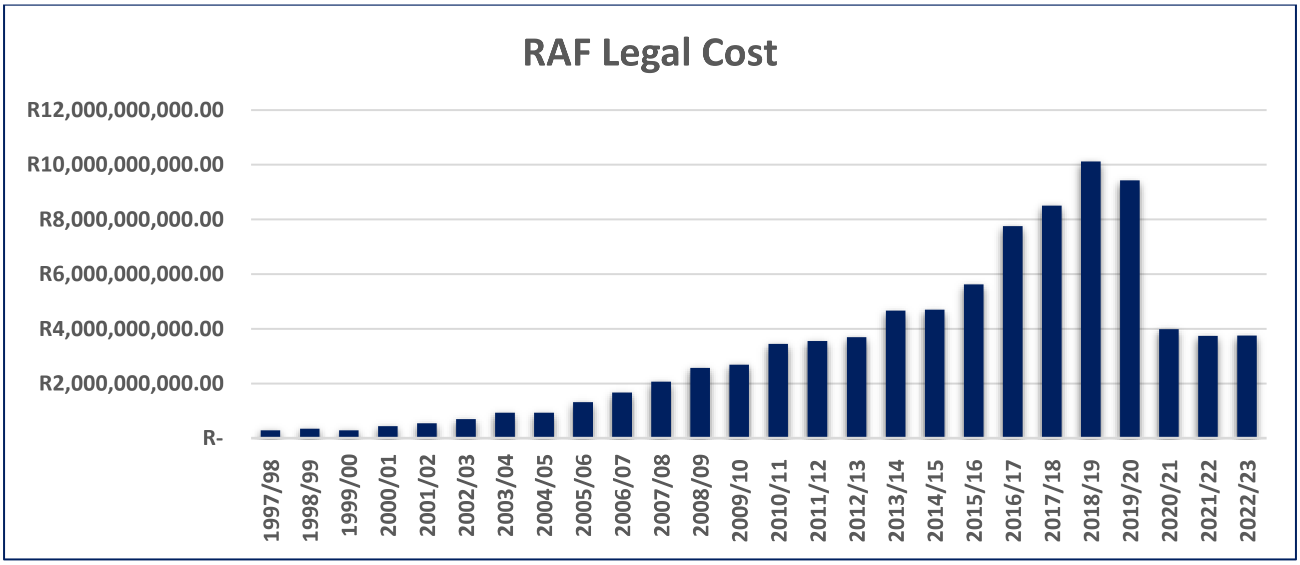
Through the implementation of the 2020−25 Strategy, the projected increase to R51 billion was not only averted but was actually reduced to R9.3 billion. This achievement was against the backdrop of the COVID-19 impact and not receiving any fuel levy inflationary adjustments over two financial years. It is important to note that the RAF never received any bailout from the NT, neither did it request for one.

The AGSA sums this up as follows in their RAF Management Report, “This reflects that the majority of the net fuel levy is directed towards payment of claimant compensation with a steady reduction in the claims requested but not yet paid.”

The RAF’s Litigious Operating Model

When describing the RAF’s litigation strategy implemented between 1997−2019, Judge E Bertelsmann found in Ketsekele vs the Road Accident Fund in May 2015 that “The Fund’s approach to litigation constitutes a serious dereliction of its duties to road accident victims, the public and the courts.” He further found that “The Fund’s legal representatives were as complicit in operating this scam as were those of the plaintiff.”

As clearly illustrated in the table below, this strategy had a devastating effect on the RAF’s legal and other costs, which increased from R284 million in the 1997/98 financial year to over R10 billion in the 2018/19 financial year.



The table below further illustrates the impact if this litigation strategy was not abandoned as part of the 2020−25 Strategy implementation. It is evident that these costs would have snowballed to over R50 billion by the 2027/28 financial year.

It was Judge Bertelsmann who warned that a radical change was required “to provide a solution to the present morass of needless litigation and unacceptable delays.” He was concerned that the new proposals in the RABS Bill contained “a worrisome proposal, that the new agency will absorb the existing Fund's structures.” He argued that “With such assimilation, the new agency will be exposed to the risk of perpetuating the Fund’s culture of indifference to human suffering and financial waste. If so, the new agency would be saddled with an *inheritas damnosa*, a cursed inheritance that would doom it to fail virtually immediately.”

The 2020−25 Strategic Plan was therefore premised on effecting this radical change, presenting a complete departure from the litigious and financially wasteful model Judge Bertelsmann warned about.

In the RAF’s 2022/23 Management Audit Report, the AGSA confirms that “The drive to reduce legal costs has yielded positive results in that a 60% reduction was reported against a target of 30% against the set baseline in the annual performance report. The actual legal costs paid were R3.7 billion against the baseline of R9.4 billion and planned target of R7 billion. This will ensure that available funds are directed towards payment of claimant compensation.”

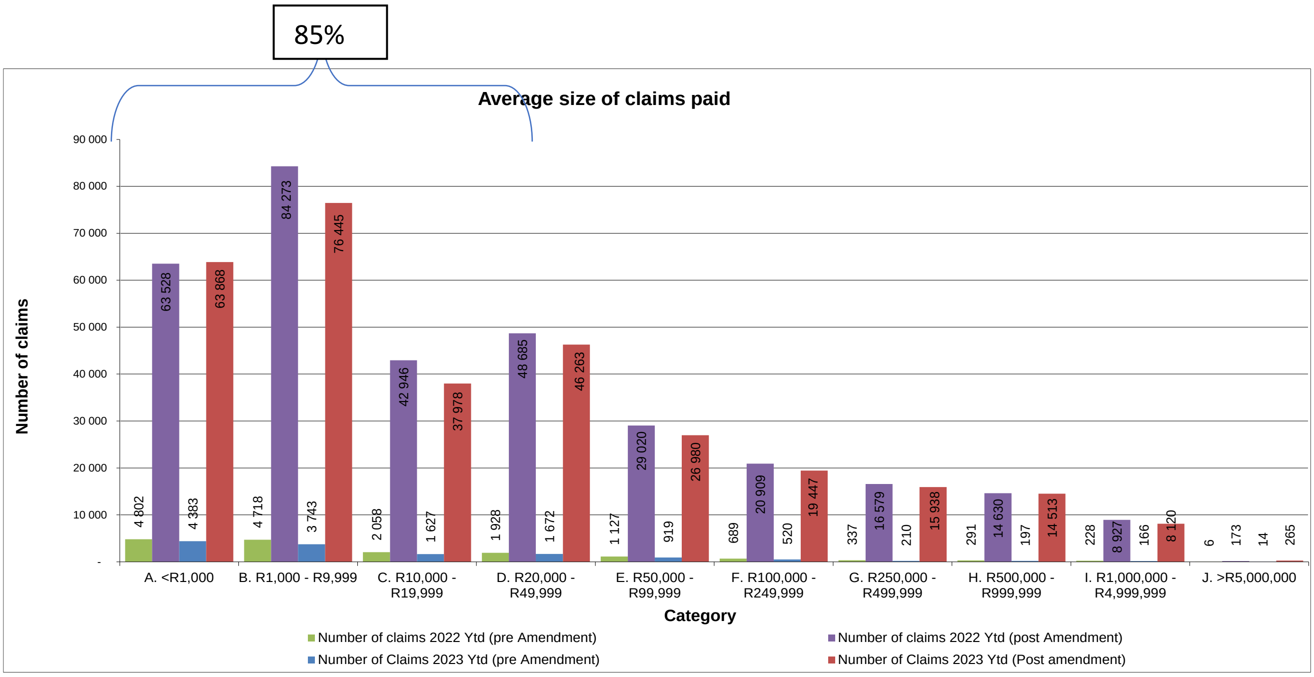
In recognition of the work done to reduce medical costs and improvement of medical management, the AGSA notes in the Management Report that “The RAF has achieved its target for medical tariffs that were developed in 2022 as they have now been implemented. This indicator relates to the Fund’s efforts to reduce medical costs for serious injuries that are associated with/part of the settlement of claims in delivering on its mandate. This indicator represents the entity's response to reducing medical costs by prioritising regulations to improve serious injury assessments and also implementing medical tariffs, as well as a Pre-Authorisation Model.”

Furthermore, the AGSA acknowledges improvements in controls to prevent duplicate payments. The Management Report notes that “in the 2020-21 financial year certain duplicate claim payments were identified caused by the bank attachment process. Since December 2020, through implementation of certain controls no further bank attachments have occurred and there were no duplicate payments. Management has instituted measures to recover these duplicate payments, supported by the investigation by the Special Investigating Unit (SIU). This ensures that available funds are being used to pay claimant compensation and thus avoid further financial losses.”

Claims Analysis

Of the total claims finalised in the financial year, a large number of claim payments were at values less than R1,000 and less than R10,000 (Graph 1). This is because of the accelerated approach to supplier claims, which allowed for hospitals and other service providers to be paid directly by the RAF. Thus, the RAF managed to reduce outstanding supplier claims more effectively than those of personal claims. (It is important to note that the graph below reflects payments per category and not finalised claims.)

GRAPH 1: Average size of claims paid

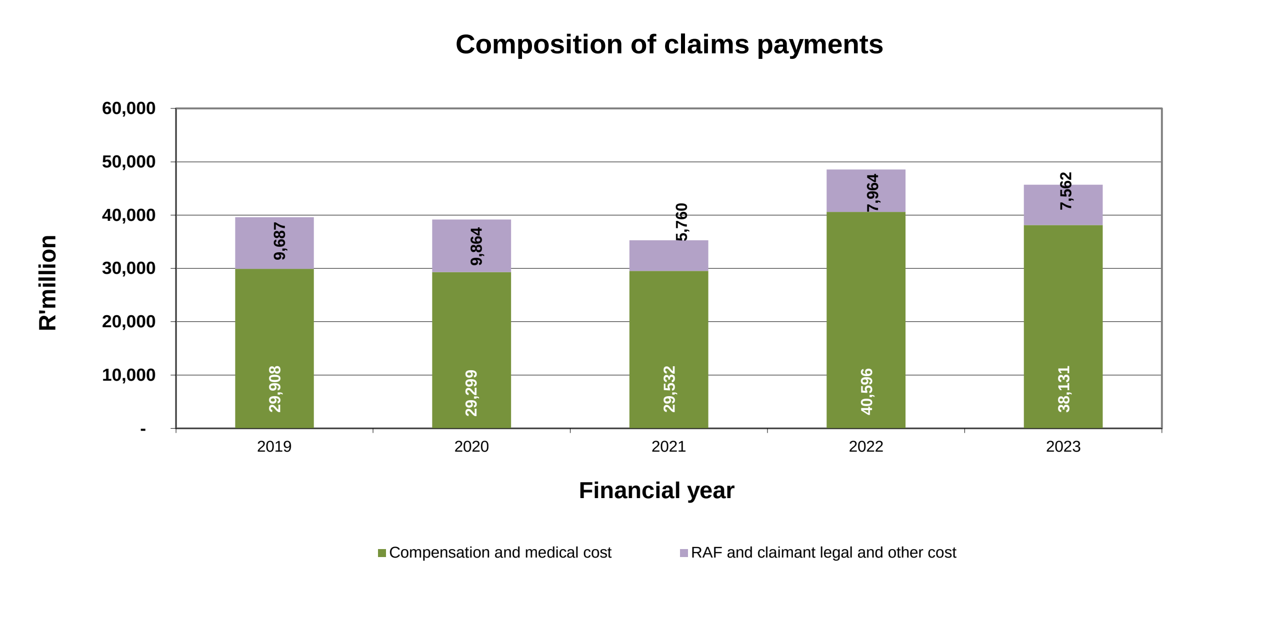


During the financial year, the RAF continued to receive and settle high volumes of small claims, with an average of 85% and 73% (pre-Amendment and post-Amendment Act claims) being for settlement values below R50,000 respectively.

Composition of Claims Payments

The composition of claims payments illustrates the effectiveness of the strategy through the focus on claims administration and abandoning the litigious operating model. RAF legal and other costs in 2019 and 2020 were averaging at around R9.5 billion, meaning that 25% of total claims payments went to legal and other costs and only 75% was paid to claimants. Since the inception of the 2020−2025 Strategy, the RAF has paid an average of less than 16.5% on legal and other costs compared to the 25% in 2019. There has been an increase in the amount paid out to claimants from an average of R29.9 billion in 2019 to R40.5 billion and R38.1 billion in the 2022 and 2023 financial years, respectively.

GRAPH 2: Composition of claims payments



Claim Statistics

Statistics relating to claims for the current and previous financial years are reflected below.

	Reference	Units	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
New claims registered	1	**No.**	**92 385**	**83 104**	**156 313**	**303 695**	**328 173**
Personal claims		No.	40 107	35 210	51 306	102 086	103 423
Supplier claims		No.	52 278	47 894	105 007	201 609	224 750
Total: Increase / (decrease)		%	11	(47)	(49)	(7)	21
Personal claims: Increase / (decrease)		%	14	(31)	(50)	(1)	12
Supplier claims: Increase / (decrease)		%	9	(54)	(48)	(10)	25
Claims finalised	2	No.	**86 436**	**107 193**	**99 795**	**258 382**	**229 534**
Personal claims		No.	37 678	41 149	27 890	80 370	29 230
Supplier claims		No.	48 758	66 044	71 905	178 012	200 304
Total: Increase / (decrease)		%	(19)	7	(61)	13	13
Personal claims: Increase / (decrease)		%	(8)	48	(65)	175	(31)
Supplier claims: Increase / (decrease)		%	(26)	(8)	(60)	(11)	24

DEFINITIONS

New claims registered.

Claims received and registered during the financial year.

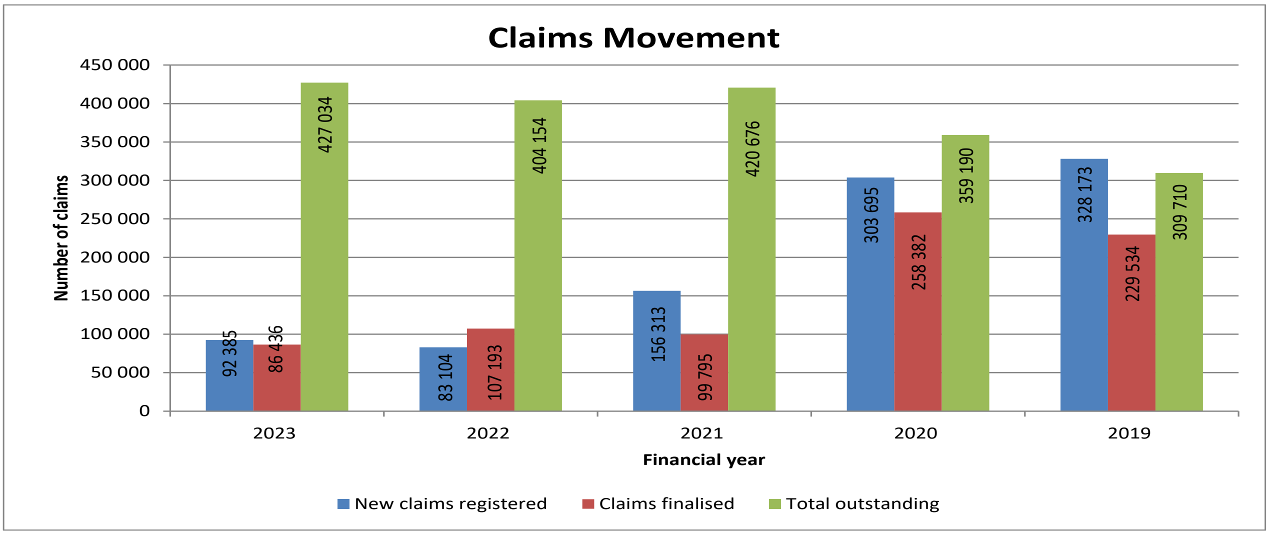
Claims finalised.

Claims processed in the supplier and personal claim categories with finalised status.

Claims outstanding.

Claims where compensation has not been paid, as well as claims where compensation has been paid, but legal cost payments are awaited (which are not solely under the control of the RAF).

GRAPH 3: Claims registered/finalised/outstanding.



Claims Registration and Backlog

From the table above and Graph 3, it can be seen that there has been a drastic decline in claims registrations with 83, 104 and 92, 385 claims registered in 2022 and 2023 respectively, compared to 328, 173 registered in 2019. Although the claims backlog is still a challenge, there has been a steady improvement in the number of claims finalised in comparison to claims registered. In addition, an audit of the old open claims portfolio has found that the vast majority of this portfolio has missing documentation to further assess and process these claims.

Outstanding claims are further broken down into supplier, non-supplier, direct and represented claims, as well as post-Amendment and pre-Amendment Act claims, as indicated in the table below:

Outstanding claims	No Compensation			Compensation paid	Total awaiting compensation or legal cost payment
	Open	Reopened	Subtotal	Legal costs awaited	
Outstanding claims as at 31 March 2022					
Personal claims					
	292 563	**2 216**	**294 779**	**71 088**	**365 867**
Direct claims	*69 447*	*124*	*69 571*	*8 902*	*78 473*
Represented claims	*223 116*	*2 092*	*225 208*	*62 186*	*287 394*
	292 563	**2 216**	**294 779**	**71 088**	**365 867**
Pre-Amendment Act claims	4 546	1 020	*5 566*	7 456	*13 022*
Post-Amendment Act claims	288 017	1 196	*289 213*	63 632	*352 845*
Supplier claims					
	29 541	**34**	**29 575**	**8 712**	**38 287**
Direct claims	*19 426*	*9*	*19 435*	*5 871*	*25 306*
Represented claims	*10 115*	*25*	*10 140*	*2 841*	*12 981*
	29 541	**34**	**29 575**	**8 712**	**38 287**
Pre-Amendment Act claims	24	6	*30*	54	*84*
Post-Amendment Act claims	29 517	28	*29 545*	8 658	*38 203*
Total	**322 104**	**2 250**	**324 354**	**79 800**	**404 154**
Movement during the year					
Personal claims					
	284 009	**2 542**	**286 551**	**83 005**	**369 556**
Direct claims	*53 650*	*102*	*53 752*	*8 926*	*62 678*
Represented claims	*230 359*	*2 440*	*232 799*	*74 079*	*306 878*
	-8 554	**326**	**-8 228**	**11 917**	**3 689**
Pre-Amendment Act claims	*-869*	*-118*	*-987*	*1 104*	*117*
Post-Amendment Act claims	*-7 685*	*444*	*-7 241*	*10 813*	*3 572*
Supplier claims					
	12 010	**179**	**12 189**	**7 002**	**19 191**
Direct claims	*6 039*	*125*	*6 164*	*2 868*	*9 032*
Represented claims	*5 971*	*54*	*6 025*	*4 134*	*10 159*
	12 010	**179**	**12 189**	**7 002**	**19 191**
Pre-Amendment Act claims	*4*	*10*	*14*	*63*	*77*
Post-Amendment Act claims	*12 006*	*169*	*12 175*	*6 939*	*19 114*
Total	**296 019**	**2 721**	**298 740**	**90 007**	**388 747**
Outstanding claims as at 31 March 2023					
Personal claims					
	284 009	**2 542**	**286 551**	**83 005**	**369 556**
Direct claims	*53 650*	*102*	*53 752*	*8 926*	*62 678*
Represented claims	*230 359*	*2 440*	*232 799*	*74 079*	*306 878*
	284 009	**2 542**	**286 551**	**83 005**	**369 556**
Pre-Amendment Act claims	3 677	902	*4 579*	8 560	*13 139*
Post-Amendment Act claims	280 332	1 640	*281 972*	74 445	*356 417*
Supplier claims					
	41 551	**213**	**41 764**	**15 714**	**57 478**
Direct claims	*25 465*	*134*	*25 599*	*8 739*	*34 338*
Represented claims	*16 086*	*79*	*16 165*	*6 975*	*23 140*
	41 551	**213**	**41 764**	**15 714**	**57 478**
Pre-Amendment Act claims	28	16	*44*	117	*161*
Post-Amendment Act claims	41 523	197	*41 720*	15 597	*57 317*
Total	**325 560**	**2 755**	**328 315**	**98 719**	**427 034**

Claims Categories and Averages

Individual claims requested for payments/settlements per claims category:

Claim pay-/settlements	Ref	Units (Rounded)	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
All claims	1	R'million	**46 400**	**43 400**	**35 500**	**44 000**	**42 600**
Average value per claim		Rand	261 721	254 531	235 141	138 010	114 008
Total individual claim pay-/settlements		Number	177 247	170 331	151 176	318 576	374 036
Personal claims	2	R'million	**45 400**	**42 500**	**34 200**	**42 100**	**40 400**
Average value per claim		Rand	346 149	330 249	396 218	279 950	266 762
Total individual claim pay-/settlements		Number	131 024	128 545	86 502	150 370	151 580
Supplier claims	3	R'million	**1 000**	**900**	**1 300**	**1 900**	**2 200**
Average value per claim		Rand	22 405	21 602	19 698	11 120	9 922
Total individual claim pay-/settlements		Number	46 223	41 786	64 674	168 206	222 456

Claim pay-/settlements	Ref	Units (Rounded)	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19
General damages	4	R'million	**11 700**	**10 500**	**7 700**	**9 400**	**9 200**
Average value per claim		Rand	531 803	508 147	516 097	482 291	462 130
Total individual claim pay-/settlements		Number	21 908	20 653	14 972	19 588	19 947
Loss of earnings	5	R'million	**22 000**	**20 700**	**18 400**	**17 200**	**15 900**
Average value per claim		Rand	1 050 476	969 098	1 084 369	826 007	767 506
Total individual claim pay-/settlements		Number	20 957	21 315	16 943	20 791	20 702
Loss of support	6	R'million	**2 700**	**2 200**	**2 000**	**3 000**	**3 500**
Average value per claim		Rand	644 348	589 333	639 006	450 307	412 464
Total individual claim pay-/settlements		Number	4 255	3 728	3 182	6 698	8 415
Medical compensation	7	R'million	**2 100**	**2 100**	**2 400**	**3 400**	**3 600**
Average value per claim		Rand	39 030	40 093	32 546	18 568	15 392
Total individual claim pay-/settlements		Number	53 677	52 243	73 970	180 443	234 146
Funeral costs	8	R'million	**48**	**42**	**33**	**160**	**160**
Average value per claim		Rand	16 579	17 453	17 448	18 521	18 117
Total individual claim pay-/settlements		Number	2 894	2 389	1 877	8 495	8 945
RAF's legal and other costs	9	R'million	**2 600**	**2 600**	**1 400**	**4 500**	**4 600**
Average value per claim		Rand	30 512	30 641	25 820	38 048	37 974
Total individual claim pay-/settlements		Number	83 522	83 273	53 245	119 178	120 615
Claimants' legal and other costs	10	R'million	**5 300**	**5 300**	**3 600**	**6 300**	**5 700**
Average value per claim		Rand	178 258	192 214	192 098	176 463	154 774
Total individual claim pay-/settlements		Number	29 680	27 670	18 740	35 630	36 950

Claims settled by the RAF differ materially when the composition of the claims is considered.

DEFINITIONS

1. All claim payments

All claims settled, requested and paid by the RAF.

2. Personal claims

A personal claim is a claim submitted by any person, “the third party”, for any loss or damage which that person has suffered as a result of any bodily injury to him/her, or the death of, or any bodily injury to any other person.

3. Supplier claims

A supplier claim is a claim submitted directly to the RAF by a person/institution that provided medical treatment and accommodation to the victim of an accident.

4. General damages

General damages represent compensation paid by the RAF for loss of amenities of life, pain and suffering, disability and disfigurement.

5. Loss of earnings

Loss of earnings represents past and future loss of earnings incurred by the accident victim as a result of a motor vehicle accident.

6. Loss of support

Loss of support represents past and future loss of support incurred by the accident victim’s family as a result of a motor vehicle accident.

7. Medical compensation

Medical compensation represents past and future medical costs incurred by the accident victim as a result of a motor vehicle accident.

8. Funeral costs

Funeral costs represent the cost of interment or cremation of the accident victim arising from a motor vehicle accident.

9. RAF’s legal and other costs

The RAF’s legal and other costs are expenses paid to experts and the panel of attorneys (backlog invoices from the contract that ended in 2020) who represented the RAF in legal cases against the organisation.

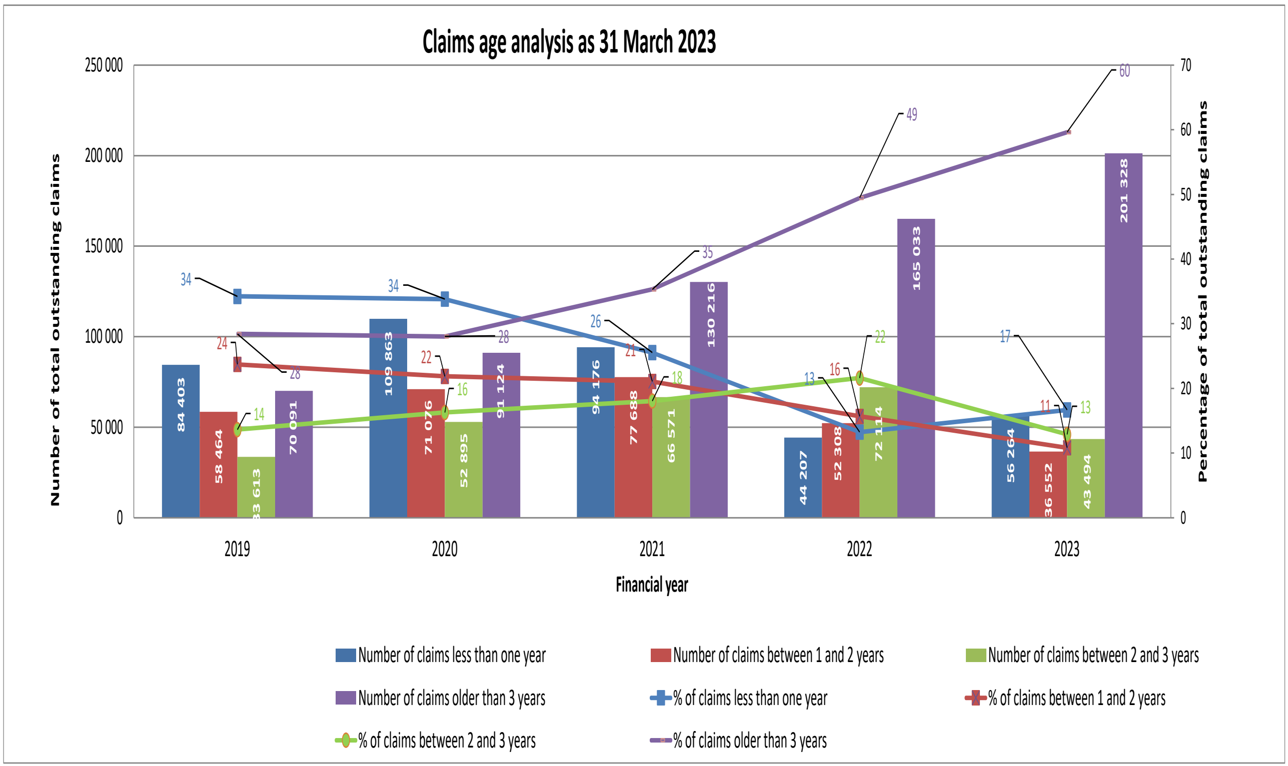
10. Claimants’ legal and other costs

Claimants’ legal and other costs are expenses paid to accident victims’ attorneys and experts for their assistance provided to the accident victim in lodging a claim with the RAF.

Age Analysis of Claims

Claims aged less than one year decreased to 13% in 2022 compared with the previous financial year. This illustrates that the strategy to expedite the settlement of claims is bearing fruit. Claims older than three years remain a major challenge due to insufficient information (Graph 5).

GRAPH 4: Age analysis of claims in number and percentage



10.2 STATEMENT OF FINANCIAL POSITION

FINANCIAL ANALYSIS

The RAF's summarised financial and operational results for the current and past financial year are reflected below. It should be noted that the change in accounting policy that affected the claims liability and claims expenditure reflected in Note 31 in the Annual Financial Statements was implemented in the 2020/21 financial year.

Statement of Financial Position	31 March 2023	31 March 2022	31 March 2021	31 March 2020 Restated	31 March 2019 Restated
	R'million	R'million	R'million	R'million	R'million
Assets					
Current Assets					
Cash and cash equivalents	630	868	4,684	1,351	908
Receivables from non-exchange transactions	10,736	10,978	10,315	8,852	9,851
Receivables from exchange transactions	30	27	21	3	7
Other financial assets	232	214	423	658	287

Statement of Financial Position	**31 March 2023**	**31 March 2022**	**31 March 2021**	**31 March 2020 Restated**	**31 March 2019 Restated**
Consumable stock	5	5	5	5	6
	11,632	**12,092**	**15,448**	**10,869**	**11,060**
Non-current Assets					
Property, plant and equipment	172	191	174	189	206
Intangible assets	74	31	41	59	66
	246	**222**	**215**	**248**	**272**
Total Assets	**11,878**	**12,314**	**15,663**	**11,117**	**11,332**
Liabilities					
Current Liabilities					
Payables from exchange transactions	75	301	332	117	210
Other financial liabilities	135	111	51	31	52
Claims liabilities	34,194	25,965	29,572	26,987	21,80
Other provision	1,233	1,272	1,482	1,548	1,092
Operating lease liability	3	0	0	1	2
	35,640	**27,649**	**31,437**	**28,684**	**22,636**
Non-current Liabilities					
Employee benefit obligation	58	58	56	53	63
Operating lease liability	3	6	4	1	1
	61	**64**	**60**	**54**	**64**
Total Liabilities	**35,702**	**27,713**	**31,497**	**28,738**	**22,700**
Net Liabilities	**(23,823)**	**(15,399)**	**(15,834)**	**(17,621)**	**(11,368)**
Reserves					
Revaluation reserve	113	109	102	98	93
Accumulated deficit	(23,936)	(15,508)	(15,936)	(17,719)	(11,461)
Total Net Liabilities	**(23,823)**	**(15,399)**	**(15,834)**	**(17,621)**	**(11,368)**

10.4 STATEMENT OF FINANCIAL PERFORMANCE

	R'million	R'million	R'million	R'million Restated	R'million Restated
Revenue					
Revenue from Exchange Transactions					
- Investment revenue and other income	**286**	**223**	**160**	**63**	**100**
Revenue from Non-exchange Transactions					
- Net fuel levies	**48,472**	**47,932**	**42,089**	**41,178**	**43,139**
Total Revenue	**48,758**	**48,155**	**42,249**	**41,241**	**43,239**
Expenditure:					
- Claims paid	(45,694)	(48,560)	(35,292)	(39,163)	(39,595)
- Depreciation and amortisation	(46)	(45)	(50)	(52)	(50)
- Employee costs	(2,248)	(2,073)	(1,941)	(1,753)	(1,735)
- Finance costs	(298)	(119)	(62)	(265)	(292)
- Reinsurance premiums	(4)	(5)	(4)	(24)	(22)
- Loss on disposal of assets and liabilities		0	(1)	(1)	(1)
- General expenses	(668)	(531)	(530)	(534)	(515)
Total Expenditure	**(48,958)**	**(51,333)**	**(37,880)**	**(41,792)**	**(42,210)**
(Deficit)/Surplus before net increase in claims liabilities	(200)	(3,179)	4,369	(551)	1,029
Net decrease/(increase) in claims liabilities	(8,229)	3,607	(2,586)	(5,707)	(2,950)
Surplus/(Deficit) for the Year	**(8,429)**	**428**	**1,783**	**(6,258)**	**(1,921)**

10.5 CASH FLOW STATEMENT

	R'million	R'million	R'million	R'million	R'million
Net Cash Flows from Operating Activities	**(173)**	**(3,771)**	**3,346**	**467**	**(585)**
Cash Flows from Investing Activities	**(65)**	**(45)**	**(13)**	**(24)**	**(74)**
(Decrease)/ Increase in Cash and Cash Equivalents	**(238)**	**(3,816)**	**3,333**	**443**	**(659)**
Cash and cash equivalents at the beginning of the year	(868)	4,684	1,351	908	1 567
Cash and Cash Equivalents at the End of the Year	**630**	**868**	**4,684**	**1,351**	**908**

10.6 FINANCIAL RATIOS

Financial Ratios	Ref.	Units	31 March 2023	31 March 2022	31 March 2021	31 March 2020 Restated	31 March 2019 Restated
Profitability							
(Deficit)/surplus to revenue	1	%	(17%)	1%	4%	(15%)	(4%)
Operating (deficit)/surplus to revenue	2	%	0%	(7%)	10%	(1%)	2%
Return on average equity	3	%	(43%)	3%	11%	(43%)	(17%)
Return on average total assets	4	%	(70%)	3%	13%	(56%)	(17%)
Cost-to-income ratio	5	%	22%	22%	20%	29%	29%
Liquidity							
Cash-to-claims-cover ratio	6	Months	0.17	0.21	1.59	0.41	0.26
Current ratio	7	Ratio	0.33	0.44	0.49	0.38	0.49
Net working capital	8	R'm	(24,008)	(15,557)	(15,989)	(17,815)	(11,576)
Solvency							
Total assets to total liabilities	9	%	33%	44%	50%	39%	50%

DEFINITIONS

1. (Deficit)/surplus to revenue

Total deficit or surplus as a percentage of revenue.

2. Operating (deficit)/surplus to revenue

Total deficit or surplus before liability for outstanding claims as a percentage of revenue.

3. Return on average equity

Total deficit or surplus for the financial year as a percentage of average net deficits at year end.

4. Return on average total assets

Total deficit or surplus for the financial year as a percentage of average total assets during the financial year.

5. Cost-to-income ratio

Total administration and human resources costs, including RAF and claimant legal and expert costs as a percentage of total income during the financial year.

6. Cash-to-claims-cover ratio

Cash and cash equivalents at the end of the financial year divided by average monthly claims expenditure for the financial year (compensation and legal costs).

7. Current ratio

Total current assets divided by total current liabilities.

8. Net working capital

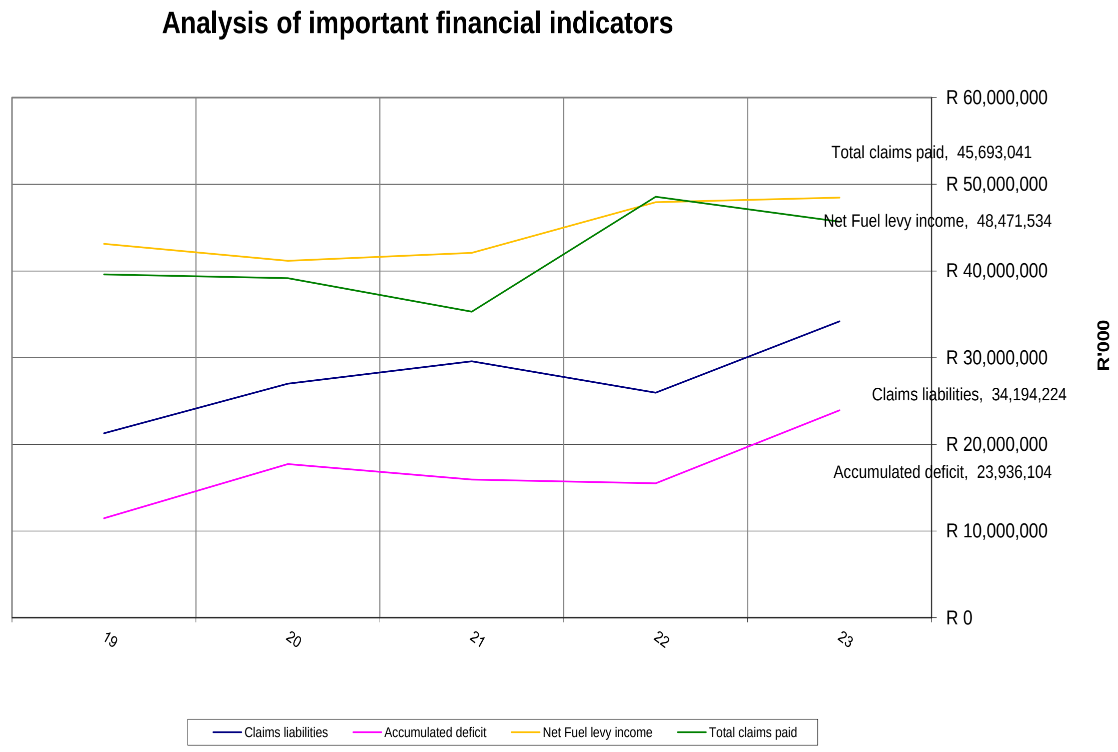
Current assets minus current liabilities.

9. Total assets to total liabilities

Total assets as a percentage of total liabilities.

10.7 FINANCIAL POSITION

GRAPH 5: The widening gap between income and deficit



10.8 FINANCIAL HEALTH

PROFITABILITY

The RAF recorded a deficit of R8.43 billion for the 2022/23 financial year (2021/22: surplus of R428 million) (Graph 6). This was largely due to the fact that the RAF has not received an increase in the fuel levy over the past two years, whereas inflation has shot up to an average of 6.9% during 2022/23. Furthermore, the drive to reduce the backlog and to settle claims within 120 days had the resulting effect of increasing the claims offers not yet accepted and therefore also increasing the claims expenditure.

Cash and cash equivalents at 31 March 2023 were R630 million (31 March 2022: R868 million). The lower amount of cash and cash equivalents at 31 March 2022 is directly related to utilising most of the available cash resources so that the Fund can cover claims obligations above 120 days. The RAF's strategic direction is to efficiently manage claims RNYP and to pay each administered claim within 120 days. Management interventions have been implemented. It is of importance to note that the Fund experienced a slight 2% increase in RNYP claims, from R9.1 billion at 31 March 2021 to R9.3 billion at 31 March 2023. High volumes of claims payments were processed towards the financial year end, considering that the actual fuel levy is received approximately one week before the end of the month.

SOLVENCY AND CAPITALISATION

The RAF remains under-capitalised, with liabilities exceeding assets by R23.8 billion (2021/22: R15.4 billion) (Graph 8). The solvency ratio is 0.33:1 (current ratio 0.33:1). This is illustrative of how unsustainable the current compensation system is, as the RAF has 33 cents worth of assets for every R1 of its liabilities.

This means that the RAF does not have sufficient cash or near cash assets to cover its short-term liabilities.

The RAF Fuel Levy remained the same at 218 cents per litre in the 2022/23 financial year as compared to the 2021/22 financial year. In view of a fuel levy that is totally disproportionate compared to its liabilities, the RAF implemented measures to address cash demands through the execution of a well-founded Cash Management Strategy, which aimed to sustain payments to all its creditors. Similarly, as during the previous financial years, claims creditors had to wait for payments in accordance with payment schedules strictly enforced and adhered to by the RAF.

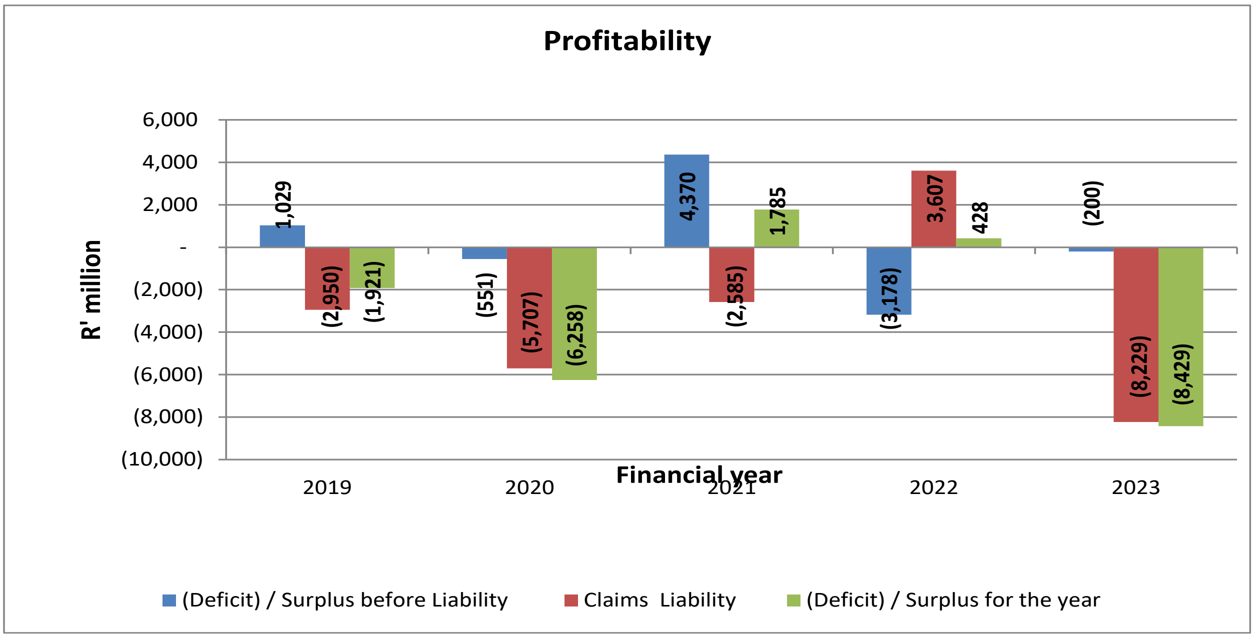
The current compensation system, with a R34 billion unfunded claims liability, is unsustainable. The implementation of an Asset and Liability Strategy in the foreseeable future will provide an affordable and equitable support for those injured in road accidents. Once in place, the RAF Fuel Levy will be assigned effectively.

The income required by the RAF for sustained settlement of claims and the RAF Fuel Levy currently determined by the NT inclusive of annual inflationary adjustments, is clearly not feasible.

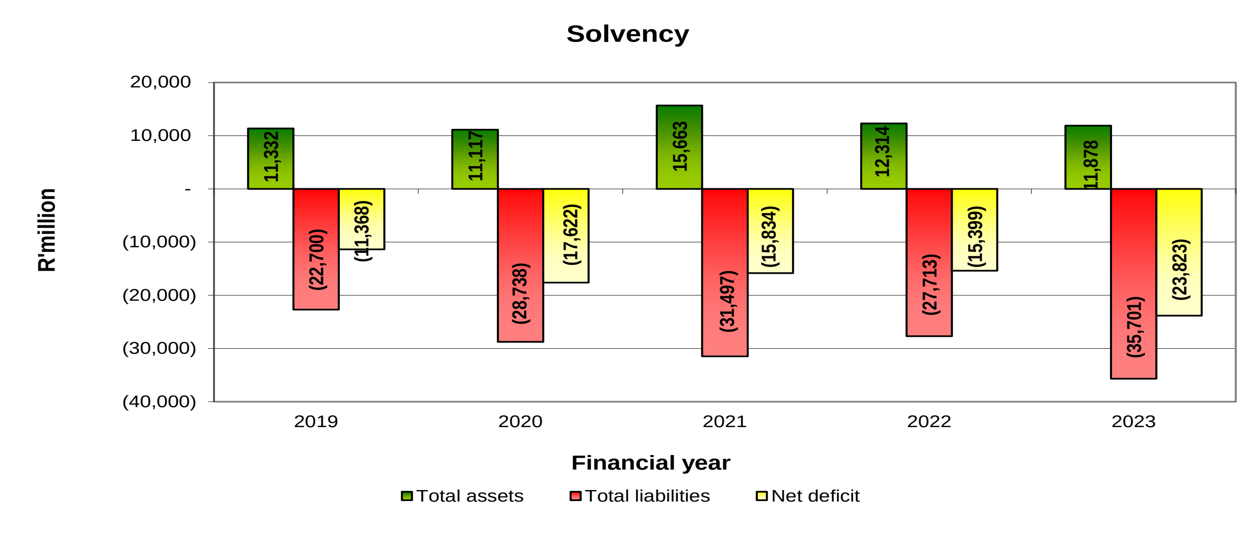
There are lower total assets due to lower cash balances. Higher total liabilities are mainly attributable to the increase in the claims provision due to an increase of 48% in claims offers not yet requested.

The increase in total liabilities is as a result of the increase in claims liability when compared to the previous year. The increase in the claims liability during the 2022/23 financial year was mainly driven by a net increase of 32% in claims for which offers were made and not yet requested compared to the 2021/22 financial year.

GRAPH 6: Profitability of the RAF



GRAPH 7: Solvency of the RAF



The operational surplus can mainly be ascribed to the following factors:

The total revenue of R48.8 billion, mainly as result of a R48.5 billion increase in the RAF's revenue from fuel levies (net of diesel refund), is 218c/l. The RAF Fuel Levy income is impacted by total fuel volumes (petrol and diesel) consumed, which decreased by 10% during the financial year. Trends from prior years have been observed in accordance with which total volumes for petrol as well as total volumes for diesel declined. Diesel refunds remained constant in terms of percentage of gross fuel levies at 7% year-on-year.

Total operational expenditure (excluding increase in claims liability) was R49.0 billion, of which claims expenditure decreased by R2.3 billion (2021/22: R51.3 billion). This was driven by a 6% decrease in claims paid. Claims expenditure (excl. net increase in claims offers not yet requested) contributed to 93% of total expenditure, employee costs 5% and administrative expenditure 2%.

LIQUIDITY AND CASH HOLDINGS

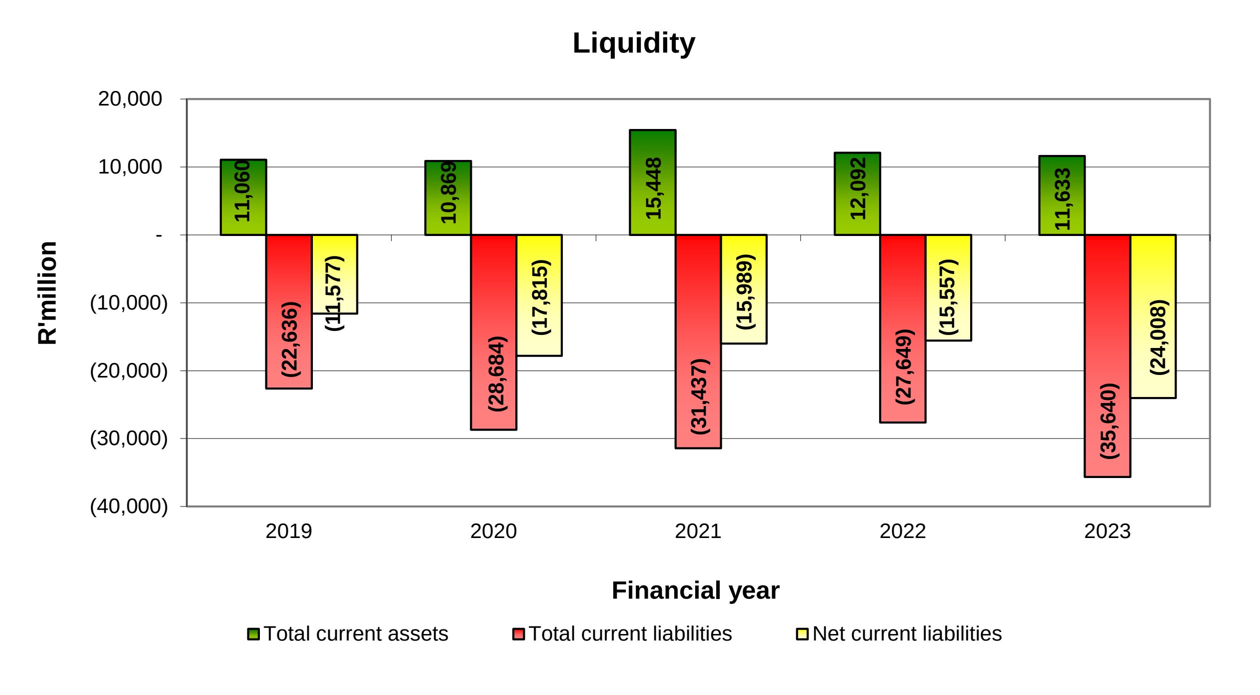
As at 31 March 2023, current liabilities of the RAF exceeded current assets by R24 billion (2021/22: R15.6 billion) (Graph 9).

Liquidity is managed daily in line with available cash reserves in accordance with the approved Cash Management Strategy.

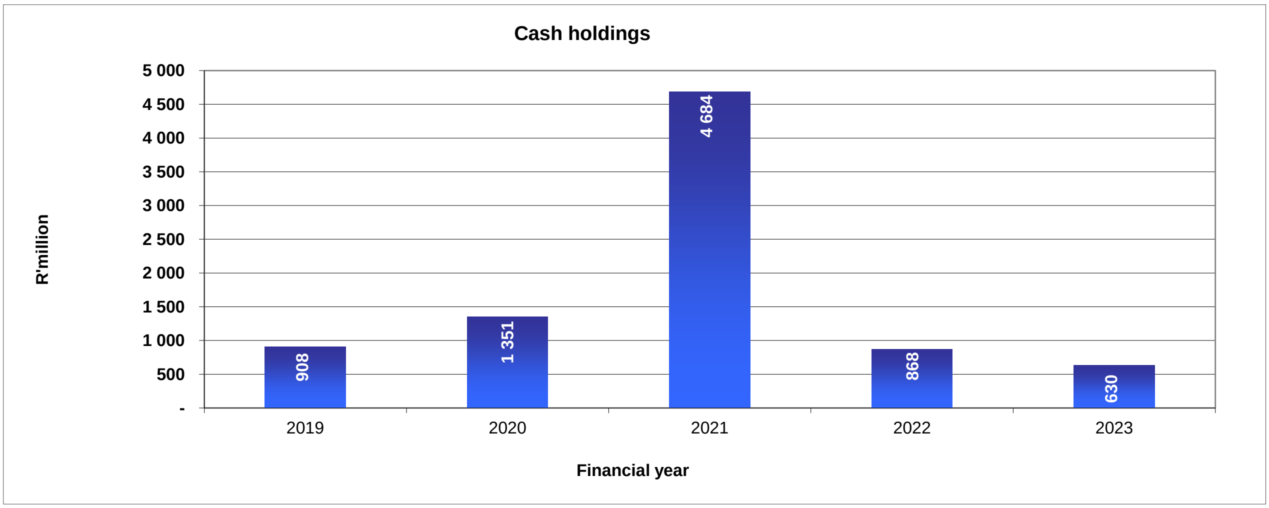
Compliance is strictly adhered to and communicated to stakeholders. The NT has granted the RAF multi-year approval for the retention of cash and cash equivalents at financial year end for payment of claims. From the graphs below, it is evident that the RAF's liquidity position is unsustainable. For the period ended 31 March 2023, the cash balance stood at R630 million. (The ideal scenario is to have sufficient cash resources to pay claims for at least two months in advance.)

The balance partially reflects the RAF Fuel Levy that was received during March 2023. The cash balance, short-term in nature, would therefore be applied to fund RAF operations in the first month of the new financial year, i.e. April 2023 (Graph 10).

GRAPH 8: Liquidity of the RAF



GRAPH 9: Cash holdings of the RAF



The RAF Claims Liability

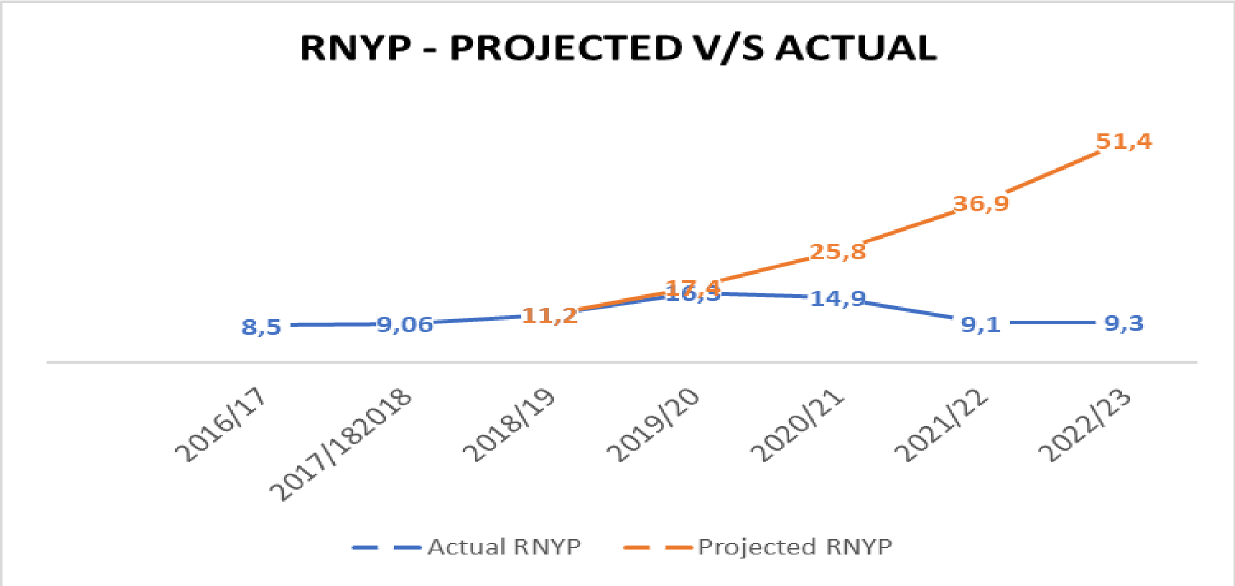
As illustrated in the graph below, in 2020, the RAF's RNYP claims was about R17 billion and it was expected to increase to R51 billion as at 31 March 2023 if the RAF had continued with its highly litigious and ineffective operating model. This would have exceeded the annual RAF Fuel levy income which ended up at R48.4 billion in 2022/23FY.

Through the implementation of the 2020−25 Strategy, the projected increase to R51 billion was not only averted but was actually reduced to R9.3 billion. This was an extraordinary achievement against the backdrop of the COVID-19 impact and not receiving any fuel levy inflationary adjustments over two financial years. It is important to note that the RAF never received any bailout from the NT, neither did it request one.

The AGSA sums this up as follows in paragraph 75 of their RAF Management Report, “This reflects that the majority of the net fuel levy is directed towards payment of claimant compensation with a steady reduction in the claims requested but not yet paid.”

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Projected RNYP			11,2	17,4	25,8	36,9	51,4
Actual RNYP	8,5	9,06	11,2	16,3	14,9	9,1	9,3

GRAPH 10: Requested but Not Yet Paid Projections versus Actual



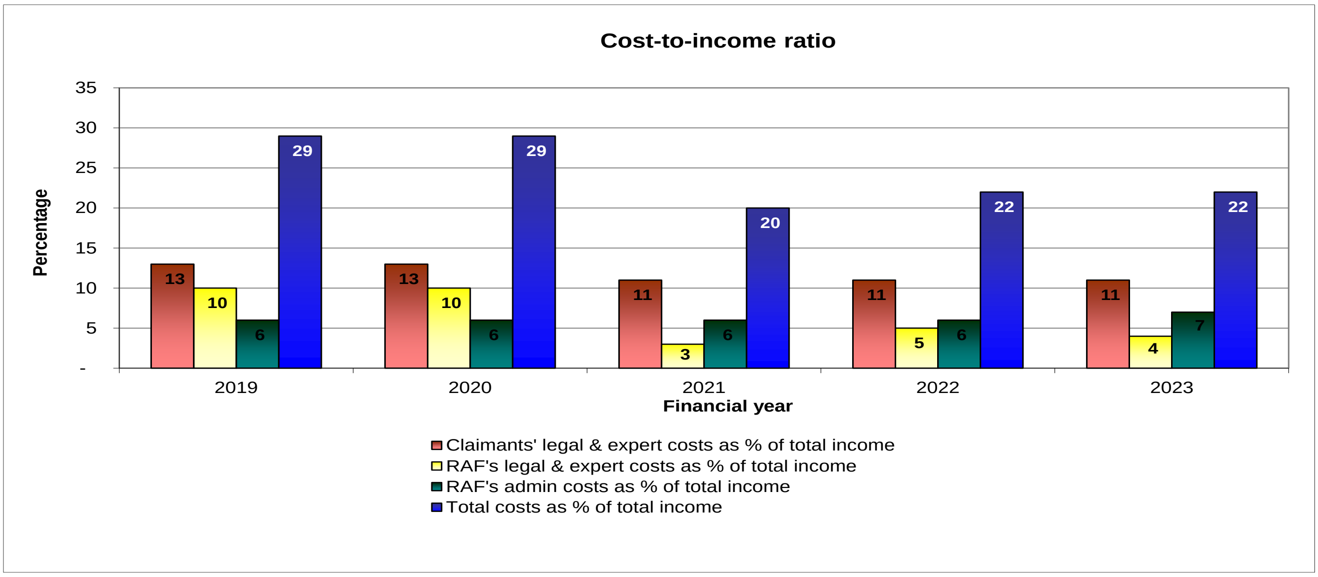
COST OF SERVICE DELIVERY

The cost-to-income ratio for the financial year was 22% (2021/22: 22%). Administration costs showed a slight increase of 7% (2021/22: 6%); RAF legal and expert costs decreased to 4% (2021/22 5%), and claimants’ legal and expert costs remained constant at 11% compared to 11% in the 2021/22 financial year (Graph 11). Costs of administering the RAF are contained in line with the RAF’s focus on cost-reduction measures to improve efficiencies.

Cost savings, in addition to that considered advisable by the NT, remained a daily imperative. Delayed spending, underspending and delays in the Supply Chain Management (SCM) processes further yielded real savings during the year. Any funding not utilised for general expenditure was further channelled to the settlement of claims. Initiatives were explored on an ongoing basis in the Operations Department to reduce costs or ensure a more efficient approach to the processing of claims.

As part of the RAF’s commitment to combat fraud and corruption, both inside and outside of the institution, its Forensics Policy was designed to prevent, detect and investigate acts of fraud, corruption and maladministration. Furthermore, the RAF implemented financial controls that have led to the discovery of R818,534,031 and the recovery of R685,453,210 in duplicate payments made to plaintiff firms. The RAF is continuing investigations in collaboration with law enforcement agencies to root out corrupt syndicates that have defrauded the Fund over the years. The SIU has assisted in the recovery of a further R18 million in duplicate payments.

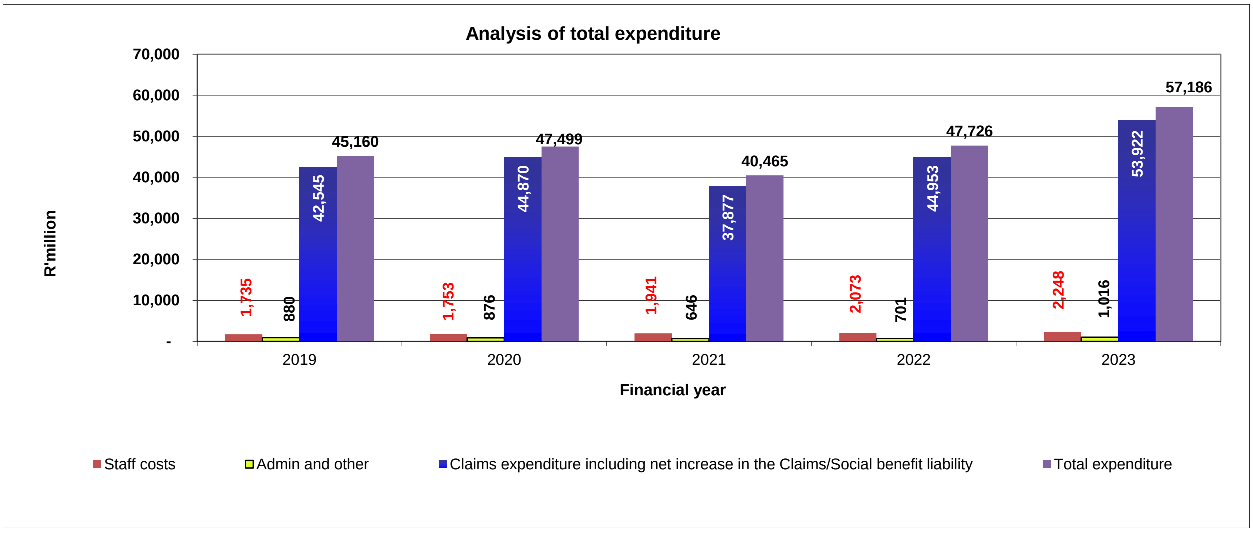
GRAPH 11: Cost-to-income ratio



TOTAL EXPENDITURE

Total RAF expenditure (including the net increase in claims liability) increased by 20% to R57.2 billion (2021/22: R47.7 billion) (Graph 12).

GRAPH 12 : Expenditure



EMPLOYEE COSTS

Employee costs as at 31 March 2023 were 5% higher at R2.2 billion compared to the previous reporting period (2021/22: R2.1 billion). The increase was the result of annual salary increases and payment of annual performance bonuses.

The permanent staff complement decreased by 5% to 2,630 from 2,765 in the previous financial year.

ADMINISTRATION AND OTHER COSTS

Total administration and other costs (including finance costs) at R1.02 billion increased by 45% compared to R701 million over the corresponding period in the 2021/22 financial year. The variance was mainly due to an increase in claims-related finance costs of R298 million compared to R119 million at the end of the previous financial year. Claims-related finance costs increased significantly over the past financial years due to interest claimed by service providers on delayed claims payments following RAF liquidity constraints. When finance costs are excluded, the picture appears different. Therefore, administration costs (exclusive of finance costs) were R722 million and 24% higher compared to R582 million in the 2021/22 financial year.

TOTAL CLAIMS EXPENDITURE AND GROWTH IN CLAIMS LIABILITY

At R53.92 billion, total claims expenditure (inclusive of the net increase in claims liability) for the reporting period was 20% higher compared to the corresponding period in the previous financial year (2021/22: R44.95 billion).

There was a 6% decrease in claims paid (excluding the net increase claims liability), being R45.7 billion compared to R48.6 billion in the previous financial year.

This, together with a 32% increase in claims liability over the previous financial year, is explained below.

CLAIMS PROCESSING AND PAYMENT AMOUNTS

Claims expenditure of R53.92 billion for the year was 20% higher than in the 2021/22 financial year. This upward trend in claims expenditure was as a result of an increase in RNYP with an amount of R190 million as well as a net increase of R8.04 billion in claims offers not yet requested at financial year end.

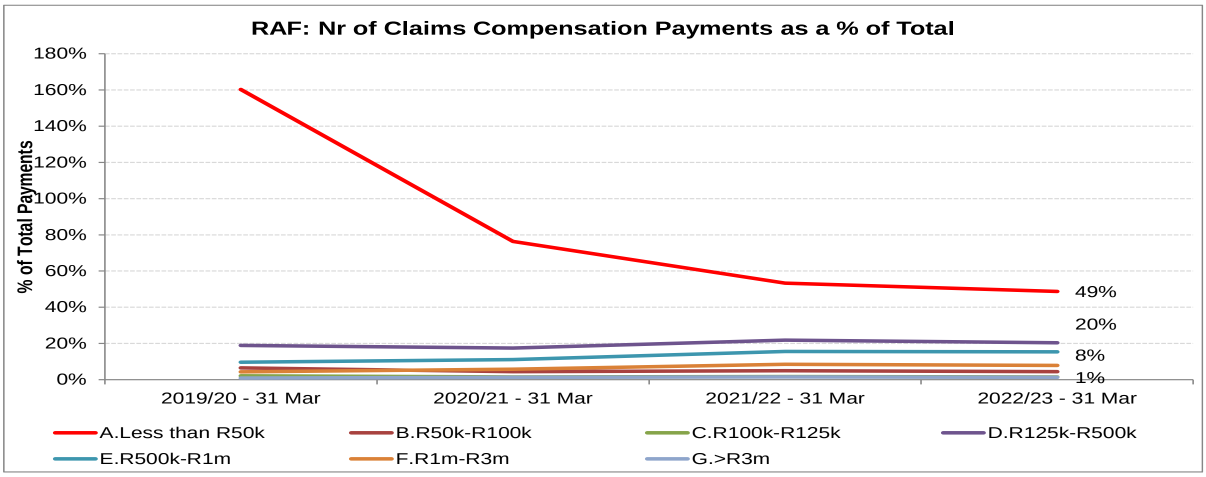
There was a 2% increase in claims requested but awaiting payment (RNYP) to R9.3 billion as at 31 March 2023, compared to R9.1 billion in the 2021/22 financial year.

CHANGE IN THE COMPOSITION OF CLAIMS EXPENDITURE

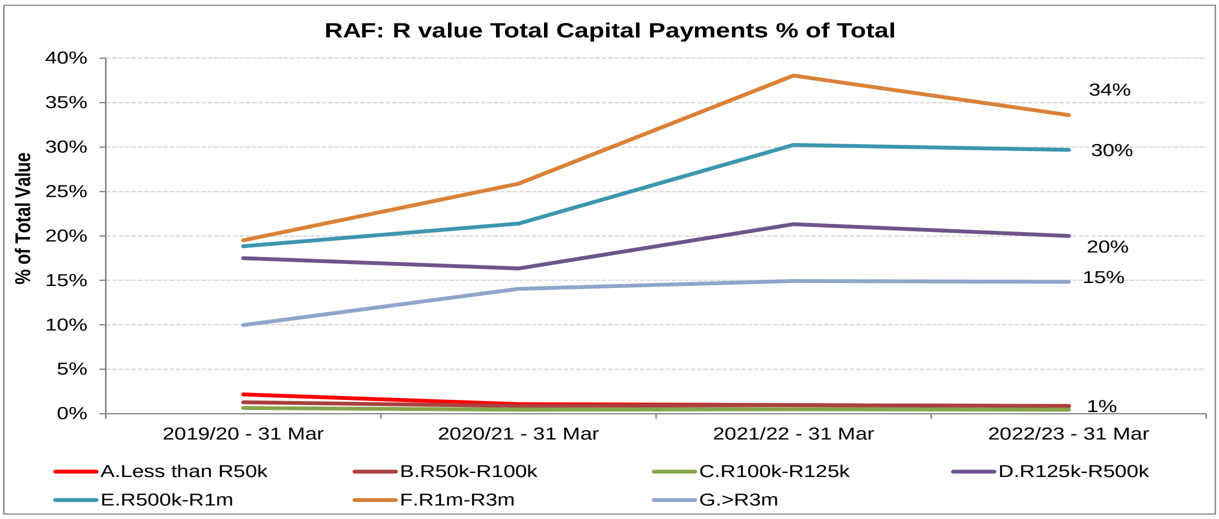
The increase in claims liability during the 2022/23 financial year was mainly driven by a net increase of 32% in claims offers not yet requested compared to the 2021/22 financial year. The total value of claims liability for claims offers not yet requested and RNYP was R34.2 billion (2021/22: R26.0 billion). (Claims liability is further elaborated on in Note 12 – Claims Liabilities in the Annual Financial Statements).

At an individual claim level, almost 49% of the total number of capital payments was for claims of less than R50,000 in value, but this represented only 1% of the overall spend (Graphs 13 and 14).

GRAPH 13: Number of capital claims as a % of compensation payments

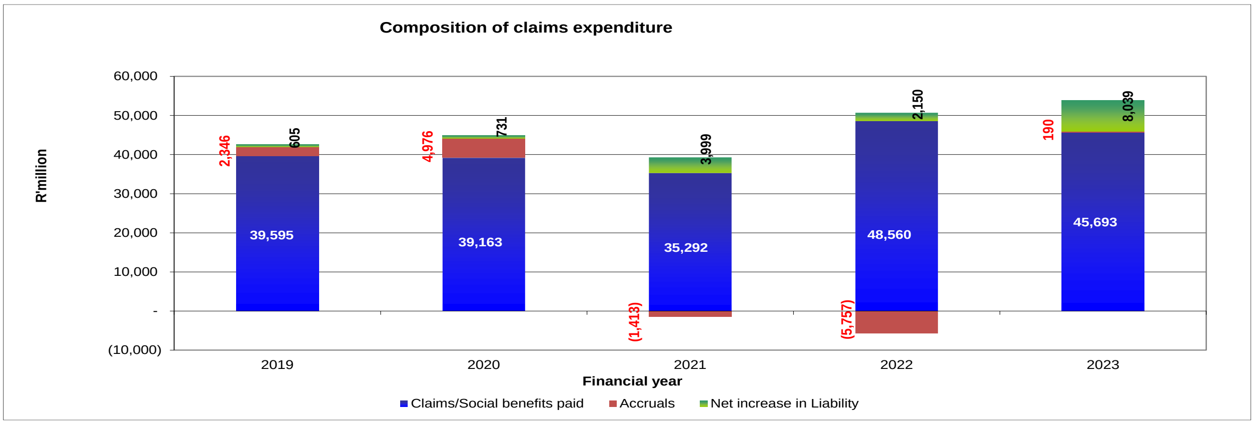


GRAPH 14: Rand value of capital claims payments as a % of total



Notwithstanding the 20% increase in claims expenditure, higher as well as lower average claims values were experienced in some categories of claims due to increased movement towards higher cost claims, together with higher-than-inflation increases in tariffs, costs and compensation.

GRAPH 15: Composition of claims expenditure



CONTINGENCY FEES

It is estimated that as much as 29% (32% incl. VAT) of all claims disbursements (excluding direct claims) processed by the RAF are paid to attorneys as opposed to claimants; that, while contingency fees should not exceed 25%. The RAF remains convinced that the current legislative model is wasteful, with the cost-of-service delivery being disproportionately high in relation to the compensation paid and the RAF Fuel Levy received.

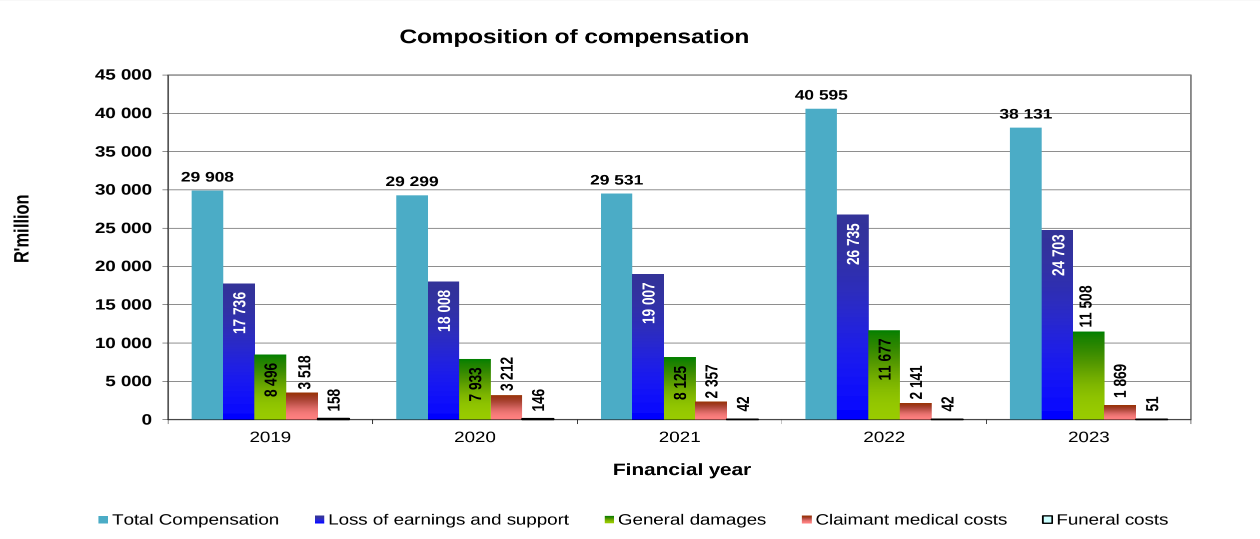
COMPOSITION OF CLAIMS PAID

For accidents that occurred after 1 August 2008, general damages are only paid if a serious injury has been sustained, which is in line with the RAF Amendment Act. The composition of the compensation portion of claims (Graph 16), however, indicates that a major component of claims paid is in respect of general damages and loss of amenities of life, as opposed to medical and funeral costs. From a total of R38.1 billion in compensation paid during the 2022/23 financial year, R11.5 billion (2021/22: R11.7 billion) was paid out towards general damages. This represents 30% (2021/22: 29%) of total compensation paid. General damages claims have stabilised in proportion to total payouts.

Medical payments (including undertaking payments) at a total of R1.9 billion (2021/22: R2.1 billion) represented 5% (2021/22: 5%) of total compensation paid.

Loss-of-earnings and loss-of-support payments of R24.7billion (2021/22: R26.7 billion) represented 65% (2021/22: 66%) of total compensation paid, and funeral costs, at R51million (2021/22: R42 million), represented 0.1% (2021/22: 0.1%) of total compensation paid by the RAF.

GRAPH 16: Composition of compensation



UNDERTAKINGS

The RAF administers undertakings as per the RAF Act 1996, (Act No. 56 of 1996) (as amended). Section 17 (4) (a) states that:

(4) Where a claim for compensation under subsection (I) –

(a) includes a claim for the costs of the future accommodation of any person in a hospital or nursing home or treatment of, or rendering of a service or supplying of goods to him or her, the RAF or an agent shall be entitled, after furnishing the third party concerned with an undertaking to that effect or a competent court has directed the RAF or the agent to furnish such undertaking, to compensate the third party in respect of the said costs after the costs have been incurred and on proof thereof.

Included in medical cost payments is the cost pertaining to certificates issued to claimants by the RAF to cover future medical treatments, known as "undertakings". The RAF compensates claimants for caregiving services rendered by caregivers monthly.

An undertaking is regarded as active if a claim is made against it during the year. The total number of undertaking certificates issued is reflected in the table below.

	2023	2022	2021	2020	2019
Total number of undertaking certificates issued	232,806	220,554	213,012	206,463	199,313
Number of active undertakings	13,192	12,272	11,395	10,729	9,013
% active undertakings of total undertakings	5.7%	5.6%	5.30%	5.20%	4.5%
Amount Paid (R'000)	**R673,277**	**R643,151**	**R734,718**	**R935,540**	**R829,043**

The number of active undertakings in respect of which payments were made averaged at 5.7% of all undertakings issued over a period of three financial years. This is in line with the nature of the instrument issued, since most injuries arising from motor vehicle accidents heal and do not represent chronic illnesses. In keeping with the need to provide support to road crash victims, the total number of active undertakings is viewed in a positive light.

Payments in respect of all undertakings issued for the 2022/23 financial year amounted to R673 million.

FOREIGN CLAIMS

Claims by foreign visitors to South Africa continued to form a large proportion of high-value claims due to an increase in foreign visitors to the country. Since payments to foreign nationals are made in their currency of origin and they are accustomed to unlimited benefits regarding loss of earnings in their own countries, foreigners' claims have dominated high-value claims in the pre-Amendment Act dispensation.

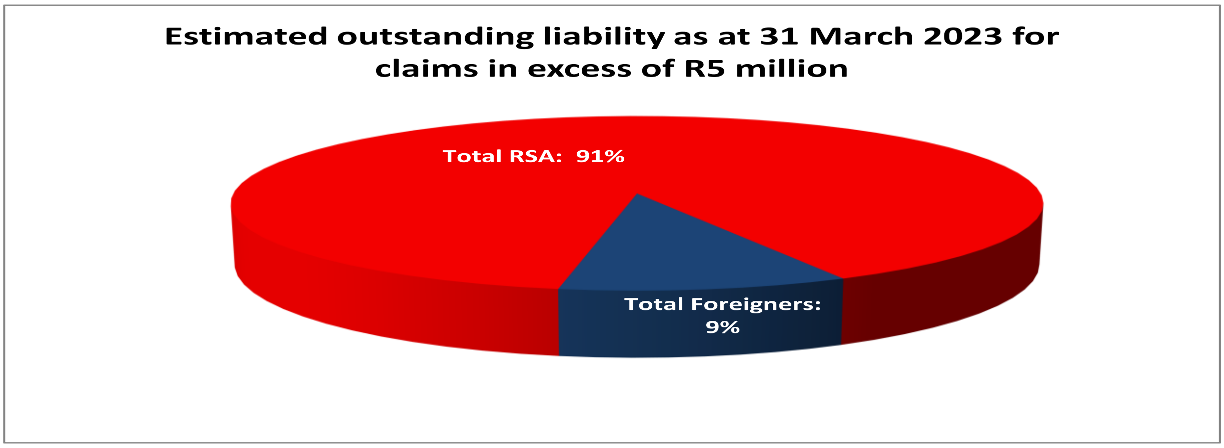
With the promulgation of the RAF Amendment Act, loss-of-earnings and loss-of-support payments to foreigners have been capped at R160,000 per annum, adjusted for inflation on a quarterly basis since August 2008. As a result, the cap was R338,846 as of 31 March 2023.

A total of 3,465 foreign claim capital payments were made to the value of R1.62 billion during the 2023 financial year compared to 5,210 amounting to R1.71 billion in 31 Mar 2022.

As at 31 Mar 2023, the net RNYP balance for foreign related claims amounted to R1.01 billion with 2,809 transactions, compared to 2,133 amounting to R762.5 million in 31 Mar 2022. Furthermore, a total of 9 RNYP transactions were in excess of R5 million with a total value of R57.68 million, compared to 3 valued at R19.92 million in 2020/21 financial year.

As at 31 March 2023, 9% (2021/22: 9%) of the value of the estimated liability of claims in excess of R5 million comprised claims by foreign nationals (Graph 17). It is important to note, however, that the actual claimed amounts can exceed the estimated value of the claim.

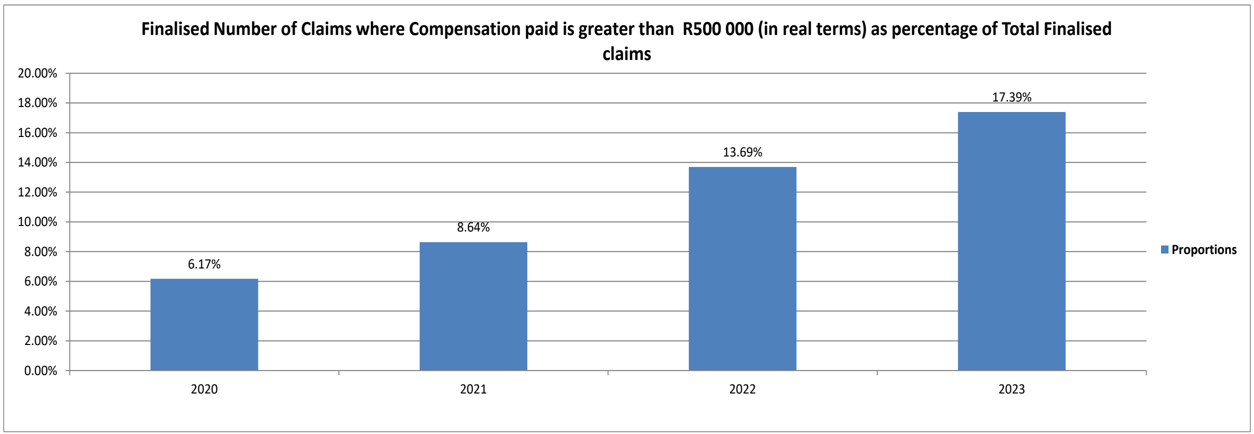
GRAPH 17: Estimated outstanding liability for claims >R5 million



HIGH-VALUE CLAIMS

Although the number of high-value claims (claims where compensation paid is greater than R500,000), as a percentage of the total claims finalised, increased during the year, these claims represent a relatively small proportion of total claims finalised, i.e. 17.39% of the total number finalised (2021/22: 13.69%) (Graph 18).

GRAPH 18: Number of claims compensated >R500,000 as a % of total claims finalised



10.9 REVENUE COLLECTION

	2022/2023			2021/2022		
Sources of revenue	**Estimate**	**Actual amount collected**	**(Over)/Under-collection**	**Estimate**	**Actual amount collected**	**(Over)/Under-collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Net RAF Fuel Levy	48,105,553	48,471,534	**389,754**	44,673,623	47,931,888	**(3,258,265)**
Investment revenue	239,083	284,167	**45,084**	272,206	222,770	**49,436**
Other income		2,077	**2,077**		20	**(20)**
Loss/Gains on disposal of assets and liabilities				-	-	-
Total	**48,334,636**	**48,757,778**	**423,142**	**44, 945 829**	**48,154,678**	**3,208,849**

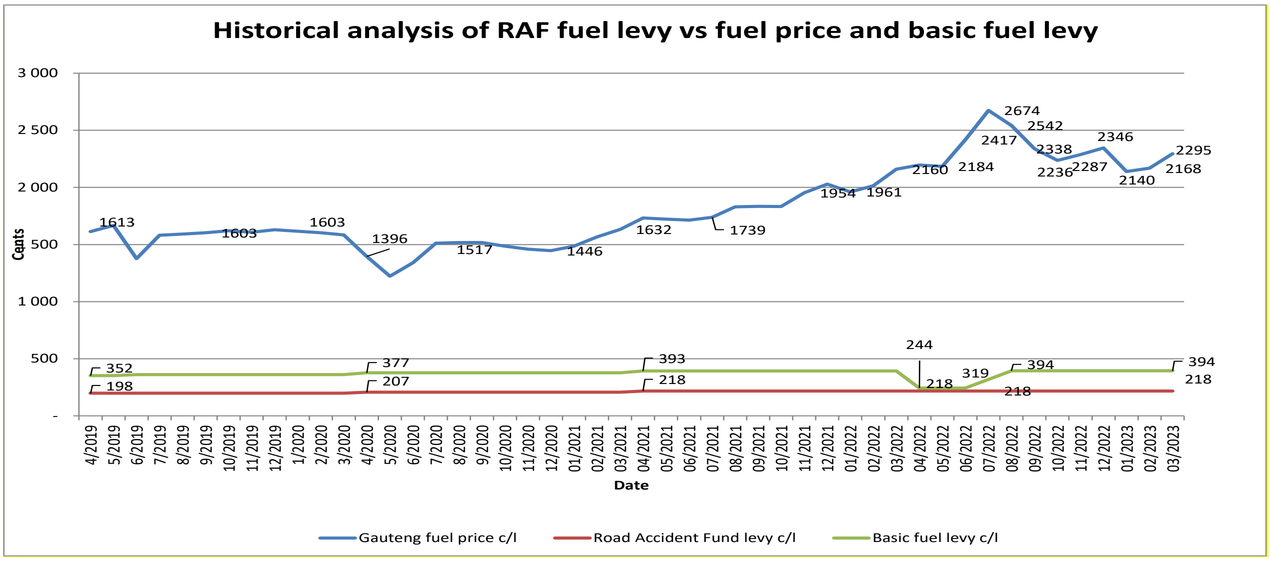
RAF FUEL LEVY

The RAF Fuel Levy income increased by R600 million or 1% to R48.5 billion from the previous financial year. Net fuel levies accounted for 99.39% of the total revenue. The diesel refunds recouped from gross fuel levies increased by 3% totalling R3.9 billion compared to R3.8 billion in the previous financial year. However, it should be noted that this represents a decrease in real terms because the RAF did not receive any fuel levy increases over the past two financial years, whilst inflation averaged 6.9%.

The RAF Fuel Levy income is impacted by fuel volumes (petrol and diesel) consumed, which increased during the financial year compared to the previous financial year. An increase of 10% or 20.76 mega litres for the 2022/23 financial year (21/22: 23.12 mega litres) in fuel volumes was noted. Total volumes of petrol, however, seem to be on the decline and total volumes of diesel are on the decrease.

At recent fuel price levels, the RAF Fuel Levy (currently at 218 c/l) represents almost 9% of the total price at the pump, which averaged more than 2, 295 cents per litre in Gauteng alone for the year under review. Notwithstanding the increase in fuel price averaging 2, 295 cents per litre in Gauteng, this has no effect on the RAF Fuel Levy, as the levy is dependent on the volumes of litres sold.

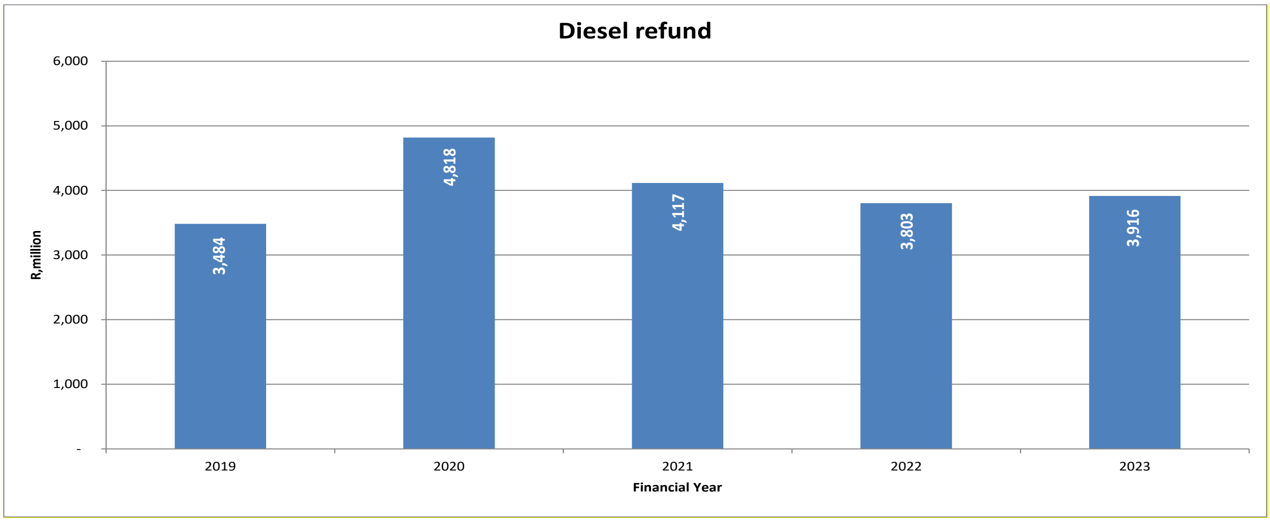
GRAPH 19: Historical analysis of the RAF Fuel Levy versus fuel price and basic fuel levy



DIESEL REFUND

The refund on diesel provided to certain industrial sectors of the economy, i.e. agriculture and forestry, electricity generation, offshore and rail and harbour services, increased by 3% to R3.9 billion from R3.8 billion in 2021/22. The refund that represents 7% (2021/22: 7%) of the gross RAF Fuel Levy, has a major impact on the income due to the RAF. The refund has dropped steadily in line with increases in the RAF Fuel Levy but has shown observable increases over the 2018/19 and 2019/20 financial years due to increased claims for volumes of diesel consumed, particularly in the electricity generating sector. Although the value of the RAF Fuel Levy increased to 218 c/l in 2022/23, the consumption of diesel fuel in specific industrial sectors (mainly electricity generation) is on the rise again (Graph 20).

GRAPH 20: Refund on diesel



INVESTMENT REVENUE

Investment revenue increased by 27% to R284 million (2021/22: R223 million). The average yield on cash investments for the financial year was 5.86% (2021/22: 3.63%).

The payment of claims and operational expenditure are strictly managed to align expenditure with net fuel levies received in accordance with the Cash Management Strategy.

Cash holdings as at 31 March 2023 were R630 million compared to R868 million at the end of the previous financial year.

REINSURANCE INCOME

To cover catastrophic accidents, the RAF entered into reinsurance treaties with major reinsurance companies. There were R578,000 reinsurance claims recovered from reinsurance companies during the year under review (2021/22: R Nil). The RAF's reinsurance recoveries derive from a portion of the total claims per incident that is more than the retention limit of R100 million. Due to operational improvements and amendments that were made to the RAF Act in 2008, reinsurance recoveries are expected to continue to reflect a general decrease.

10.10 CAPITAL INVESTMENT

Progress made on implementing the Asset Management Plan	The implementation of the plan is complete, and the Asset Register (AR) has been updated with the results of the asset verification procedures.	
Infrastructure projects completed in the current year and progress in comparison with what was planned at the beginning of the year	Johannesburg	New Bloemfontein Customer Service Centre (CSC) Tenant Installation completed
Pretoria maintenance of electrical, generator, plumbing and security systems **Installation of new UPS** **Infrastructure projects in progress and expected completion date**		None
Plans to close down or downgrade any current facilities	None	
Progress made on infrastructure maintenance	All sites	Infrastructure maintenance provided by respective landlords. Menlyn: All maintenance projects completed on time.

Developments relating to the above expected to impact on the RAF's current expenditure	Budget spent within forecast.
Details as to how asset holdings have changed over the period under review, including disposals, scrapping and loss due to theft	During the 2022/23 financial year, assets with a carrying value of R0.00 were disposed of and written off. Total acquisition for the year (2023): Fixed assets – R638,000; Intangible assets – R64 122,000 Prior year acquisition (2022): Fixed assets – R35,032,000 Intangible assets – R10,055,000 Current year disposal (2023): Fixed assets – R0.00 Intangible assets – R0.00 Prior year disposal (2022): Fixed assets – R0.00 Intangible assets – R0.00
Measures taken to ensure that the RAF's Fixed Asset Registers (FARs) remain up to date during the year under review	The following procedures, processes and mechanisms were in place to ensure the integrity of the RAF's FAR: • The RAF's Fixed Asset Management Policy. • The RAF's Fixed Asset Management Standard Operating Procedure. • Management Directives were issued where necessary. • Audits that are performed by the Internal Audit Department for the 2021/22 financial year underway. • Annual audits were performed by the Auditor-General. • Bi-annual verification exercises were performed during the months of September and March of the financial year. • The RAF implemented segregated asset management functions for recording and maintaining the FAR. • Clearly defined asset management roles were established for the Facilities Management and ICT Departments. • Dedicated resources were employed to ensure fixed assets are recorded accurately and completely. • A reconciliation of the FAR to financial records was performed monthly.
Major maintenance projects undertaken during the year under review	None
Progress made in addressing the maintenance backlog during the year under review	There was no backlog on maintenance during the year under review.

	2022/2023			2021/2022		
Infrastructure projects	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Property, plant and equipment	46,972	638	46,334	185,317	35,032	150,285
Intangibles	81,087	64,122	16,965	86,287	10,055	76,232
Total	128,059	64,760	63,299	271,604	45,087	226,517

10.2.1 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

POLICY DEVELOPMENT

- The enactment of the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (POPI) has resulted in major changes to many RAF policies and will greatly affect the way in which the RAF processes personal information.
- The RAF does a periodic review of its compliance in respect of any Act, standard or best practice. To keep abreast of all developments, the organisation continually updates its legislative universe. It tracks legislative developments and monitors any regulatory changes to note, comply with and/or effect the necessary changes to its day-to-day operations on an ongoing basis. The legislative changes affecting RAF operations are monitored, and the necessary changes are being made continuously.

LEGISLATIVE CHANGES

The RAF has evolved from a compulsory vehicle insurance scheme from 1946, when it operated under the Motor Vehicle Assurance Act 29 of 1942. During this period members of the public were expected to procure compulsory vehicle insurance from a few insurance companies selected by the state.

This scheme was highly ineffective and unsustainable. Consequently, it was ultimately subjected to four different commissions of enquiries and two legislative variations between 1946 and 1986, when the private sector-led MVA Fund eventually collapsed. This collapse culminated into the Motor Vehicle Act 84 of 1986, which abandoned private sector compulsory third party insurance and introduced a social security fund which was financed through fuel levies.

During this period, the RAF continued to struggle to find an operating model which would ensure financial and institutional sustainability. The operating model in 1986 was administered by private insurance companies on behalf of the Fund, however, despite this intervention the Fund continued to be financially unsustainable. The RAF was then subjected to two further commissions of enquiries and legislative variations, respectively. This resulted in the Road Accident Fund Act, 1996 (Act 56 of 1996) as we have it today.

In 2005, the RAF Act was amended by the Road Accident Fund Amendment Act, 2005 (Act No. 19 of 2005) (the Amendment Act), which came into effect on 01 August 2008. Soon after promulgation, several claimants challenged the constitutionality of section 18 thereof (related to the R25,000 passenger claims limit).

Parliament remedied the defect through the promulgation of the Road Accident Fund (Transitional Provisions) Act, 2012 (Act No. 15 of 2012) (the Transitional Act), which came into effect on 13 February 2013.

Claimants whose claims arose under the RAF Act, prior to it being amended by the Amendment Act, and whose claims were limited by the R25,000 passenger limitation section, and neither prescribed nor were finally determined by settlement or court order, were given an option under the Transitional Act. This meant that, within a prescribed period, they could elect to have their claim determined under the RAF Act (prior to its amendment by the Amendment Act), or to have the claim determined in accordance with a transitional regime provided for in the Transitional Act.

This brought about three different frameworks which the RAF currently administers, namely the RAF Act, the Amendment Act and the Transitional Act.

The RAF has submitted proposed changes to the RAF Act. The legislative amendments to, amongst other things, enable the RAF to pay in annuity payments for certain products, loss of income, loss of support, and general damages, and are vital for the financial and institutional sustainability of the Fund. The proposed legislative changes to the current RAF Act are also intended to simplify the claims process and move towards defined benefits and away from lump sum monetary compensation based on delict.

10.2.2 PROGRESS TOWARDS ACHIEVEMENTS OF INSTITUTIONAL IMPACT AND OUTCOMES

Being three years into the new strategic journey, the RAF appointed an external service provider to conduct a strategic impact assessment on the 2020−2025 RAF Strategy and strategic initiatives that have since been implemented in the past two years to address the financial and operational sustainability challenges facing the entity. The onset of the COVID-19 pandemic (and the resultant lockdown) required a revision of some of the strategic plan targets. The Mid-Term Strategic Review reports key achievements against set targets and highlights areas for further improvement. The report presents an overview of the RAF, including its legislative mandate, governance, organisational structure, strategic trajectory, the business model and key performance indicators. A balanced score card has been super-imposed to provide a holistic measure of performance.

SUMMARY OF KEY FINDINGS AND OBSERVATIONS FROM THE INDEPENDENT MID-TERM REVIEW REPORT

The 2019−2025 strategic priorities include improved claims settlement times and a reduction of the backlog, reduction of direct and administrative claims-related costs, improved governance and an agile organisation that would lead to a transformed and sustainable RAF.

Below are some of the highlights summarised by the external service provider report.

- RAF’s solvency is improving.
- The RNYP has decreased at an average rate of 7% p.a. since 2020.
- The RAFs profitability ratios have on average been better than before the launch of the strategy.
- The new litigation strategy resulted in a reduction of R7 billion legal costs in the 2020/21 financial year.
- Expenditure on claimant medical costs has reduced at a rate of 13% per annum compared to an average growth rate of 33% per annum prior.
- Claimant legal and other costs have reduced at a rate of 13% per annum.
- Turnaround time for validating and verifying new claims within 60 days is decreasing.

Macro Perspective

To provide a holistic picture, the priorities, outcomes and indicators in the Strategic Plan and Annual Performance Plan (APP) have been superimposed against a traditional balanced scorecard which enabled the team to interrogate progress on the 2020−25 Strategy from four perspectives. The four perspectives cover financial, customer, operations and organisational capacity. Section 3 covers the mapping of the perspective with the targets and outcomes.

Financial Perspective

The RAF’s Strategic Plan contains seven targets related to its financial sustainability. There has been an improvement in the RAF’s solvency since the launch of its Strategy in 2020 with the ratio of the RAF’s total assets to total liabilities averaging 47% in March 2021 and March 2022 compared to 39% in March 2020. The RAF’s RNYP has decreased at an average rate of 7% per annum since the launch of the 2020−2025

Strategy. On average there has been no improvement in the RAF's cash-to-claims-cover ratio despite an improvement in its current ratio. The RAFs profitability ratios since the launch of the 2020 Strategy have on average been better than before the launch of the Strategy.

Expenditure on claimant medical costs has reduced at a rate of 13% per annum since the launch of the 2020-2025 Strategy compared to an average growth rate of 33% per annum before that. Additionally, expenditure on claimant legal and other costs has fallen since 2019/2020.

The Strategic Review project team noted that the SIU has signed acknowledgments of debt with law firms and attorneys to the value of approximately R18 million for the recovery of duplicate payments. Improvements in financial controls have also led to the discovery of R818,6 million and recovery of over R685 million in duplicate payments. The RAF is continuing investigations in collaboration with law enforcement agencies to root out corrupt syndicates that have defrauded the Fund over the past years.

Customer Perspective

The RAF's Strategic Plan contains three targets that, if achieved, could contribute to an improvement in customer experience and perceptions of the RAF. Prior to the 2020 Strategy, the RAF had a target turnaround time of more than 1,000 days compared to the target of 120 days in the 2020 Strategy. Despite this target, measured performance in 2020/21 and 2021/22 was minute. A key driver for this poor performance was the high incidence of old claims with missing documentation that prevented further assessment and processing.

In July 2022, the RAF introduced a new RAF1 Form which included minimum information requirements. Subsequently, up to 97% of the 28,470 claims submitted after the introduction of this form have not been registered on the claims system. Previously, such claims would have been registered on the RAF's claim system and would have remained open for many years due to missing information.

This is significant because 97% non-compliance would have resulted in summonses and perpetuated the vicious litigation cycle. This will not only assist in reducing legal costs for the RAF but will also help to reduce the caseload burden on the courts. The introduction of the minimum information requirement during the 2022/23 financial year has led to the achievement of the 120 days target exceeding the planned target by 4,61%.

The RAF is making progress in validating and verifying new claims within 60 days. Performance is forecast to reach 55% in 2022/23 on an annualised basis. Given these levels of performance, the RAF should continue to use this metric as part of its customer value proposition. The Fund continues to experience challenges in reducing the age profile of its claims.

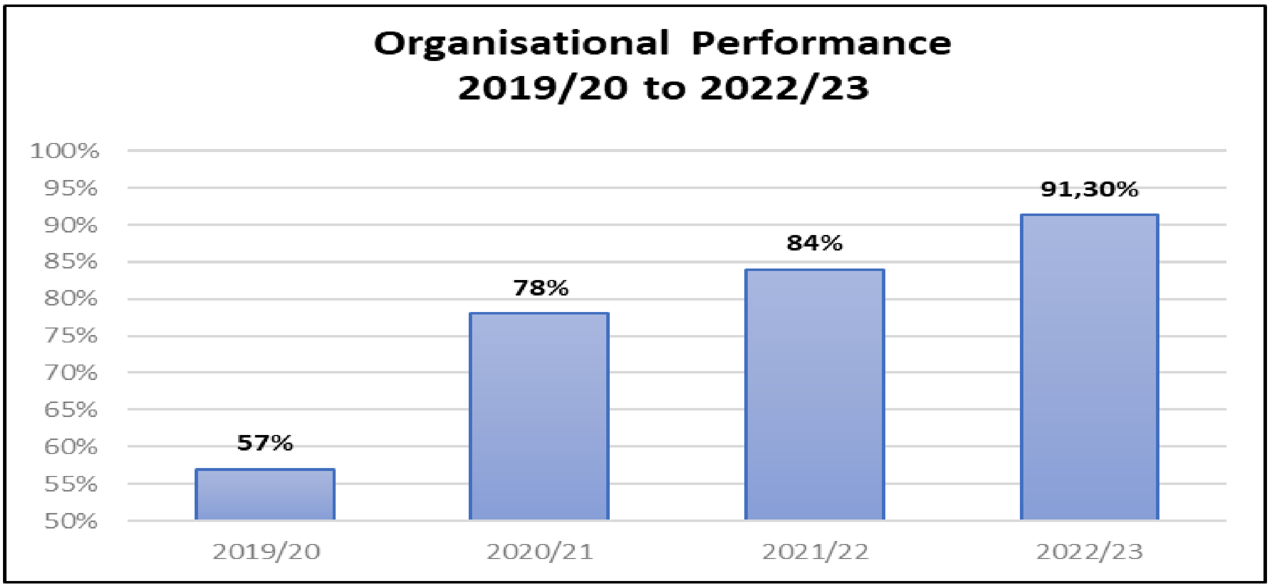
Notwithstanding the progress made, challenges remain. The payment in lump sum has resulted in the asset liability mismatch. Whereas the RAF is a pay-as-you-go scheme, receiving its fuel levy income monthly, it is forced unreasonably to pay its claims in lump sums. One should note that the RAF is one of the unusual social security schemes that is made to pay compensation in lump sums. The results are that in most instances the beneficiaries spend these monies within an average of 18 months.

Three years into the implementation of the RAF 2020−25 Strategy, significant progress has been made to turn around the Fund. Despite not receiving fuel levy increases for three consecutive years, the RAF managed to reduce the amount owed to claimants on settled claims (RNYP/short-term liability) to R9.3 billion as at 31 March 2023, as opposed to the initially projected R31 billion.

The legislative amendments to, among other things, enable the RAF to pay in annuity payments for certain products, loss of income, loss of support, and general damages, are vital for the financial and institutional sustainability of the Fund. The proposed legislative changes to the current RAF Act, are also intended to simplify the claims process and move towards defined benefits and away from lump sum monetary compensation based on delict.

As illustrated in the dashboard below, the RAF's performance against its predetermined objectives has steadily improved from the 57% in 2019/20 financial year to 91% in the 2022/23 financial year. Importantly, the AGSA confirms in the 2022/23 Audit Report that "I did not identify any material findings on the reported performance information of Outcome 1: A transformed and sustainable RAF."

GRAPH 21: Organisational performance



STRATEGIC GOAL 1 – A TRANSFORMED AND SUSTAINABLE RAF

STRATEGIC GOAL DESCRIPTION

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

OUTCOME INDICATORS

- Implementation of the RAF business operating model
- Percentage (%) of all new personal claims settled within 120 days
- Percentage (%) of all new personal claims validated and verified within 60 days
- Percentage (%) reduction of 3-year-old open claims
- Percentage (%) reduction of legal costs
- RAF medical tariffs implemented
- Percentage (%) reduction of medical costs
- Asset and Liability Strategy implemented

STRATEGIC GOAL 2 – SYSTEM MODERNISATION

STRATEGIC GOAL DESCRIPTION

The improved efficiency of claim settlement that will ensure the reduction of administrative costs and ensure a transformed and sustainable RAF.

OUTCOME INDICATORS

- Implemented Integrated Claims Management System (ICMS)

STRATEGIC GOAL 3 – IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT

STRATEGIC GOAL DESCRIPTION

Ensure compliance to standards and improve governance and accountability.

OUTCOME INDICATORS

- Percentage (%) responses to Parliament questions
- Percentage (%) resolution of reported incidents of fraud and corruption
- Report on status and operations of the Ethics committee
- Percentage (%) implementation of action plans to address audit findings
- Regulatory Audit Outcome by the AGSA
- Report on cases of wasteful and fruitless expenditure
- Report on cases of irregular expenditure
- Report on steps taken to ensure compliance to the 30-day payment requirement

STRATEGIC GOAL 4 – IMPROVED SERVICE DELIVERY

STRATEGIC GOAL DESCRIPTION

Increase accessibility to the RAF's services through various channels to improve service delivery by increasing the reach of the Fund's service offerings to all motor vehicle accident victims.

OUTCOME INDICATORS

- Stakeholder Management Strategy developed and implemented
- Percentage (%) Customer Satisfaction Survey rating
- Organisational Structure reviewed and approved
- Skills Audit Report
- Percentage (%) of Enterprise Supplier Development (ESD) spent on women-owned enterprises
- Approved Strategy Impact Assessment Report

10.2.3 PERFORMANCE INFORMATION BY OBJECTIVE

STRATEGIC GOAL 1 – A TRANSFORMED AND SUSTAINABLE RAF

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

CONTRIBUTION TO THE ORGANISATION'S KEY STRATEGIC OUTCOMES

This strategic objective is aimed at optimising claims processing in the early stages of a claim, thus reducing the average time taken to settle and finalise claims and avoid lengthy litigation processes and legal-related costs. Further, it intends to rehabilitate road accident victims with the aim of re-integrating them into society.

COMMENT ON ALL DEVIATIONS

Out of eight (8) planned initiatives, one (1) was not achieved, namely:

- Percentage (%) reduction of 3-year-old open claims

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

(a) Percentage (%) reduction of 3-year-old open claims

Notwithstanding, the reduction of 3-year-old claims increasing by 10,434 which is 2.22% more than the previous financial year, it was still not enough to achieve the target of reducing claims by 20%.

Various initiatives such as Project Shanyela (clearing the old direct claims backlog), audit of historic claims, block settlements and improved processes were introduced to clear old claims and are yielding positive results towards the achievement of the % reduction of this target.

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
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	Year 1 approved Business Operating Model initiatives implemented	Year 2 Business Operating Model initiatives implemented	The Progress Implementation Report describing implemented Year 2 initiatives was approved by the CEO on 30 March 2023	Annual target achieved	All planned Year 2 initiatives were implemented before 31 March 2023
A transformed and sustainable RAF	Claims processed within 120 days	% of all new personal claims settled within 120 days	Offers made within 120 days: 360 Number of claims lodged: 118,433 (cumulated from 1 April 2020) % Achievement: 0.30%	Offers made within 120 days: 150 Number of claims lodged: 72,487 0.21% of claims settled within 120 days. % achievement: 0.21%	5%	Offers settled within 120 days :912 (product) Number of products lodged: 9,326 9.78% of claims settled within 120 days	Annual target achieved. Target exceeded by 4.61%	The RAF 1 Form introduced on 4 July 2023, contributed to the achievement of the target, as claims were submitted with all the required documents to process a claim
A transformed and	Claims validated and verified	% of all new personal claims	Personal claims VV &	VV & VO within 60 days: 9, 364 Number of claims VV & VO: 17,771	55%	VV & VO within 60 days: 4,788 Number of	Annual target achieved.	The RAF 1 Form introduced on 4 July 2023, contributed to

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
sustainable RAF	within 60 days	validated and verified within 60 days	VO within 60 days: 22, 088 (cumulated number from 1 April 2020 to date) Total number of personal claims VV & VO: 37,446 (cumulated number from 1 April 2020 to date) % achievement: 59.0%	Ratio 52.69% of Claims VV & VO with 60 days % Achievement: 52.69%		claims VV & VO: 5,383 88.95% of claims VV & VO within 60 days	Actual achievement 33.95% above target	the achievement of the target, as claims were submitted with all the required documents to process a claim
A transformed and sustainable RAF	% reduction of three-year-old open claims	% reduction of three-year-old open claims	Net open claims as at 31 March 2021: 258,513 excluding RNYP	Net open claims as at 31 March 2021: 125,743 excluding RNYP Net open claims as at 31 March 2022: 107,567	20%	Net open claims as at 31 March 2022: 167,962 excluding RNYP	Annual target not achieved. Below target by 3.23%	The claims backlog, in particular claims older than three years, has insufficient information to

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
			Net open claims number of days: 333, 546,748 Average age per claim: 1, 290 days. % achievement: -42.81%	Reduction: 18,176 % Achievement: 14.45%		Net open claims as at 31 March 2023: 139,802 Reduction: 28, 610 % Achievement: 16.77%		enable the Fund to settle claims
A transformed and sustainable RAF	Reduction of legal costs	% Reduction of legal costs	Legal costs as at 31 March 2021 R3,991,940, 168.38 Compared to R 6,971,394, 186.86 at 31 March 2020 42.7% legal cost ratio	Baseline: R 9,430,195,344.42 (Baseline taking into account all backlog panel attorney invoices relating to services rendered with the contract that expired on 31 May 2020) Annual target: R7, 072,646,508.32 i.e. 25% reduction from R9,430,195,344.42Legal	30%	Annual target: R9,419,972, 284.36 Legal costs paid: R3,751,633,338 60.17% reduction of legal costs	Actual achievement 35.33% above target. Annual target achieved. Target exceeded by 30.17%	The implementation of the insourcing of legal and other costs has led to the significant reduction of all claims-related costs

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
				costs paid: R3,740,886,985.21 60.33% reduction of legal costs				
A transformed and sustainable RAF	Reduced medical costs	RAF medical tariffs implemented	RAF medical tariffs developed and published in the *Government Gazette*	RAF medical tariffs not implemented by 31 March 2022	RAF Year 2 medical tariffs implemented	All six planned Year 2 initiatives as per the approved operational plan were completed	Annual target achieved	All planned initiatives completed within the set time frames
A transformed and sustainable RAF	Reduced medical costs	% reduction of medical costs	New indicator	New indicator	10%	Medical costs 21/22 FY: R2, 473,675,278.93 Medical costs paid: R1,888,	Annual target achieved. Target exceeded by 13.67%	Reduction is mainly due to the introduction of medical treatment protocols and the previous financial year as well as the

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
						273,150.80 23.67% reduction of medical costs to date		introduction of medical bill reviewers
A transformed and sustainable RAF	Improved financial sustainability	Asset and Liability Strategy implemented	New indicator	Asset and Liability Strategy developed and approved	Asset and Liability Strategy implemented	Asset and Liability Strategy implemented	Annual target achieved	Asset and Liability Strategy Report approved in March 2023

CHANGES TO PLANNED TARGETS

No changes to planned targets.

STRATEGIC GOAL 2 – SYSTEM MODERNISATION

The improved efficiency of claim settlement will reduce costs and assist in a transformed and sustainable RAF.

CONTRIBUTION TO THE ORGANISATION'S KEY STRATEGIC OUTCOMES

The strategic objective is to optimise ICT to enable the automation of business processes, ensure data integrity and protection, and ensure maturity of IT governance in the organisation. ICT aims to evolve from simply being a business enabler to an essential component in implementing the RAF's business strategy and executing its mandate.

ICT plays an integral role in ensuring the achievement of the RAF Strategy. A number of initiatives planned for the next two years are dependent on the transformation of the ICT environment to function optimally and gain competitive advantage.

COMMENT ON ALL DEVIATIONS

There were no areas of underperformance as the target was achieved within the set timeframes.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

No changes to planned targets.

STRATEGIC OUTCOME: SYSTEM MODERNISATION								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
System modernisation	An Integrated Claims Management System (ICMS)	Implemented ICMS	Planned initiatives as per the initial Operational Plan were not achieved	Phase 1 of the ICMS completed	Phase 2 of the ICMS implemented	Phase 2 of the ICMS implemented. Phase 2 ICMS initiatives completed by 31 March 2023	Annual target achieved	All planned initiatives were completed before 31 March 2023, with major milestones i.e. sprint 0 and 1 completed in March 2023

STRATEGIC OUTCOME: GOAL 3

IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT

Ensure compliance to standards and improve governance and accountability.

CONTRIBUTION TO THE ORGANISATION'S KEY STRATEGIC OUTCOMES

This strategic objective is aimed at improving governance and strengthening the control environment, raising ethical standards, improving resolution of reported incidents of fraud and corruption, reducing unnecessary expenses and settling supplier invoices timeously.

COMMENT ON ALL DEVIATIONS

Out of eight (8) planned initiatives, one (1) was not achieved, namely:

- Regulatory Audit Outcome by the AGSA.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

(a) Regulatory Audit Outcome by the AGSA dependent on the outcome of the RAF and AGSA dispute on the 2021/2022 audit opinion.

CHANGES TO PLANNED TARGETS

No changes to planned targets.

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
Improved governance and strengthened control environment	Adequate responses to Parliament questions	Percentage responses to Parliament questions	New indicator	100% responses to Parliament questions	100% responses to Parliament Questions	100% responses to Parliament Questions	Annual target achieved. 100% of Parliament Questions were responded to in the current financial year	No deviation as the planned target achieved within the set time frames
Improved governance and strengthened control environment	Resolution of reported incidents of fraud and corruption	Percentage resolution of reported incidents of fraud and corruption	New indicator	114.84% of reported instances were resolved	85% resolution of reported incidents of fraud and corruption	91.65% of reported instances were resolved	Annual target achieved Actual achievement 6.65% above target	Improved processes to identify fraud and corruption at an early stage contributed to the speedy resolution of instances of fraud and corruption
Improved governance and strengthened control environment	Functionality of ethics structures and adequate capacity	Report on status and operations of Ethics Committee	New indicator	Ethics Committees established and operationalised	Report on status and operations of Ethics Committee	Annual Report on status and operations of Ethics Committee was submitted to Department of Transport (DoT)	Annual target achieved	No deviation as the planned target achieved within the set time frames

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
Improved governance and strengthened control environment	Implementation of action plan to address audit findings	Percentage implementation of action plans to address audit findings	21 of the 31 AGSA findings were resolved by the end of January 2021 %achievement: 67.74%	Target not assessed for Performance, due to pending AGSA Report The AGSA 2020/21 Report is a subject of court litigation The submission to request the Minister to exclude this target from performance analysis was approved	65%	73.08% resolved AGSA Report on implementation of action plans submitted to DoT on 31 March 2023	Annual target achieved Actual achievement 8.08% above target	Close monitoring of overdue findings contributed to the achievement of the target
Improved governance and strengthened control environment	Reduction of qualified audits	Regulatory audit outcome by the AGSA	Unqualified audit outcomes for the 2019/20 financial year from the AGSA	Target not assessed for performance, due to pending AGSA Report The AGSA 2020/21 Report is a	Unqualified Audit Report with no significant findings	AGSA Audit Report is still outstanding	Annual target not achieved	The Audit Report is subject to dispute between the RAF and the AGSA

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
				subject of court litigation The submission to request the Minister to exclude this target from performance analysis was approved				
Improved governance and strengthened control environment	Elimination of wasteful and fruitless expenditure	Report on cases of wasteful and fruitless expenditure	New indicator	Assessment of this target was impractical due to the low base of incidences reported in the 2020/21 financial yer The submission to request the Minister to exclude this target from performance	Report on cases of wasteful and fruitless expenditure	Report on fruitless and wasteful expenditure submitted to DoT on 31 March 2023	Annual target achieved	No deviation as the planned target achieved within the set time frames

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	**Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
				analysis was approved.				
Improved governance and strengthened control environment	Reduction of irregular expenditure	Report on cases of irregular expenditure	New indicator	2020/21 financial year irregular expenditure: 9 2021/22 financial year irregular expenditure: 1 Percentage reduction: 88.89%	Report on cases of irregular expenditure	Report on irregular expenditure submitted to DoT on 31 March 2023	Annual target achieved	No deviation as the planned target achieved within the set time frames
Improved governance and strengthened control environment	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to the 30-day payment requirement	New indicator	Total payments: 4, 826 Total payments late: 1,179 Percentage payments within 30 days: 75.57%	Report on steps taken to ensure compliance to 30-day payment requirement	Report on steps taken to ensure compliance to 30-day payment requirement was submitted to DoT	Annual target achieved	No deviation as the planned target achieved within the set time frames

STRATEGIC OUTCOME 4. IMPROVED SERVICE DELIVERY

Increase accessibility to the RAF's services through various channels to improve service delivery by increasing the reach of the Fund's service offerings to all motor vehicle accident victims.

CONTRIBUTION TO THE ORGANISATION'S KEY STRATEGIC OUTCOMES

This strategic objective is aimed at streamlining the RAF's organisational structure and processes to increase efficiency and service delivery.

COMMENT ON ALL DEVIATIONS

There were no areas of underperformance; all six (6) targets were achieved within the set time frames.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Not applicable.

CHANGES TO PLANNED TARGETS

There were no changes to planned targets.

STRATEGIC OUTCOME: IMPROVED SERVICE DELIVERY								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	****Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
Improved service delivery	Stakeholder Management Strategy	Stakeholder Management Strategy implemented	Stakeholder Management Strategy approved by the CEO and recommended to the Board	50% Stakeholder Management Strategy implemented	75% Stakeholder Management Strategy implemented	100% planned initiatives were implemented by 31 March 2023	25% above the target	Close monitoring of the target contributed to its achievement
Improved service delivery	Customer Satisfaction Survey conducted	% Customer Satisfaction Survey rating	New indicator	New indicator	50% Customer Satisfaction Survey rating	50% Customer Satisfaction Survey rating achieved	Annual target achieved	No deviation as the planned target achieved within the set timeframes
Improved service delivery	Organisational structure review	Organisational structure implemented	Conceptual model and functional structure endorsed by Board	Work study and organisational structure developed	30% implementation of the approved organisational structure	100% implementation of the approved organisational structure. All seven planned initiatives have been completed.	70% above target	Close monitoring of the target contributed to the achievement of the target
Improved service delivery	Skills Audit of all employees	Outcomes of Skills Audit Report implemented	Skills Audit Report approved by the CEO	Skills Audit finalised and approved	Year 1 implementation of Skills Audit Report outcomes.	Report indicating Year 1 outcomes implemented and signed off by 31 March 2023.	Annual target achieved	No deviation as the planned target achieved within the set timeframes

STRATEGIC OUTCOME: IMPROVED SERVICE DELIVERY								
Outcome	**Output**	**Output indicator**	**Audited actual performance 2020/2021**	**Audited actual performance 2021/2022**	**Planned annual target 2022/2023**	****Actual achievement 2022/2023**	**Deviation from planned target to actual achievement 2022/2023**	**Reasons for deviations**
Improved service delivery	% of Enterprise Service Development (ESD) spent on women-owned enterprises (RAF contribution towards Economic Reconstruction and Recovery Plan (ERRP)	% ESD spent on women-owned enterprises	New indicator	ESD Plan spent for women empowerment developed	30%	R872,299.70 of the R2,135,798.46 ESD spent was on black women-owned enterprises. 40.84% of ESD spent on women-owned enterprises	Annual target approved. Actual achievement 10.84% above target	Over-achievement is due to RAF's commitment to align to government priorities to empower black women-owned enterprises.
Improved service delivery	2020−2025 Strategic Plan Impact Assessment	Strategy Impact Assessment Report	New indicator	New indicator	Approved Strategy Impact Assessment Report	Final Impact Assessment Report signed off by 31 March 2023	Annual target approved	No deviation as the planned target achieved within the set time frames

PART C: GOVERNANCE

PART C: GOVERNANCE

11. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

12. PORTFOLIO COMMITTEES

Parliament exercises its oversight role of the RAF by interrogating its Annual Financial Statements and other relevant documents which must be tabled, as well as any other documents tabled from time to time, and evaluating its performance accordingly. This oversight role is fulfilled by the Portfolio Committee on Transport (PCoT) and the Standing Committee on Public Accounts (SCOPA).

The PCoT oversees service delivery and performance in accordance with the mandate and corporate strategy of the RAF. It reviews financial and non-financial information, such as efficiency and effectiveness measures, and therefore reviews the non-financial information contained in the Annual Report of the RAF. The PCoT is also concerned with service delivery and enhancing economic growth.

SCOPA oversees the financial performance and accountability of the RAF in terms of the PFMA. It therefore reviews the Annual Financial Statements and Audit Reports of the RAF's external auditor.

13. EXECUTIVE AUTHORITY

As illustrated, the National Assembly has legislative power and maintains oversight of the National Executive Authority and the RAF as an organ of state. In addition, Parliament oversees the Executive Authority, which is required to provide it with full and regular reports concerning matters under its control.

The Minister of Transport is the Executive Authority of the RAF and is concerned with the financial viability and risks of the RAF, as well as policymaking and monitoring of policy implementation to ensure that the RAF effectively delivers on its mandate.

The Prudential Authority (PA), in terms of the Financial Supervision of the Road Accident Fund Act, 1993 (Act No. 8 of 1993), performs a supervisory role over the financial position of the RAF.

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA, which govern/provide authority to the Executive Authority for oversight powers.

The RAF Act provides that the Executive Authority can appoint and dismiss members of the Board. The Minister also appoints the CEO on such terms and conditions as may be determined by the Board.

Whenever it is necessary to appoint a Board, the Minister, by notice in the *Government Gazette* and national news media, invites persons or bodies who have an interest in the operations of the RAF to nominate candidates who comply with the criteria mentioned in sub-section 10 1(b) of the RAF Act, as amended. The Minister then publishes a list of nominees received in response to the invitation, which includes the names of the relevant nominators. The name and expertise of the newly appointed (or reappointed) Board members are published in the *Government Gazette*.

If a position on the Board becomes vacant before the expiry of the term of office, subsection 10(10) empowers the Minister to appoint any other competent person as contemplated in subsection 1(b), to serve for the unexpired portion of the term of office of the previous member, irrespective of when the vacancy occurs.

The RAF Board submits quarterly reports, including management accounts, a report on actual performance against predetermined objectives, a PFMA compliance checklist, a Broad-Based Black Economic Empowerment (B-BBEE) Report and an Audit Committee Report to the Executive Authority in accordance with NT Regulations 26.1.1 and 30.2.1 within 30 days of the end of a quarter.

FIGURE 4: Executive Authority reporting structure

14. THE ACCOUNTING AUTHORITY/BOARD

14.1 INTRODUCTION

In line with subsection 49(1) of the PFMA of 1999, every public entity must have an authority which must be accountable for the purpose of this Act.

Subsection 49(2)(a) provides that:

If the public entity or other controlling body has a Board, that Board or controlling body, is the Accounting Authority for that entity.

Section 50 provides that the Accounting Authority must:

(a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;

(b) act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity;

(c) on request, disclose to the Executive Authority responsible for that public entity or the legislative to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or that legislature; and

(d) seek, within the sphere of influence of that Accounting Authority, to prevent any prejudice to the financial interest of the state.

The Board acts as the Accounting Authority of the RAF, exercising overall authority and control over the financial position, operation and management of the RAF. It is accountable to the Executive Authority for the performance of the RAF. It provides a fundamental base for the application of corporate governance principles in the RAF.

The processes and practices of the Board are underpinned by the principles of transparency, integrity and accountability. An inclusive approach is followed that recognises the importance of all stakeholders and the management of stakeholder relationships, as well as perceptions to ensure the viability and sustainability of the RAF.

14.2 THE ROLE OF THE BOARD

(1.) In line with section 11 of the RAF Act, the Board shall, subject to the powers of the Minister, exercise overall authority and control over the financial position, operation and management of the Fund, and may *inter alia* –

(a) make recommendations to the Minister in respect of –

(i) the annual budget of the Fund;

(ii) any amendment of this Act;

(iii) the entering into an agreement with any institution referred to in section 9; and

(iv) any regulation to be made under this Act;

(b) terminate the appointment of any agent and determine the conditions on which such appointment is effected or terminated;

(c) approve the appointment, determination of conditions of employment and dismissal by the Chief Executive Officer of staff of the Fund on management level;

(d) approve internal rules and directions in respect of the management of the Fund;

(e) approve loans made or given by the Fund;

(f) approve donations for research in connection with any matter regarding injuries sustained in motor vehicle accidents;

(g) determine guidelines in relation to the investment of the money of the Fund; and

(h) delegate or assign to the Chief Executive Officer and any member of the staff of the Fund any power or duty of the Board as it may deem fit but shall not be divested of any power or duty to delegated or assigned, and may amend or withdraw any decision made by virtue of such delegation or assignment.

(2) The Board may as often as it deems necessary, but shall at least once during a financial year, or when requested by the Minister to do so, report to the Minister regarding matters dealt with during that year or as requested by the Minister.

In line with King IV, the Board is tasked with providing ethical leadership, managing the organisation's ethics effectively, and ensuring that the entity is not only a responsible citizen, but is manifestly so. Corporate governance principles are adhered to, while fully appreciating that strategy, risk, performance and sustainability are integrated. Broadly speaking, the Board is expected to act in the best interests of the entity.

With the prescripts of King IV and NT in mind, the role of the RAF Board furthermore comprises the following:

- It monitors the efficiency and effectiveness of Management and supports it in implementing Board strategies and policies.
- It manages potential conflicts of interest.
- It develops a clear definition of levels of materiality.
- It attends the annual meetings.
- It ensures that the Annual Financial Statements are prepared.
- It appraises the performance of the Board collectively and individually.
- It ensures effective Board induction and maintains integrity, responsibility, and accountability.

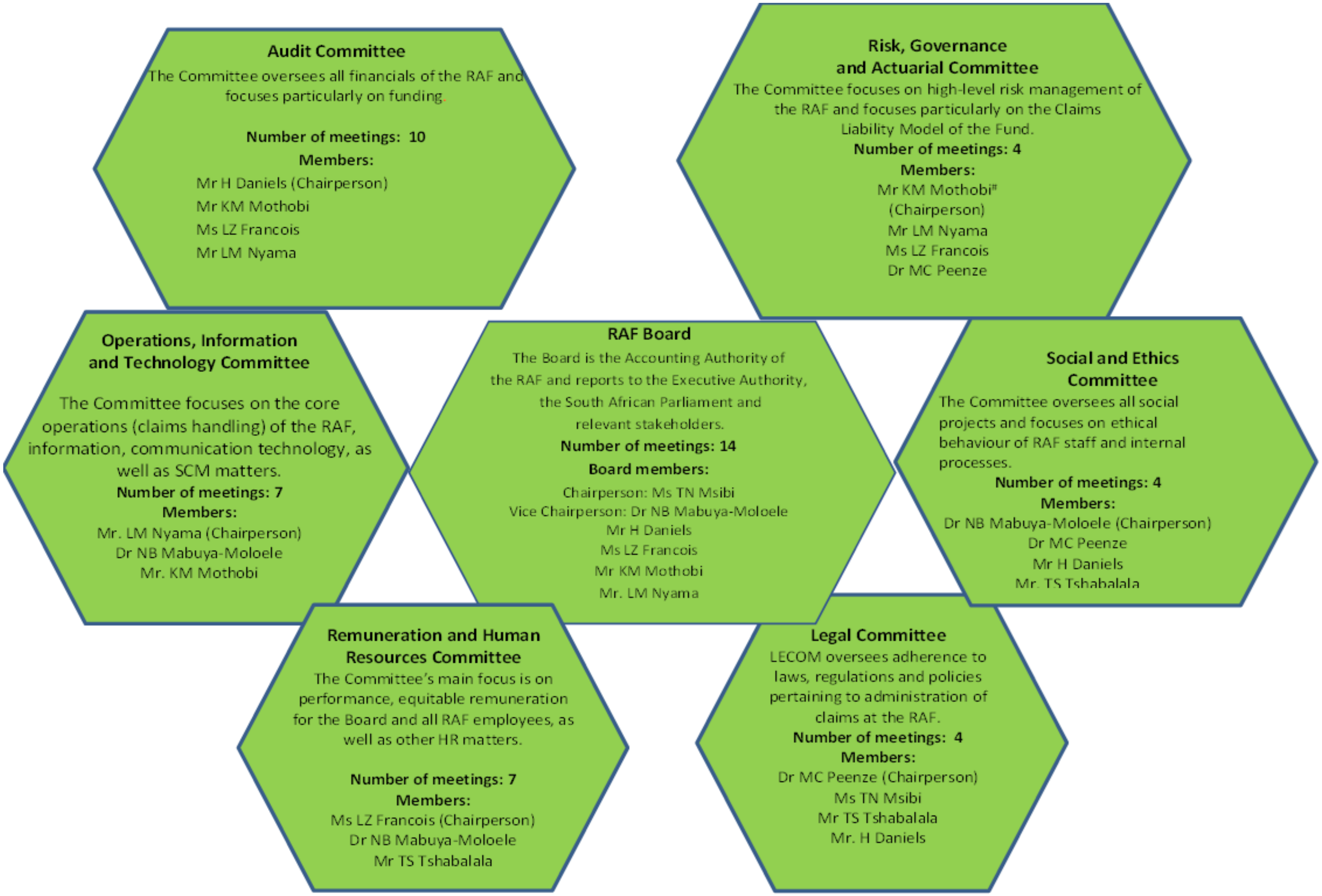
The Board is responsible for determining the overall direction of the RAF. The organisation is guided by a Five-year Strategic Plan 2020–2025 and an Annual Performance Plan, both of which were approved by the Executive Authority.

The Board revises the Delegation of Powers and Functions Policy, which defines the delegation of powers, duties and functions of Management every five years.

The RAF Board reviews its processes and practices on an ongoing basis to do the following:

- Ensure compliance with legal obligations.
- Ensure the maintenance of appropriate internal controls, as well as risk management policies and practices.
- Ensure the use of RAF funds in an economical, efficient and effective manner.
- Ensure that ICT governance is aligned with the RAF's performance and sustainability objectives.
- Ensure adherence to good corporate governance practices that have been benchmarked.
- Assess the impact of the RAF's operations on society, the economy and the environment.

14.3 BOARD CHARTER



BOARD MEMBERS' DETAILS: 01 APRIL 2022 TO 31 MARCH 2023

NAME	TITLE	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	BOARD COMMITTEES	*NO. OF MEETINGS ATTENDED
MS TN MSIBI	NON-EXECUTIVE BOARD MEMBER (Chairperson of the Board as from 25 February 2021)	04 December 2019	Bar Finals; LLB (Hons)	Law		Legal Committee Remuneration and Human Resources Committee	
DR NB MABUYA-MOLOELE	NON-EXECUTIVE BOARD MEMBER Vice Chairperson of the Board (as from 25 February 2021)	Re-appointed 04 December 2019	MB BCH; MBA; DOH (Diploma in Occupational Health and Medicine); Cert Impairment Rating, Incapacity Management and Workplace Disability Management; BSc (Hons) Aerospace Meds; Certificate in Travel Meds; Certified Independent Medical Examiners (CIME) by the American Board of Independent Medical Examiners	Medical	Non-executive Director of SKF South Africa Chairperson and Non-executive Director of Armcoil (Pty) Ltd Chairperson of Protea Trade & Invest (Pty) Ltd	Chairperson: Social and Ethics Committee Remuneration and Human Resources Committee Operations, Information and Technology Committee	

NAME	TITLE	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	BOARD COMMITTEES	*NO. OF MEETINGS ATTENDED
MR LM NYAMA	NON-EXECUTIVE BOARD MEMBER	Re-appointed 04 December 2019	BSc Actuarial and Financial Maths; BSc (Hons) Financial Engineering; Master Investments (Thesis not defended)	General Insurance Life Insurance Retirement Schemes and Employee Benefits Investments Enterprise Risk Management Corporate Governance	Member of Actuarial Society of South Africa Member of IoDSA	Chairperson: Operations, Information and Technology Committee Risk, Governance and Actuarial Committee Audit Committee	
DR MC PEENZE	NON-EXECUTIVE BOARD MEMBER	Re-appointed 04 December 2019	B. Iuris (cum laude); LLB (cum laude); LLM: Human Rights (cum laude) (University of the Free State); Doctor Technologies: Business Administration (Central University of Technology); Africa Directors Programme (University of Stellenbosch Business School); Certified Fraud Examiner (New York); Advocate of the Supreme Court of South Africa	Legal and Corporate Governance	Office of Health Standards Compliance South African Institute for Drug-Free Sports	Chairperson: Legal Committee Social and Ethics Committee Risk, Governance and Actuarial Committee	

NAME	TITLE	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	BOARD COMMITTEES	*NO. OF MEETINGS ATTENDED
MR TS TSHABALALA	NON-EXECUTIVE BOARD MEMBER	Re-appointed 04 December 2019	Certificate in Business Administration; Certificate in Management and Administration of Non-Profit and Community-Based Organisations; Certificate in Start and Improve your Business; Diploma in Project Management; Postgraduate Diploma in Disability Studies	Corporate Governance and Disability	Board member: Disabled Employment Concerns Trust (DEC)	Remuneration and Human Resources Committee Social and Ethics Committee Legal Committee	
MR KM MOTHOBI	NON-EXECUTIVE BOARD MEMBER	Re-appointed 04 December 2019	BSc. (Med), BSc.H (Pharmacology); PDM-BA; MBA	Life/Health Insurance and Retirement Funds	Board member of Momentum Retail Funds Independent Board member of Contract Cleaning National Provident Fund	Chairperson: Risk, Governance and Actuarial Committee Social and Ethics Committee Operations, Information and Technology Committee Audit Committee	

NAME	TITLE	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	BOARD COMMITTEES	*NO. OF MEETINGS ATTENDED
MR H DANIELS	NON-EXECUTIVE BOARD MEMBER	04 December 2019	BCompt (Hons); LLM; CA(SA)	Accounting, Finance and Law	None	Chairperson: Audit Committee, Social and Ethics Committee, Legal Committee	
MS LZ FRANCOIS	NON-EXECUTIVE BOARD MEMBER	04 December 2019	BCom; (articles); Postgraduate Certificate: Accounting; GIA (SA); MBA; CRMA; Fellow of the Institute of Internal Auditors of SA (FIIASA); Certified Director (SA)	Accounting, Auditing, Enterprise Risk Management, Corporate Governance and Business Process Management	Member of the Audit Committee of LegalAid SA	Chairperson: Remuneration and Human Resources Committee Risk, Governance and Actuarial Committee Audit Committee	
MR BF RAMANTSI	NON-EXECUTIVE BOARD MEMBER (DIRECTOR-GENERAL)	04 March 2022	BSc, Biology (UL) BCom, Sport Management (Midrand Graduate Institute); B.Com Hons; Strategic Management (UJ); M.Phil (UP)				

14.4 BOARD AND COMMITTEES

Board and Committees as at 1 April 2022 to 31 March 2023

The RAF Board is fully constituted and supported by various committees, which perform oversight of Management's tactical operations.

AUDIT COMMITTEE

The Board of the RAF, as the Accounting Authority, has established an Audit Committee (AC) in compliance with the PFMA, as well as the NT Regulations issued in terms of the PFMA. The committee consists of four non-executive Board members.

MEMBERSHIP: AUDIT COMMITTEE

1 March 2022 to 31 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Mr. H Daniels	Chairperson	10 of 10
Mr. KM Mothobi	Member	10 of 10
Ms. LZ Francois	Member	10 of 10
Mr. LM Nyama	Member	9 of 10

The Chairperson is appointed by the Board and is an independent non-executive member of the Board. The current AC consists entirely of independent members. The Chairperson of the Board is not eligible to be a member of the AC.

The AC meets at least four times, mostly quarterly a year, but may meet more frequently when necessary. The committee may invite the Chief Executive Officer, Chief Financial Officer (CFO), Chief Audit Executive (CAE) and external auditors, or any other person to attend meetings upon invitation. The Committee meets with Internal Audit and representatives of the AGSA at least quarterly to ensure that there are no unresolved issues.

The Board has taken cognisance of the recommendations contained in King IV that the AC should consist entirely of independent non-executive Board members and should have the necessary financial literacy skills and experience to execute their duties effectively. The members elected collectively represent the required skills base.

The overall function of the Audit Committee is:

In accordance with the prescripts set out in the PFMA and Treasury Regulations, the King IV Report as well as the Sector Supplement for State-Owned Entities, the AC must assist the Board in discharging its responsibilities relating to the safeguarding of assets. Furthermore, it is responsible for the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the Internal Audit function and appointment of the Chief Audit Executive.

The AC report includes commentary on internal financial controls, external audit, going concern, risk management, internal audit, sustainability reporting and the expertise of the CFO and the Finance functions.

In terms of the RAF Act 56 of 1996, as amended, section 14:

(1) The Fund shall keep proper records of all its financial transactions and its assets and liabilities.
(2) (a) The accounts of the Fund shall be audited annually by the Auditor-General appointed in terms of section 2 of the Auditor-General Act, 1989 (Act No. 52 of 1989), in accordance with the Act and with such other laws as may be referred to in that Act.
(b) The Auditor-General shall submit to the Board copies of any report referred to in section 6 of the Auditor-General Act, 1989.

The AGSA is independent from the RAF and does not perform any non-audit services. The designated Audit Senior Manager was rotated after the conclusion of the 2017/18 financial year audit. Generally, the external audit team composition changes every five years.

Among other matters, the AC is responsible for monitoring and reviewing the effectiveness of the RAF's Internal Audit function. Each year it considers and approves the Internal Audit Plan, receives and reviews Internal Audit Progress Reports and approves any changes or shortfalls in the Internal Audit Plan.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Board of the RAF has also established a Remuneration and Human Resources Committee (REMCO), formerly known as the Human Capital, Social and Ethics Committee. This Committee consists of four non-executive Board members. The Director-General's representative on the Board may attend REMCO meetings as an invitee.

The Chairperson is appointed by the Board and is an independent, non-executive Director. The Chief Executive Officer, Chief Human Capital Officer, Chief Strategy Officer or other members of Senior Management and assurance providers may attend committee meetings, as required, but by invitation only and they may not vote.

The Committee meets at least twice a year, or as often as it is necessary.

MEMBERSHIP: REMUNERATION AND HUMAN RESOURCES COMMITTEE

1 April 2022 to 30 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Ms LZ Francois	Chairperson	7 of 7
Mr TS Tshabalala	Member	6 of 7
Ms TN Msibi	Member	6 of 7
Dr NB Mabuya-Moloele	Member	5 of 7

The Remuneration and Human Resources Committee is primarily responsible for oversight of remuneration and shall recommend a policy to the Board for approval which articulates and gives effect to its direction on fair, responsible and transparent remuneration. It will also recommend to the Board specific remuneration packages for Executive Management, including but not limited to basic salaries, annual bonuses, performance-based incentives, and other benefits. It recommends a Performance Management and Development Policy governing performance principles applicable to all employees and determines any criteria necessary to measure the performance of Executives in discharging their functions and responsibilities. It reviews, at least annually, the Executive Management's performance agreements. It also reviews salaries of staff members at all levels. The committee recommends Human Capital policies to the Board for approval, considers Employment Equity Acts and practice, as well as the Broad-Based Black Economic Empowerment (B-BBEE) Act performance of the entity.

RISK, GOVERNANCE AND ACTUARIAL COMMITTEE

The Risk, Governance and Actuarial Committee was established in line with the PFMA, as well as the NT Regulations issued in terms of the PFMA, but the establishment of a Risk, Governance and Actuarial Committee is not a statutory requirement for the RAF. The Committee covers the actuarial aspects of the organisation in addition to that of risk, among others. The Committee consists of four non-executive Board members. The Director-General's representative shall attend meetings as an invitee. The Committee has a cross-membership with the Audit Committee, in that the Chairperson of each of the Committees serves as a member of the other. The Chairperson is an independent, non-executive member of the Board. The Committee Chairperson is knowledgeable of the status of the position, and has the requisite risk management, business, financial and leadership skills. This Committee meets at least twice a year but may meet more frequently when necessary.

The Chief Executive Officer, Chief Strategy and Transformation Officer, Chief Audit Executive, Head Risk, Head Legal and Compliance, Statutory Actuary and Internal Actuary, Head Forensics or other members of Senior Management, and assurance providers may attend Committee meetings, as required, but by invitation only and they may not vote.

MEMBERSHIP: RISK, GOVERNANCE AND ACTUARIAL COMMITTEE

1 April 2022 to 31 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Mr K Mothobi	Chairperson	4 of 4

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Mr LM Nyama	Member	4 of 4
Ms LZ Francois	Member	3 of 4
Dr MC Peenze	Member	1 of 4

Risk management remains an integral part of the RAF's operations. The Risk, Governance and Actuarial Committee of the Board is satisfied that during the 2022/23 financial year the risks were managed within the risk appetite set by the Board and that sufficient monitoring, reporting and controls existed to ensure that risks were effectively managed.

The responsibilities of the Risk, Governance and Actuarial Committee include:

- Assisting the Board in developing its Risk Management Strategy.
- Reviewing and monitoring the adequacy and effectiveness of Management plans and associated actions in response to identified risks, exposures, trends, and concentrations.
- Reviewing RAF Risk Policies including any significant changes to these policies.
- Providing oversight over optimal capital management of the RAF and ensuring that the RAF maintains an appropriate level of capital in line with regulatory requirements.
- Oversight of risk governance and the Forensic Investigation Department.
- Ensuring that an actuarial control function is established and that the quality of such is reviewed regularly by the Internal Audit function.
- Reviewing, in conjunction with the Internal Actuary, the actuarial content of the figures that are in the RAF's Financial Statements to verify appropriateness of the actuarial methods and assumptions.

OPERATIONS, INFORMATION AND TECHNOLOGY COMMITTEE (OPSIT)

The Board of the RAF has established an Operations, Information and Technology Committee. The Committee consists of three non-executive Board members. The Chairperson is appointed by the Board and is an independent, non-executive Board member. The Committee meets at least twice a year, or as often as necessary.

MEMBERSHIP OPSIT

1 April 2022 to 31 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Mr LM Nyama	Chairperson	6 of 7
Dr NB Mabuya-Moloele	Member	6 of 7
Mr KM Mothobi	Member	7 of 7

The functions of this Committee include, but are not limited to the following:

- Developing user-friendly policies on all aspects of claims administration, including undertakings furnished in terms of the Act and any other matter referred to it by the Board.
- Making a recommendation to the Board for the appointment of professional panels.
- Assisting the CEO in devising strategies that would improve service delivery and ensuring streamlining of activities in the Operations business unit.
- Ensuring that the cost-of-service providers is minimised.
- Providing strategic direction and overseeing the implementation of an efficient and effective operating model.
- Considering, evaluating and overseeing the implementation of all customer services.
- Monitoring all transformation and change management activities, including the financial implications thereof.
- Supporting transformation, including transformation at a physical, human resource and financial level.
- Performing an ongoing cost–benefit analysis to ensure a return on investment in respect of the operational structure.
- Overseeing the cultivation and promotion of an ethical IT governance and management culture and awareness (measured through levels of governance, management skills and competencies) and of a common IT language.
- Providing the required leadership and direction to ensure that the RAF's IT function and infrastructure achieve, sustain, and enhance the RAF's strategic objectives.
- Focusing on the governance of information, as well as the governance of technology.
- Ensuring that an IT internal control framework is adopted and implemented and that the Board receives independent assurance thereof.
- Taking the necessary steps to ensure that there are processes in place to ensure complete, timely, relevant, and accessible IT reporting.
- Ensuring that IT is aligned with the performance and sustainability objectives of the RAF.
- Monitoring and evaluating significant IT investments and expenditure.
- Ensuring that IT forms an integral part the RAF's risk management culture.
- Ensuring that information assets are managed effectively.

SOCIAL AND ETHICS COMMITTEE

The Board of the RAF has established a Social and Ethics Committee. The Committee consists of five non-executive Board members. The Chairperson is appointed by the Board and is an independent, non-executive Board member. The Committee meets at least twice a year, or as often as necessary.

The functions of this Committee include, but are not limited to the following:

- Monitor the RAF's standing, and activities that the RAF undertakes to ensure that the business confronts corruption in all its forms, including extortion and bribery.
- Monitor that the RAF promotes equality and prevents unfair discrimination.
- Monitor the RAF's employment relations, and its contribution towards furthering the education of its employees.
- Monitor the effective management of ethics in the RAF; review the adequacy and effectiveness of the RAF's engagement and interaction with its stakeholders, as governed in terms of the Stakeholder Engagement Policy.
- Review the policy and strategy pertaining to the RAF's programme of Corporate Social Responsibility.

- Ensure that Management has allocated adequate resources to comply with Social and Ethics policies, codes of best practice and regulatory requirements.
- Agree on measurable long-term and short-term transformation targets and monitor progress against such targets. These targets will include appropriate goals on race, gender and disability, training, and skills development budgets.
- Review specific areas where levels of transformation are unsatisfactory and recommend corrective strategies.
- Ratify the verification agency employed by the organisation to verify progress on transformation, after obtaining assurance that the Executive Management was involved in the appointment process of the verification agency.

MEMBERSHIP SOCIAL AND ETHICS COMMITTEE

1 April 2022 to 31 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Dr NB Mabuya-Moloele	Chairperson	4 of 4
Dr MC Peenze	Member	3 of 4
Mr. H Daniels	Member	3 of 4
Mr TS Tshabalala	Member	3 of 4
Mr KM Mothobi	Member	4 of 4

LEGAL COMMITTEE

The Board of the RAF has established a Legal Committee. The Committee consists of five non-executive Board members. The Chairperson is appointed by the Board and is an independent, non-executive Board member. The Committee meets at least twice a year, or as often as necessary.

The Legal Committee must perform all the functions necessary to fulfil its role, including but not limited to the following:

- Provide oversight on corporate litigation; advise the Board on legislative changes; advise on and assess the impact of the changes to the RAF legislation, regulations, and delegations; review Category 'A' policies on legal services.

MEMBERSHIP LEGAL COMMITTEE

1 April 2022 to 31 March 2023

NAME	TITLE	*NO. OF MEETINGS ATTENDED
Dr MC Peenze	Chairperson	4 of 4
Ms. TN Msibi	Member	3 of 4
Mr TS Tshabalala	Member	4 of 4
Mr H Daniels	Member	4 of 4

14.5 BOARD MEMBERS' AND EXECUTIVE MANAGEMENT'S EMOLUMENTS

Non-executive Board Members

The Executive Authority approves the remuneration of the Board. Remuneration of non-executive members is benchmarked against the norms for organisations of a similar size and in line with the guidelines issued by the Executive Authority.

Non-executive Board members receive a fixed monthly remuneration. Remuneration is not determined by the frequency of the attendance of meetings, and it is escalated by inflationary adjustments only.

Executive Remuneration

The Chief Executive Officer makes recommendations to the Board concerning the remuneration of Executives (EXCO) and the Board approves the remuneration of EXCO members, including that of the Chief Executive Officer, in accordance with the approved Remuneration Policy. The RAF introduced performance-based remuneration for its Management staff by linking annual salary increases to individual contributions. Management receives an annual increase based on a combination of CPI and individual performance. The organisation conducts an annual Salary Survey/Benchmark to ensure that Management rewards and remuneration are market-related and kept at levels that will assist in retaining and attracting key leadership skills. The RAF aims to remunerate in line with the 50^{th} percentile (median) of the market to recruit and retain the Management team to lead the organisation. Over and above the basic salary, staff members receive a performance incentive as a percentage of their total cost of employment.

All EXCO members are employed on fixed-term contracts of employment.

The table below reflects the amounts paid to the Board members and Executive remuneration.

Executive Remuneration

2023	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Acting Allowance	Termination benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Collins Phutjane Letsoalo (CEO)	6 177	-	2 553	-	-	-	-	8 730
Bernice Potgieter (CFO)	2 957	-	703	212	87	-	-	3 958
Phathutshedzo Lukhwareni (CSTO)	2 528	-	375	239	75	77	-	3 294
June Rebecca Cornelius (Board Secretary resigned 31 August 2022)	1 013	272	574	119	-	-	2 717	4 695
Fikiswa Faith Nombulelo Fikeni (Acting CIAO from 05 July 2021)	1 270	-	203	93	23	208	-	1 797
Ian Granville Barriel (Acting CCSO)	1 942	-	403	255	83	342	-	3 026
Francina Mampe Kumalo (CGO from 08 August 2022)	1 598	-	-	175	51	-	-	1 824
Samson Sefotle Modiba (Acting CIO)	1 487	-	380	-	27	181	-	2 075
Maria Rambauli (Acting COO from 1 October 2020 to 31 August 2022)	817	191	-	106	20	141	-	1 275
Tsholofelo Walter Confidence Moeca	323	41	-	25	6	-	-	395
Total	**20 112**	**504**	**5 192**	**1 223**	**373**	**950**	**2 717**	**31 070**

2022	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Acting Allowance	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Collins Phutjane Letsoalo (CEO)	5 883	-	1 535	-	-	-	7 418
Bernice Potgieter (Acting CFO from 27 May 2021, appointed 1 March 2022)	1 234	-	414	90	62	162	1 962
Maria Rambauli (Acting COO from 1 October 2020)	1 866	-	359	241	47	323	2 836
Arinao Mulaudzi (Acting CIO 19 February 2021 to 15 August 2021)	554	-	-	43	20	48	665
Boitumelo Zeppora Mabusela (Acting CFO, resigned 7 May 2021)	187	142	-	-	-	28	357
Phathutshedzo Lukhwareni (Acting CSO)	1 740	-	381	156	71	295	2 643
June Rebecca Cornelius (CS)	2 315	-	629	272	-	-	3 216
Fikiswa Faith Nombulelo Fikeni (Acting CAE from 05 July 2021)	894	-	214	66	30	113	1 317
Vincent King Sotshede (CAE) (Resigned 30 May 2021)	335	205	-	26	17	-	583
Ian Granville Barriel (Acting CHCO)	1 851	-	404	243	79	326	2 903
Adriaan Louis Taljaard (Acting CMO 01 February 2021 to 31 May 2021)	326	-	-	30	-	27	383
Prudence Mpho Manyasha (Acting CMO from 29 July 2021)	1 099	-	-	64	-	133	1 296
Lebohang Majela (Acting CIO from 06 November 2021 to 14 March 2022	294	-	-	18	24	-	336
Mothusi Lukhele (Acting CIO from 16 August 2021 to 5 November 2021)	364	-	-	-	-	-	364
Total	**18 942**	**347**	**3 936**	**1 249**	**350**	**1 455**	**26 279**

Non-executive Board Members

2023	Members' fees R'000	Total R'000
Ms Msibi - Chairperson	1 024	**1 024**
Dr Mabuya - Vice-Chairperson	784	**784**
Ms Francois - Chair Committee	752	**752**
Dr Peenze - Member	750	**750**
Mr Daniels - Chair Committee	754	**754**
Mr Nyama - Chair Committee	751	**751**
Mr Mothobi - Member	753	**753**
Mr Tshabalala - Member	683	**683**
	6 251	**6 251**

2022	Members' fees R'000	Total R'000
Ms Msibi - Chairperson	1 059	**1 059**
Dr Mabuya - Vice-Chairperson	784	**784**
Ms Francois - Chair Committee	751	**751**
Dr Peenze - Member	750	**750**
Mr Mulaudzi - Chair Committee	188	**188**
Mr Daniels - Chair Committee	752	**752**
Mr Nyama - Chair Committee	750	**750**
Mr Mothobi - Member	733	**733**
Mr Tshabalala - Member	682	**682**
	6 449	6 449

15. INTERNAL CONTROL UNIT

15.1 RISK MANAGEMENT

The Enterprise Risk Management Framework, Annual Risk Implementation Plan and Risk Management Policy guide the annual implementation of risk management initiatives and priorities. The Risk Management Policy was revised and approved by the Board.

A Five-year Risk Management Strategy is being developed in alignment with the Revised Strategic Risk Profile (2023/24 financial year) that was approved by the Board on 29 March 2023. The Strategic Risk Profile serves as a foundation or critical reference point for the development of the Risk Management Strategy. It provides a comprehensive and systematic understanding of the key risks and uncertainties that the RAF may face in the pursuit of its strategic objectives. This, in turn, allows the RAF to develop a Risk Management Strategy that is aligned with its overall strategic direction.

The strategy will further provide a road map to improve risk maturity based on the outcome of the risk maturity audit findings and on control self-assessment undertaken by the Risk Management Department, as well as to align the Risk Management Strategies and initiatives to the New Operating Model and organisational structure.

The Fraud Prevention Plan is contained within the Forensic Investigation Strategy that is under implementation by the Forensic and Investigation Department. The Risk Management Strategy will be communicated to all employees once approved.

- Regular risk assessments are conducted to determine the effectiveness of its Risk Management Strategy and to identify new and emerging risks. Risk assessments are undertaken across the organisation on an annual basis where strategic risks, tactical, operational, project and process risks are identified. Each year, the Board evaluates the RAF's risks against current realities. The Board is appraised of the status of strategic risks and any emerging risks on a quarterly basis.

- The Board has established a Risk Management Committee that reports to it on the overall system and governance of risk management, especially the mitigation of unacceptable levels of risk. The Board is responsible for identification of strategic risks, opportunities, ensuring that risks are managed and monitored, and provides the direction risk management should take in the RAF. This responsibility for risk governance is expressed in the Board Charter and Risk Management Policy and associated Annual Plan. The Board, through the Risk Governance and Actuarial Committee (RGAC), ensures that appropriate risk management programmes are in place and monitors their implementation on a quarterly basis.

- An independent assurance is conducted by Internal Audit every two years to determine the effectiveness of risk management practices within the RAF. The Audit Committee is advised through internal audit reviews of the effectiveness of the system of risk management.

- The continuous implementation of risk mitigations has led to the reduction of the overall risk exposure. The RAF continues to mitigate the risks to bring them within the acceptable tolerance levels, which in turn translated into improvements in the RAF's performance.

15.1.1 COMBINED ASSURANCE

The RAF Combined Assurance approach is based on identified risks and ensuring that adequate assurance is achieved and reported to the Audit Committee in adhering to the approved Combined Assurance Framework.

The Combined Assurance Integrated Plan was compiled to ensure that adequate assurance was provided on all identified strategic risks and root causes. The compilation of the Combined Assurance Integrated Plan took into consideration the risk ratings, while ensuring that there is no under-assurance or over-assurance on all identified risks. The involvement of the internal assurance providers was paramount in the compilation of the Integrated Plan to ensure that assurance was provided at the most appropriate level of defence.

Assurance work performed by different assurance providers was analysed to determine the overall opinion on the control environment around the management of strategic risks, as well as the impact on organisational performance. The overall combined assurance opinion on each strategic risk was reported quarterly to the Audit Committee. Embedding and monitoring combined assurance throughout the RAF is a strategic imperative for the organisation.

16. INTERNAL AUDIT AND AUDIT COMMITTEES

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed the changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Performance Information Audit (Q4 of Annual Financial Statements 2021/2022)
- Validation of claims reported on Performance Information (Q4 of 2021/2022)
- ICT Security Review
- Performance Information: Q1 of 2022/2023
- Performance Information: Q2 of 2022/2023
- Validation of Claims Reported on PI: Q1 of 2022/2023
- SAP Application Controls Review (Procurement Process)
- Salaries and Payroll Management Audit Phase 2
- Management of Fraud Cases Audit
- Budget Management
- Ethics Management Review
- Performance Information Audit (Q3 of 2022/2023)
- General Controls Review
- Annual Performance Plan (2022/2023)
- Interface Review
- Validation of Claims Reported on PI (Q2 of 2022/2023)
- Validation of Claims Reported on PI (Q3 of 2022/2023)
- Supplier Claims
- Central Archiving Filing System (CAFS)
- Leave Management
- Networks Review
- Supply Chain Management including B-BBEE Spent and Contract Management Activities
- Call Centre Management
- 10 Ad Hoc Audits.

The following were areas of concern:

- Claims Management including Supplier Claims
- File Management and contract management thereof

17. COMPLIANCE WITH LAWS AND REGULATIONS

The RAF, as a public entity, must comply with applicable legislation, regulations, codes and standards. To this end, the RAF has a Regulatory Universe which encompasses all the regulatory requirements which it must comply with.

The RAF has an established Compliance Function with an approved Compliance Framework. The methodology used by the Compliance Function is aligned with and forms part of the RAF's Enterprise Risk Management Framework and adopts a risk-based approach to compliance management.

The Compliance Function further plays an advisory role on the regulatory requirements impacting specific business units and keeps them abreast of any new or amended regulatory requirements. In order to improve the compliance culture at the RAF, continuous training and awareness initiatives are undertaken to embed a culture of compliance through effective training programs and compliance awareness campaigns.Consequent to the 2022 Preferential Procurement Regulations coming into effect on 16 January 2023, the Supply Chain Management Policy was amended to provide for the RAF's preference point system, specific goals, and required proof of the claim for each goal.
The RAF is required in terms of subsection 17(4A) (a) of the Road Accident Fund Act, No. 56 of 1996 to quarterly adjust the statutory limitation placed on the recovery of a claim for loss of income or support quarterly by notice in the *Gazette*. Pursuant to this requirement the following Board Notices were gazetted during the reporting period:

- Board Notice 272 of 2022 was published on 06 May 2022 adjusting the statutory limit to R319,810, with effect from 30 April 2022.
- Board Notice 310 of 2022 was published on 29 July 2022 adjusting the statutory limit to R327,107, with effect from 31 July 2022.
- Board Notice 356 of 2022 was published on 28 October 2022 adjusting the statutory limit to R336,308, with effect from 31 October 2022.
- Board Notice 396 of 2023 was published on 10 February 2023 adjusting the statutory limit to R338,846, with effect from 31 January 2023.

18. FRAUD AND CORRUPTION

19.1. Fraud Prevention Plan

The Forensic Investigation Department (FID) of the RAF is responsible for the detection, investigation and reporting of fraud, corruption or any other criminal activities whilst also embarking on continuous fraud awareness campaigns to prevent such activities. The FID is reviewing its Fraud Prevention Plan.

19.2. Mechanisms of Reporting Fraud and Corruption

a) Fraud Hotline:

The RAF has appointed Vuvuzela Hotline (Pty) Ltd as the external service provider to administer the Fraud and Ethics Tip-Offs Hotline. The service provider receives any allegations of fraud, corruption and/or ethical behaviours including anonymous whistle-blowers.

b) Fraud e-mail:

The RAF also has a fraud e-mail address, fraud@raf.co.za for internal and external reporting on fraud, corruption and/or any other criminal activities.

c) Refer to the FID Form:

When an employee(s) of the RAF suspect(s) alleged fraud/corruption committed against the RAF, they report by completing an online referral form and may remain anonymous.

d) Protected Disclosures:

Protected Disclosures as defined by the Protective Disclosure Act are managed by the Ethics Office (EO).

19.3. How are these cases reported and what action is taken?

The FID refers the obtained criminal evidence to the South African Police Service (SAPS) for further investigations. Where an employee is alleged to have committed an act of misconduct, the FID conducts a preliminary investigation and confirmed allegations are referred to outsourced external forensic service providers for further investigations. The final report is also shared with the Employee Relations Department.

During the 2022/2023 financial year, 449 cases and 710 claims to the amount of R460 m were referred to the SAPS for further investigations.

20. MANAGING CONFLICT OF INTEREST

Declarations of Interest play a significant role within the organisation, especially during the SCM acquisition process. Currently, the process is being monitored manually by adhering to completion of the forms provided by SCM to officials serving on the SCM Committees (Bid Specification Committee (BSC), Bid Evaluation Committee (BEC) and Bid Adjudication Committee (BAC). It is expected that each member/s declares their interests before a meeting commences. When a Declaration of Interest is identified, the members/s are expected to recuse themselves completely from the SCM acquisition process and be replaced by other officials who have no interest in the process under consideration. The records for signed Declaration of Interest forms are kept for record and audit purposes. The process is informed by the RAF-approved SCM policies that are aligned with the National Treasury Practice Note No. 7 of 2009/2010 SCM – Declaration of Interest: Amendment and Augmentation of Standard Bidding Document (SBD4) "16A8.4, which depict that if an SCM official or other role player, or any close family member, partner, or associate of such official or other role player, has any private or business interest in any contract to be awarded, that official or other role player must – (a) disclose that interest; and (b) withdraw from participating in any manner whatsoever in the process relating to that contract.

21. CODE OF CONDUCT

The Ethics Policy acts as the code of conduct for the RAF to promote an ethical culture within the organisation. The Code of Conduct emanates from the King IV Report on Corporate Governance published on 01 November 2016. The Board of Directors of the RAF is committed to setting the tone from the top and leading the organisation in an ethical, effective, and efficient manner. In addition, the Constitution of the Republic of South Africa Section 195 (1a) requires a high standard of professional ethics to be promoted and maintained.

An Ethics Risk Assessment was conducted during the period under review, to measure the RAF's state of organisational ethics (ethical risks, ethical culture, management maturity and effectiveness of the ethics programme and the Ethics Strategy).

The Social and Ethics Committee continued to render an oversight role for the implementation and execution of the ethics function and provide strategic direction.

The Ethics Office continued to provide education and awareness to all RAF employees on organisational values, Ethics Policy and standard operating procedures. To promote a conducive working environment for all employees, the Ethics Office, through its communication plan, continued to issue quarterly newsletters and internal communiques on how employees must conduct themselves in an ethical manner. During the period under review, 99% of employees submitted their Declaration of Interest forms, 92% of new employees were inducted and 95% of employees across all task grades attended Ethics training.

Employees who contravene the code of conduct or any applicable regulatory requirement through any deliberate or negligent act or omission, including allowing any staff, either expressly or impliedly, not to comply with the code of conduct or any applicable regulatory requirement, will be considered serious and will be dealt with in terms of the RAF's disciplinary policies and procedures.

22. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Provide a brief description and nature of Health Safety and Environmental issues and the effect they have on the public entity.

During the 2022/23 financial year, the RAF sourced a service provider to conduct an annual Occupational Health and Safety (OHS) Compliance Audit at its head office, regional offices, and CSCs to measure the level of compliance with the Occupational Health and Safety Act, Act No. 85 of 1993, as amended. The results are outlined in the tables below:

Region	2021/22	2022/23	%Change
Eco Glades	98.6%	96.35%	-2.25
Menlyn	91.8%	94.59%	2,79
Johannesburg	97.7%	98.25%	0.55
Durban	95.8%	96.86%	1.06
East London	93.7%	92.32%	-1.38
Cape Town	98.1%	97.21%	-0.89
Bloemfontein	93.7%	97.56%	3.86
Kimberley	94.6%	94.24%	-0.36
Nelspruit	93.5%	97.07%	3.57
Polokwane	94.6%	95.99%	1.39
Port Elizabeth	94.2%	92.36%	-1.84
Mahikeng	93%	98.08%	5.08
NB: Negative % change indicates a decline in the OHS score, whilst a positive % change shows an increase in the OHS score.			

Occupational Health and Safety Committee

The role of the Occupational Health and Safety Committee in managing health and safety was further supported by the Crisis Management Committee. These Committees played a significant role of ensuring that health and safety practices are implemented to reduce hazards in the workplace, monitor incidents and manage health and safety risks.

Health and Safety Training and Awareness

OHS training and awareness are also important components of the crisis response strategies, as employees need to know how to apply and follow the new measures and procedures introduced by the employer to manage health and safety. Ongoing awareness was created, and employees' concerns were adequately addressed.

Accidents and Incident Monitoring

No major incidents were reported during the reporting period. However, minor incidents were managed by the relevant OHS Practitioners located in the respective RAF locations.

23. COMPANY/BOARD SECRETARY

The Company Secretary's role and responsibilities include, but are not limited to the following:

- Providing a central source of guidance and support to the Board on matters of good governance.
- Assisting with the Board induction and training programmes.
- Ensuring that Board and Committee Charters are kept up to date.
- Preparing and circulating Board documents.
- Eliciting responses for Board and Board Committee meetings.
- Drafting annual work plans.
- Ensuring preparation and circulation of Minutes of Board and Board Committee meetings.
- Assisting with the evaluation of the Board, Committees and individual Board members.
- Providing assurance that the RAF has lodged all returns, as required by the PFMA, 1999 (Act No. 1 of 1999).

24. SOCIAL RESPONSIBILITY

In line with the NT Annual Report Guide for Schedule 3 Public Entities, the RAF, through its Corporate Social Responsibility (CSR) component, has funded the following programmes for the 2022/23 financial year to meet its social responsibility obligation. The expenditure is also to ensure compliance with the Transport Sector Codes which is measured by the B-BBEE Act under the Socio-Economic Development (SED) element in the Codes of Good Practice.

All programmes were pro-actively identified to support the approved RAF 2020–2025 Strategic Plan.

Grant/Donation	Description	Strategic Partner
R1,212,952.00	Funding towards the establishment of five food security gardens at schools for learners with special educational needs in partnership with the Basic Department of Education LSEN Directorate.	The Green Development Foundation (GDF)
R430,000.00	Donation towards tertiary support for four top Matric learners with special educational needs from two poorly performing provinces identified through the Annual Matric Results Announcements.	The QuadPara Association of the Western Cape (QAWC)
R9,457,848.00	Funding towards the implementation of the Bus Driver Wellness Pilot Project. The mobile offers free health checks and has a mobile office for	The South African Healthcare Foundation

Grant/Donation	Description	Strategic Partner
	claims enquiries to serve disadvantaged communities.	

25. SUPPORT FUNCTIONS

25.1 CORPORATE COMMUNICATIONS

The RAF Corporate Communications Division consists of three business units, namely:

- Public Relations and Campaign Management:
  - Marketing.
  - Reputation Management.
  - Road Safety
- Corporate Communications:
  - Social and Digital Media.
  - Internal Communication
- Customer Relationship Management Unit (formerly Call Centre)

MARKETING

As the RAF transformation wheels turned, creating awareness, and educating the public on the RAF 1 Form was one of the key focus areas for the year. A huge educational campaign drive was rolled out in the market which comprised of print advertising. The RAF 1 Form print advert was published in a total of 34 publications in national, regional as well as community newspapers.

The RAF 1 Form educational messaging was also taken to our streets with the messaging being communicated through street pole advertising on over 73 sites across the country. Radio adverts were flighted on 43 community radio stations on the first burst of the campaign and over 39 radio stations across the country on the second burst of the campaign. The message was also entrenched through the Comrades Marathon activation drive. Flyers were distributed across various activations to ensure the message has further market reach.

A fraud campaign drive was also rolled out in the market through a print media campaign and outdoor media, respectively. The fraud messaging was publicised in a total of 34 publications in national, regional and community newspapers. The campaign was further augmented with an Out-of-Home (OOH) campaign drive where the fraud messaging was publicised in a total of 95 billboard sites, as well as trailer advertising across the South African landscape. Radio adverts were flighted on over 39 radio stations across the country. Flyers were distributed across various activations to ensure the message has further market reach.

The educational drive on the RAF's Funeral Benefit was deployed in the market during the financial year. The campaign was communicated on community radio to ensure maximum reach, as well as placements on two national print publications, namely *Sowetan* and *Daily Sun*. Flyers were distributed across various activations to ensure the message has further market reach.

Various activations were carried out in the market ranging from mall activations to exhibitions to bring the RAF brand to life and educate the public on the product benefits of the RAF. This also included the reforms taking place at the RAF (including the new claim forms introduced), raising awareness around road safety and fraud awareness. In driving its branded messaging, the RAF took its brand to the exhibitions such as the Comrades Marathon, Rand Easter Show, Soweto Marathon, GCIS Exhibition, 94.7 Cycling Show, Amashova, Macufe and the Sanlam CT Marathon during the year.

A radio campaign was launched to communicate the Menlyn Region's Customer Service Centre office relocations. This was communicated on 22 community radio stations. In addition, various business support initiatives were done ranging from the branding and launch of the RAF Bus and the production of Corporate Social Responsibility's (CSR's) initiative, the *Leeto* TV show flighting on Moja Love, DStv's Channel 157.

Business operational support was provided through the development of a new Medical Expert Report Form. A revision of the RAF 1 Form was done. Artwork development was done for a fraud awareness booklet, as well as for the exhibit at the Soweto Marathon and Jozi Ride where the RAF participated. The EWS team was assisted towards the preparation for National Sports Day and Interfund Games.

To drive the strategic outcomes of the organisation by deriving market insights and intelligence which inform strategic decisions various research studies were conducted, and research study reports drawn. These ranged from the Business Continuity Management Trends Report for 2022, Media Landscape Trends and Planning, Market Analysis of Inclusion by the Public Sector in South Africa, etc. Primary research on the basic funeral costs was conducted. Its report provided findings on how much funeral parlours are charging for the provision of basic funeral services. The pricing information was utilised to establish a funeral benefit threshold to be paid to claimants.

The Complaints Handling Research Report shared information on complaint management and the value of enhancing complaints management in the RAF's service design.

Drafting a questionnaire design for the RAF Plaintiff Attorney Satisfaction Survey was done. The same was done for the Stakeholder Engagement Survey targeted at the legal fraternity and the Department of Health. These were developed to conduct two Stakeholder Engagement Surveys following the Round-table Stakeholder Discussion with the RAF CEO.

REPUTATION MANAGEMENT

According to the RAF's media-monitoring company, Newsclip, the Advertising Value Equivalency for 2022/23 was R153,708,022.00, down by 15% from the last financial year. Similarly, the number of RAF-related stories (clip counts) fell by almost 20% from 4,706, the biggest drop being online (34%) – see below. RAF sentiment was relatively stable with only a 4% increase in positive stories and 3% in negative stories. In contrast, neutral stories showed a sharp decrease of 29% – see below.

In Q1, the CEO successfully engaged various stakeholders about the RAF's transformation journey during Round-table Stakeholder Discussions in Mbombela (Mpumalanga) and Mahikeng (North West). Extensive coverage was received from local, regional and national radio stations, including newspapers and website media. The failed bid by six law firms to remove the CEO received media interest, as did the RAF's road safety awareness ahead of the Easter holidays in regional and community radio stations.

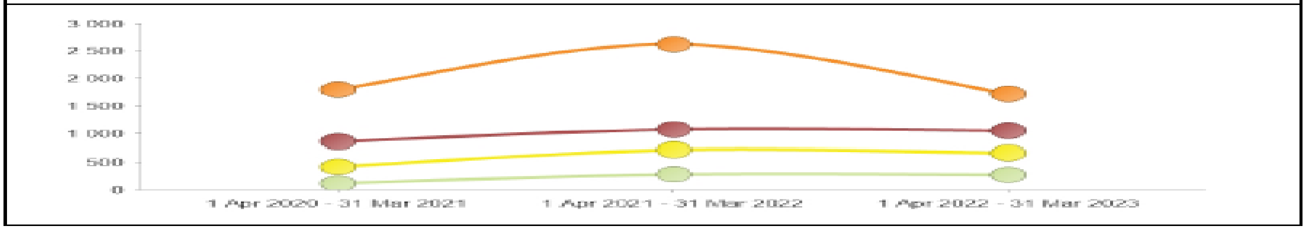
The Fund's CSR efforts fell under the spotlight in Q2 during Mandela Month when sustainable agriculture was promoted to improve the environment, health and well-being of community members at special schools in Tembisa (Gauteng), Seshego (Limpopo) and Khayelitsha (Western Cape). Publicity continued about the changes underway at the Fund when the CEO participated in a panel discussion on SABC 1, in which he discussed the RAF's mandate, challenges and road safety. Road safety messaging continued during a Radio 2000 outside broadcast at the Fund's Comrades Marathon exhibition stand.

In Q3, the RAF Driver Wellness Programme and branded bus was launched with great fanfare during October Transport Month in Mbombela. Regional stations reported on the colorful event, with other media continuing coverage into Q4 as the bus journeyed in Limpopo, Mpumalanga and other provinces, with relevant officials conducting health checks on long-distance drivers. Road safety messaging was reinforced by community and regional radio stations, TV stations, newspapers and websites in reports about tyre safety workshops and in a widely publicised advertorial for the festive season.

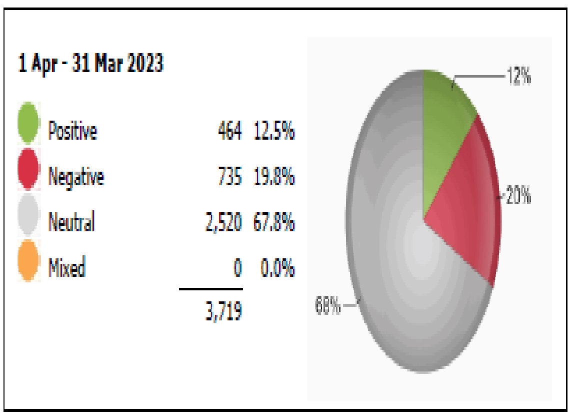
Educational advertorials about the New Operating Model and requirements around the RAF 1 Form were published nationally and publicised through radio interviews. Meanwhile, dubious claims were reportedly halted when the courts ruled there was insufficient evidence to support their payment.

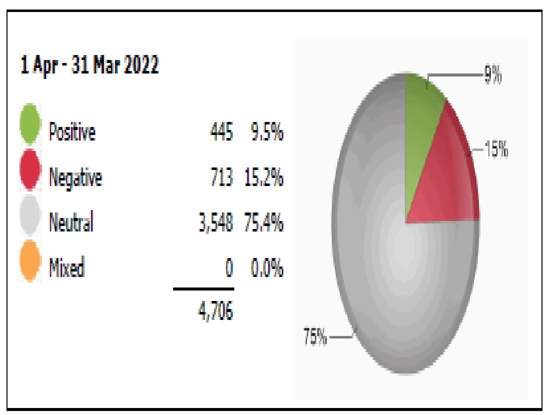
2022/2023 Graphs

Clip Count	1 Apr - 31 Mar 2021	1 Apr - 31 Mar 2022	1 Apr - 31 Mar 2023		
Print	859	1 075	1 054	2%	-21
Television	120	281	276	2%	-5
Radio	422	720	664	8%	-56
Online	1 803	2 630	1 725	34%	-905
	3,204	4 706	3 719		



Clip Counts





Sentiments 2022/23 versus 2021/22

ROAD SAFETY

As part of the implementation of the RAF's Strategic Plan (2020–2025) and the New Operating Model as well as in support of the National Road Safety Strategy, the Fund has identified that it is imperative for Crash Prevention to become one of the key areas of focus. In doing so, the RAF is continuously coming up with initiatives aimed at prevention and/or reduction of motor vehicle injuries and fatalities. Premised on this is a much deeper understanding of the cause of crashes and developing crash prevention strategies, not just for the benefit of the RAF but for the entire transport sector involved in the implementation of the National Road Safety Strategy.

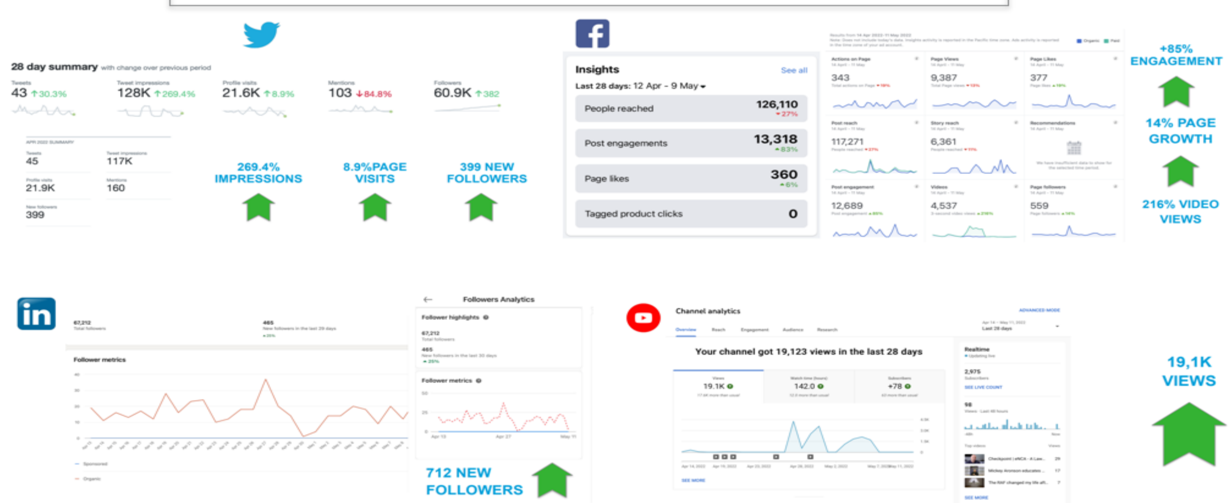
As it has been established by statistics from South Africa and the world over that human factors are a major contributor to fatalities and serious injuries on our roads. As a result, the bulk of the RAF's crash prevention initiatives need to focus on education and awareness programmes with the aim to change the attitudes and behaviour of road users over time.

Premised in the RAF's involvement in the prevention of crashes is a need to mitigate the risk of the escalating cost of claims. It also serves as a contribution to the overall achievement of the DoT's National Road Safety Strategy (2016) with a Cabinet-approved goal of a 50% reduction of road crashes by 2030. Furthermore, it was established in a study conducted by the Road Traffic Management Corporation (RTMC) that the cumulative annual cost of crashes in South Africa exceeds R200 billion; the RAF's involvement is an attempt to assist the country to reduce the financial burden brought by the prevalence of road crashes in the country.

Research shows that targeted road safety education campaigns informed by accident statistics have a positive behavioural change to society, which in turn reduces the number of fatalities and serious injuries. In order for its initiatives to be impactful, the RAF, in implementing its road crash prevention initiatives, always attempts to focus on the evidence-based road safety approach. To this end, an analysis of road crash statistics is conducted to identify the most hazardous locations and contributory/causal factors.

Hereunder are the highlights of other Road Safety campaigns that were undertaken in the 2022/23 financial year:

Successful 2022 Easter Road Safety Campaign Drive



One of the flagship initiatives was the Driver Wellness Programme which was launched in October 2022. Through this programme, the RAF acquired a mobile clinic where (mainly) long-distance commercial drivers (taxi, bus and truck drivers) are tested for visual impairment and chronic health conditions such as diabetes, high blood pressure, iron deficiency, cholesterol, etc. The solution designed for the RAF assists by proactively examining and educating the public about the impact of health on driving. Examining includes eye testing to detect defects in vision, signs of injury, abnormality, and problems with the general health of the eye (optometry) and checking of the vitals.

Drivers who are found to be visually impaired by the on-board optometrist are issued with prescription driving spectacles on the spot at no cost. Drivers found to have ailments that require further medical attention are issued with referral letters by the nurse on board to visit their local clinic or general practitioner. This project has assisted the RAF and the road transport sector in general to highlight health as one of the major contributors to road crash fatalities and injuries in South Africa.

Hereunder are the key initiatives undertaken within Road Safety:

Programme	Outcomes
Driver Wellness Programme	The Driver Wellness Programme was conducted in all provinces. There were 6,769 people that visited the mobile clinic, Of this number, 5,371 did the vitals check with the nurse while 5,001 conducted eye tests with the optometrist, making the total number of consultations 10,371. A total of 415 drivers were found to be visually challenged and were given spectacles, while 100 were given eye medication. Of all the drivers who received spectacles, 95% of the beneficiaries were South African nationals. Of the total consultations, 1,658 drivers were referred for medical treatment.
Defensive Driver Workshops	The RAF provides defensive driver training workshops to public transport and truck drivers across the country. This is to improve their safety techniques and awareness with the aim to contribute to decreased incidents of crashes involving this category of drivers. During the period under review, a total of 15 workshops were conducted where 888 public transport (bus and taxi) drivers were trained; and an additional 514 scholar transport drivers received training across the country.

Programme	Outcomes
Implementation of a Crash Verification System (CVS) (APP 202/21 target)	Contribute to road safety by managing an internal road crash database: For the year under review, there was a total of 21 primary data generators that had shared road crashes related data with the RAF. They include, among others, the RTMC, ER24, SAPS, Ekurhuleni Metro Police, Limpopo Department of Roads and Transport, Gauteng Community Safety, Tshwane Metro Police Department, Johannesburg Metro Police Department, Mpumalanga Community Safety, Department of Transport: KwaZulu-Natal, North West Community Safety, and Ethekwini Metro. The data collected is used for claims verification, to inform road safety initiatives as well as to develop specific reports for the RAF.
Promotion of Cyclists Safety	The RAF partners with Pedal Power Association and provinces to promote cyclists' safety in various areas. This is done by educating cyclists who mainly commute to work and schools using bicycles about basic rules of the road as well as the importance of wearing bright clothing and a helmet. During this quarter, the RAF, in partnership with Pedal Power Association distributed 1,950 RAF co-branded reflective bibs and 1,200 lights.
Practical Safety Training for Motorcyclists	The RAF conducts practical safety training for commercial/delivery bikers. This programme seeks to prevent and/or reduce road crashes involving this road user grouping. During the period under review, the RAF held practical safety workshops for bikers in Kwazulu-Natal, Western Cape, Mpumalanga, Limpopo, and Gauteng. The focus was on delivery bikers because of the increasing crashes involving this road-user category. A total of 195 bikers were trained.
Promotion of Tyre Safety	In partnership with the South African Tyre Manufactures Conference (SATMC), the RAF conducted tyre safety workshops aimed at empowering law enforcement officers with information that will assist them to enforce the law surrounding tyres and also educate motorists about what to look for when purchasing new tyres. During the year under review, the RAF conducted tyre safety workshops and law enforcement operations. The training benefitted 207 law enforcement officers in three provinces.
Road Safety Educational Videos	The RAF developed road safety educational videos. The videos are targeted at social media users (Facebook, Instagram, Twitter, YouTube and Linkedin). The videos needed to be at least 30 seconds long, covering the following topics: • The legal requirements for tyres and the importance of tyre threads for your safety; • The dangers of buying second-hand tyres, how to check the tyre expiry date and why it is important; • The effect of overloading to your tyres; • How using a car seat can save your child from death or serious injury; • The seven cardinals of a defensive driver; and • Appropriate riding gear saves lives.

SOCIAL AND DIGITAL MEDIA

Total Fans 2022/23
441 936

FB:	IG:	Twitter:	LinkedIn:	YouTube:
290 526	**12 531**	**64 300**	**71 421**	**3 158**

TOTAL NEW Fans Achieved in 2022/23: **12 269**

As at 31/03/23

Total fans 2021/22 = **429, 667**

Total Fans 2022/23 = **441, 936**

New fans acquired versus the previous year = **12, 269**

Increased awareness and Reach through New Platforms

Platform	Impressions	Reach	Engagement/ Swipe Up	Engagement Rate.
TikTok Ads	3 479 976	36 142	1 946	2.41%
Snap Chat	209 834	75 754	4 486	1.8%

2022/23 Financial Year Highlights

The Social and Digital Media (SDM) Unit started the 2022/2023 financial year with a very successful Easter Road Safety Campaign. Consequently, we saw exceptional growth in the number of followers and the engagement rate across all RAF social media platforms.

A greater emphasis was put on ensuring the developed RAF Values are well entrenched into the minds of the public by launching an increased awareness drive across all platforms. Fraud and Road Safety Campaigns were also implemented throughout the year as part of the strategic outcomes drive.

The Unit's new strategic direction to provide more visually engaging content in the utilisation of the YouTube channel has resulted in a 7.1% increase in subscribers. It is worthwhile to note that most of the videos activated were organic videos created in-house by the RAF. The RAF website's engagement rate also boasted a healthy average session duration of 01:51 minutes from a total of 832,846 visitors in the 2022/2023 financial year.

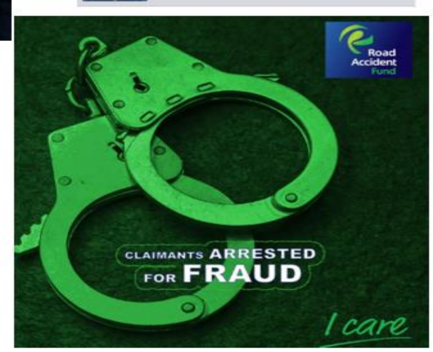
The SDM platforms finished the year with over 12,000 new fans and followers across all RAF social media platforms (Facebook, YouTube, Instagram, Twitter, and LinkedIn). It featured promotional advertisements on two other popular platforms (TikTok and Snapchat) which received combined *impressions of more than 3,6 million and a *reach of over 111, 000.

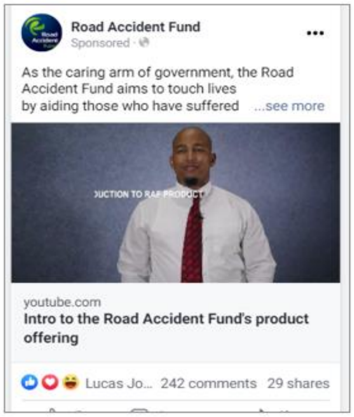
* **Impressions** are the number of times your content is displayed, no matter if it was clicked or not.

* **Reach** is the total number of people who see your content on social media.

Hereunder are some of the themes covered during the 2022/23 financial year:

Fraud Awareness



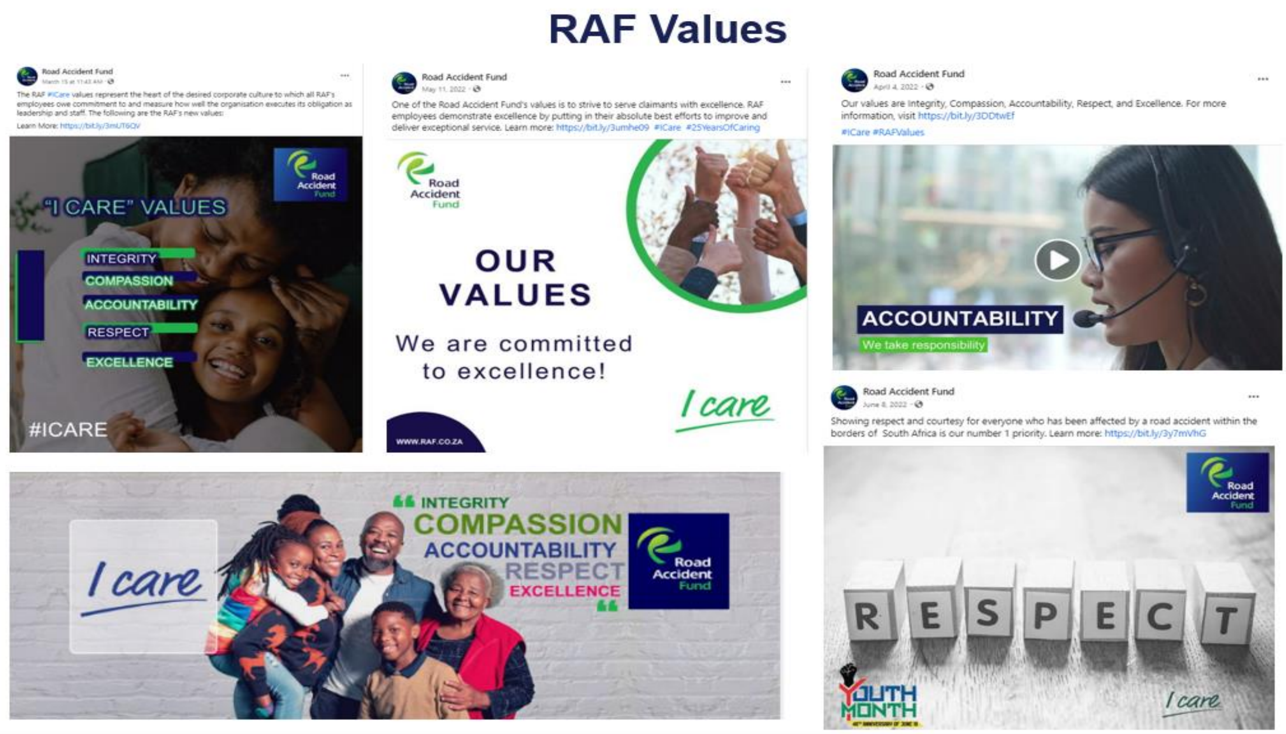


RAF Product Benefits

RAF Model/Transformation

RAF Operating Model

RAF Values



CUSTOMER RELATIONSHIP MANAGEMENT UNIT

The RAF was generally perceived as a non-responsive organisation by its stakeholders. This has resulted in the RAF plans to establish the enterprise Customer Relationship Management (CRM) in the 2023/24 financial year. This will provide a holistic view of the organisation's interactions with claimants. The lack of a single view of claimant interaction and claim information is potentially the largest root contributor to the dissatisfaction experienced by claimants.

For the RAF, Customer Relationship Management (CRM) is a business strategy for improving service delivery by focusing on customer needs and creating an attentive relationship with RAF's stakeholders. It involves a personalised and interactive approach for the entire claimant lifecycle. CRM's approach further aims to enforce customer relationships through its ability to combine people, processes and technology to understand and serve RAF's customers.

Through CRM, the RAF will be able to centralise all customer interactions, regardless of the channel used by the claimant or stakeholder. CRM will enable the RAF to measure its performance against customer relationship targets, such as the rate of query and complaints resolution. Furthermore, CRM provides analysis of customer data and behaviour patterns which can improve business decisions to improve customer value.

25.2 STAKEHOLDER RELATIONS

Part 5.5, Principle 16 according to the King VI Report, states that in the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time. For the 2022/2023 financial year in response to the above principle, the RAF in the continuous implementation of the business five-year strategy, followed the same approach.

As part of enabling business, Stakeholder Relations Management (SRM) facilitated and coordinated various engagements at various levels and this, among other things, included strategic and operational initiatives. SRM was critical in the facilitation of the SADC MVA Fund engagements with other member countries including Namibia, Botswana, and Swaziland. These activities resulted in South Africa hosting a successful CEO's Forum in Cape Town in November 2022. This is one strategic platform whereby sister entities would share best practices to the benefit of the parties and to this end, that resulted in various Committee initiatives taking place and the involvement of and secondment to the RAF on the Case Management Project, People Management initiatives, Enterprise Resource Planning, Emergency Medical Service providers and many more. The above transnational initiatives continue to advance the RAF's effort to enhance the internal efficiencies as part of the implementation of the 2020–2025 Strategic Plan with one focus area being the reduction of medical costs.

Domestically, SRM facilitated a nationwide Round Table Stakeholder Discussion drive for the CEO and his executive leadership to visit provinces to advocate the new strategy and promotion of the RAF products and services. These engagements were aimed at discussing a wide range of issues, among others:

- The RAF 2020–2025 Strategic Plan;
- RAF's Operating Model;
- To address issues of concern; and
- To solicit feedback.

It gave the CEO an opportunity to obtain first-hand feedback from a myriad of stakeholders which included NGOs, Community-Based Organisations, legal, medical, social, national, provincial, traditional, and local stakeholders. During the financial year under review, the CEO managed to visit Gauteng, Mpumalanga, North West and the Eastern Cape. The RAF CEO had an opportunity to have direct interactions with the broader community of the stakeholder landscape and received direct information about the issues and challenges facing the end users of the RAF services. This was critical for the RAF business in terms of understanding issues, as well as developing joint solutions with the affected parties.

Beside the above strategic initiatives, SRM has been a catalyst for the facilitation and coordination of all the strategic projects in the CEO's office including Emergency Medical Services (EMS) initiatives, ICMS, Customer Relations Management, the Driver Wellness Programme, CSR, and any other *ad hoc* initiatives.

In terms of formalisation of relationships to the benefit of business and to support the current strategy, SRM facilitated and ensured that MoUs were signed.

There have been numerous collaborations at an operational level, and this included engagement with the private and public health sectors regarding partnerships on dealing with supplier claims and document management. This was aimed at ensuring that supplier claims should be settled within 30 days.

25.3 INFORMATION AND COMMUNICATION TECHNOLOGY

We acknowledge the imperative of Digital Transformation and are unequivocally dedicated to bolstering this facet of our competencies within the RAF. Persistently, we enrich and utilise our solutions and platforms to provide effortless access and a streamlined, user-friendly claimant experience. Our primary aim is to deliver unparalleled quality, particularly in areas where swift and digital execution is crucial. Across all our operations we are consistently achieving fundamental excellence and adhering to our unwavering commitment to always being accessible. In 2023, the department continued to focus on implementing initiatives to assist the RAF in meeting its strategic mandate to support and aid victims of motor vehicle accidents. Some of the key achievements were:

1. Optimisation of current technology and ICT services supporting the overall RAF business operations. This resulted in a reduction of legal costs, short-term liability, and the time it previously took to finalise and settle claims.
2. Leveraging and using cloud computing services in strategic and prioritised areas of focus.
3. Deployment and strengthening of our cybersecurity measures.

Driving Strategic Modernisation and Digital Transformation

Digitisation creates the opportunity for us to serve claimants faster and better, enabling us to positively impact claimants' outcomes while ensuring the efficient settlement of claims within the mandated 120 days. To implement this, the RAF has successfully initiated Project Bokamoso. The initiative aims to enhance customer experience through automation of claims, enabling omnichannel engagements, self-service capabilities, detection, and prevention of fraud. This strategy also involves modernising the technology platform to support the organisation's revised operating model, claims processing efficiency, and streamlining processes for enhanced service delivery. As a key milestone in the RAF's Digital Transformation journey, this is a critical pillar of the New Operating Model and will serve the organisation well going into the future.

In response to the challenges of legacy technologies, the acceleration of digital technologies, RAF is capitalising on this momentum, embracing modern transformation technologies such as cloud computing, Artificial Intelligence, and Robotic Process Automation. This strategic move is designed to deliver a multitude of benefits such as: streamlined solution deployment, omnichannel engagement platforms for claimants, and enhanced fraud detection through cutting-edge machine learning algorithms.

Fortifying Cybersecurity and Managing Risks

In a world where cyber threats are growing more sophisticated, the RAF has taken robust measures to fortify our defences against potential security breaches. Given the rise in ransomware attacks, we have deployed a 24/7 Security Operations Centre for real-time network analysis and anomaly detection. Coupled with enhanced access control mechanisms and proactive security testing, we are committed to safeguarding our vital services to accident victims.

Looking Ahead

Given the rapid technological advancements of the Fourth Industrial Revolution, the RAF is poised to fully adopt cloud technology. We plan to transition the RAF's entire technology infrastructure to reputable cloud providers, a move that promises to transform claims administration and enhance the overall claims experience. This strategic migration to cloud-based technology underscores our commitment to achieving the RAF's strategic goals, ensuring that we remain at the forefront of technological innovation in service delivery.

26. AUDIT COMMITTEE REPORT

The Audit Committee Report is contained in Part F of this report refer to page 170.

27. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance and compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes/No**	**Discussion** (***include a discussion on your response and indicate what measures have been taken to comply***)
Determining the qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The RAF does not issue licences, concessions, or other authorisations
Developing and implementing a Preferential Procurement Policy?	Yes	The RAF Procurement Policy is in place and in line with the latest SCM prescripts
Determining qualification criteria for the sale of state-owned enterprises?		N/A
Developing criteria for entering into partnerships with the private sector?	No	
Determining the criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	Yes	The RAF applies criteria such as the percentage of ownership by black women and youth when evaluating and awarding grants for Enterprise and Supplier Development beneficiaries in line with the provisions and principles of the B-BBEE Codes of Good Practice and the broader B-BBEE Policy Framework. The RAF budgets for funds annually to support small businesses in line with the Enterprise and Supplier Development element. For the 2022/23 financial year a budget of R8.7 million was committed to support 32 beneficiaries to provide Youth Employment Services.

TEMPLATE ON REPORTING BY ORGANS OF STATE AND PUBLIC ENTITIES IN TERMS OF SECTION 13(G)(1) OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT 53 OF 2003 AS AMENDED BY ACT 46 OF 2013

The following table must be completed in full by the Sphere of Government/Public Entity/Organ of State:

Has the Sphere of Government/Public Entity/Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	**Circle relevant answer**	**Attachment**
Determining the qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	The RAF's mandate does not relate to the issuance of any licence, concessions, or authorisations in respect of economic activity other than road accident-related claims.
Developing and implementing a Preferential Procurement Policy	Yes	The RAF's Preferential Procurement Policy is in place. The RAF has revised the Preferential Procurement Policy in line with the latest Treasury Instruction on the Preferential Procurement Policy. The revision was needed as the National Treasury advised against the use of the previous Preferential Procurement Regulations following the court verdict that declared them unlawful and set them aside in 2021.
Determining the qualification criteria for the sale of state-owned enterprises		N/A
Developing the criteria for entering into partnerships with the private sector	No	N/A
Determining the criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	Yes	The RAF applies criteria such as the percentage of ownership by black women and youth when evaluating and awarding grants for Enterprise and Supplier Development beneficiaries in line with the provisions and principles of the B-BBEE Codes of Good Practice and the broader B-BBEE Policy Framework. The RAF budgets for funds annually to support small businesses in line with the Enterprise and Supplier Development element of the B-BBEE

Has the Sphere of Government/Public Entity/Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	**Circle relevant answer**	**Attachment**
		Scorecard. An amount of R5.6 million was approved to support 20 beneficiaries and a budget of R8.7 million was committed to support 32 beneficiaries in the next financial year.

APPROVED BY:

____

ACCOUNTING AUTHORITY:

ROAD ACCIDENT **FUND**

DATE: / /

PART D: PEOPLE MANAGEMENT

28. PEOPLE MANAGEMENT

28.1 INTRODUCTION

The People Management Department is at the forefront of the transformational journey. It aspires to lead by example as a service-oriented team providing expert Human Resource advice and support to foster a transformative and buoyant environment that is based on excellence and accountability.

It is noted that the demand for transformative, strategic, and collaborative People Management services continues to grow, leading to the RAF maximising individual potential, increasing organisational capacity, and positioning it as an employer of choice.

28.2 RAF EMPLOYMENT EQUITY

In terms of the National Economically Active Population (NEAP) and in line with the approved Employment Equity Plan, it should be noted that any over-representation or under-representation of more than 5% is problematic. Employment Equity targets are continuously monitored and reported, in line with the organisation's employment equity obligations, to the Department of Labour.

As a result, the National and Regional Employment Equity Committees focus on the advancement of transformation and skills development which form part of the wider People Management transformation effort.

The table below reflects the Employment Equity Statistics

Detail	Total	Percentage
Total number of RAF employees	3059	100%
People living with Disabilities	69	2.26%
White Male Employees	54	1.76%
Total EE Status employees	3005	98.24%

The total of **3,059** includes *temporary employees*, *fixed-term contractors and interns*. In this regard the following should be noted:
Female representation within the RAF is **58%** (1,766/3,059) compared to male representation which stands at **42%** (1,293/3059).
At Management level, female representation is **51% (260/512) versus males at 49% (252/512).** This is continuously monitored through recruitment to ensure that the workforce remains representative.
The People with Disability (PWD) representation stands at **2.26%** which is below the target of **2.80%** for the 2022/23 financial year.

28.3 PEOPLE MANAGEMENT PRIORITIES AND OUTCOMES

Priority	Outcomes for the 2022/23 Financial Year
Employees with Disabilities	The organisation achieved 2.26% with 69 employees with disability.
Policy Development and Review	Ongoing review of People Management Policies and Standard Operating Procedures and key guidelines to promote diversity and transformation in the organisation. (Policies are reviewed for alignment with the latest legislation and the RAF Policy Review Standards on an ongoing basis). The following People Management Policies and Standard Operating Procedures were reviewed during the reporting period: 1) Disability Management Policy 2) Incapacity Policy 3) Regulation of Working Hours Policy 4) Remuneration, Reward and Benefits Policy 5) Resourcing Policy 6) Transfer Relocation and Secondment Policy
Knowledge Management	The Knowledge Management (KM) team continued to support business units by ensuring that intellectual property is preserved through capturing, evaluating, retrieving, and sharing of information.
Employee Wellness	The RAF, as an employer and in compliance with the Occupational Health and Safety Act, had a duty to provide and maintain a working environment that is safe and without risk to the health of its employees. The EWS, in conjunction with the COVID-19 Crisis Management Task Team (CMTT) coordinated a RAF response to the pandemic. The task team ensured that it kept abreast of the developments from global organisations, to align

Priority	Outcomes for the 2022/23 Financial Year
	accordingly and to guide and facilitate the implementation of controls that would mitigate the risk of infection.

28.4 ORGANISATIONAL EFFECTIVENESS

The enablement of the organisational culture and values plays a key and pivotal role in contributing to a high-performance culture.

The above is bolstered by a robust and entrenched Performance Management System, thus ensuring alignment between individual and organisational performance goals and objectives. The overarching objective remains building capability for an effective Management core and supporting and implementing the People Management employee value proposition and strategic objectives.

28.5 PERFORMANCE MANAGEMENT

The RAF considers performance management as a primary tool used to drive organisational performance through the alignment of individual objectives and organisational objectives and targets. The RAF has committed itself to a comprehensive and well-implemented Performance Management System, which ensures that everyone in the organisation works towards the attainment of the RAF's strategic objectives, as defined in the Strategic Plan and APP.

The 2022-23 financial year saw the introduction and implementation of the revised Performance Management and Development Policy. One of the key amendments to the Policy and process was a change from Quarterly Performance Reviews to Bi-annual Reviews.

As part of the Performance Management review, a 360° Values Assessment section was developed and rolled out to all staff in February 2023. The system has enabled the reintroduction of the Values Assessment section for the Second Semester Performance Reviews at the RAF. The 360° assessments will provide broader insight for managers about their subordinates while the feedback received from co-workers will help appraisees to grow both personally and professionally.

28.6 ORGANISATIONAL EFFECTIVENESS

TALENT AND SUCCESSION MANAGEMENT

The RAF actively engaged in the implementation of its Organisational Structure which came into effect on 01 April 2022, and subsequently the management of Talent and Succession Management was put on hold in the financial year.

The Organisational Effectiveness Unit took this opportunity to benchmark and review its talent and the Succession Management Framework and practices for implementation in the new financial year.

RAF GRADUATE PROGRAMME

The RAF's inaugural Graduate Programme was implemented effective 01 February 2023 with programmes launched within the functional disciplines below:

- Technology and Digital (X2 graduates); and
- Medical Management (X4 graduates).

The Programme, aligned with the RAF Workforce Plan will support the organisation's future business and skills needs and aim to meet future people capability challenges within a specific discipline within the RAF. In addition, it supports the RAF brand as an employer of choice by providing graduates with the opportunity to gain practical and professional experience in a real working environment, and at the same time, aim to create a professional pipeline in support of the organisation's future sustainability and its efforts to ensure business continuity.

28.7 LEADERSHIP DEVELOPMENT

To further enhance leadership development, the RAF developed and implemented a new Leadership Competency Framework. The Framework provides standard behavioural and managerial competency indicators, which are incorporated into job profiles, performance management, recruitment and selection via psychometric assessments, learning and development, as well as talent and succession management and career progression.

The Leadership Competency Framework is the foundation and a key driver for effective People Management. It describes the activities and behaviours of employees using a common set of terms and scales, thus creating a common language across People Management functions.

28.8 ORGANISATIONAL DESIGN

In line with the RAF Strategy, Conceptual Model and Operating Model, implementation against the supporting Organisational Structure commenced. Initiatives undertaken included the job profiling of all new and refined positions as per the Organisational Structure. The said job profiles have been critically reviewed by the nominated subject matter experts in line with the approved microstructure in the future RAF context, and were signed off. Following the sign-off of all job profiles, newly created and refined positions within all the Divisions were subjected to a job evaluation process. Job evaluation is the process of analysing and assessing various jobs systematically in order to ascertain their relative worth within the RAF. It is primarily aimed at determining the intrinsic worth and weight of jobs based on an assessment of the degree of complexity of job content and requirements.

28.9 CHANGE MANAGEMENT

The RAF Change Management Framework has been designed to provide the RAF with set guidelines, processes and tools that will be necessary for successful implementation and management of change within projects, programmes, departments and/or the organisation. The framework has been developed in line with the Prosci Change Management Methodology, which has been adopted as the preferred change management methodology for the RAF.

Through the Change Management Framework, a Change Champions/Agents Network has been established. The purpose of the Change Champions/Agents Network is to ensure a sustainable hierarchy for implementation and engagement.

28.10 LEARNING AND DEVELOPMENT

The Learning and Development's focus during the period under review was on the design, development and implementation of the Learning and Development (L and D) Training Plan flowing from the approved L and D Strategy. The Learning and Development Training Plan drives the implementation elements of the Strategy in support of the RAFs' transformation journey into the New Operating Model. This is to ensure that the organisation is properly capacitated and equipped with regards to the skills requirements, for the New Operating Model.

It also seeks to address the skills gaps in relation to the current and future skills and capabilities required by the RAF.

The training for the period under review was primarily focused on internal training. The majority of the training interventions were operations based and supported the enhancement of the necessary skills to capacitate the New Operating Model. The division further conducted internal general and focused training interventions which are reflected below:

MOTOR VEHICLE ACCIDENT (MVA) FOUNDATION COURSE

This training is conducted throughout the provincial offices on a monthly basis. It equips new recruits with the necessary knowledge and expertise to move into the operational environment and enables Operations to deliver on its mandate and meet their APP targets.

MICROSOFT PACKAGES (OUTLOOK, WORD, EXCEL AND POWERPOINT)

This training is aimed at empowering staff by enabling them to navigate the system and equipping learners with the necessary skills to deliver their tasks in a professional and competent manner.

FOCUSED TRAINING INTERVENTIONS

Various interventions were developed and implemented to support the transformation of the Operational environment contained within the L and D Training Plan. A number of these interventions were driven by the gaps as identified during the Skills Assessment process. Other interventions arose, not only from the needs identified within the different project deliverables emanating from the Operational environment but also out of legislative requirements.

The table below reflects the interventions that were rolled out within the Operations environment and some initiated for the entire organisation:

Deliverable	Work Output	Status
Develop and align Curriculum to support the New Operating Model	The Curriculum has been developed and aligned with the New Operating Model and will be further enhanced to accommodate the enhanced profiles that are contained within the newly defined functional areas.	Completed
Initiate Organisation-wide Interventions	1. **Managerial Intervention – Risk Management** Engagements have been initiated with subject matter experts (Risk Division). Training will be rolled out in May 2023. Currently, the Risk Division is finalising the content for the development of the Learning Material.	Completed
Initiate Organisation-wide Interventions	**2. Technical Intervention – Organisational Transformation** Motivation to source completed, finalised and presented to SCM for sourcing of service provider. RFQ process currently in progress.	Completed
Implement urgent and critical functional training interventions. (Onboarding)	The below critical interventions were rolled out as a result of the publication of the new RAF1 Form attached to the *Government Gazette* notice during July of 2023. These interventions aimed at enhancing the onboarding capabilities within the pre-assessment functional area. 1. Pre-Assessment Checklist Training 2. Understanding the New RAF1 Form 3. Pre-Assessment Live System Training	Completed
	The intervention below focused on the newly created in-house investigation division. This training was aimed at providing newly appointed staff with the critical skills necessary to operate in this division. 1. Accident Investigation Process Training for Investigators and Claims Employees	Completed
Implement urgent and critical functional training interventions. (Call Centre)	This intervention focused on empowering the Call Centre with the critical skills necessary to respond to claimants, as a result of the publication of the new RAF1 Form. 1. Pre-Assessment Process Training	Completed

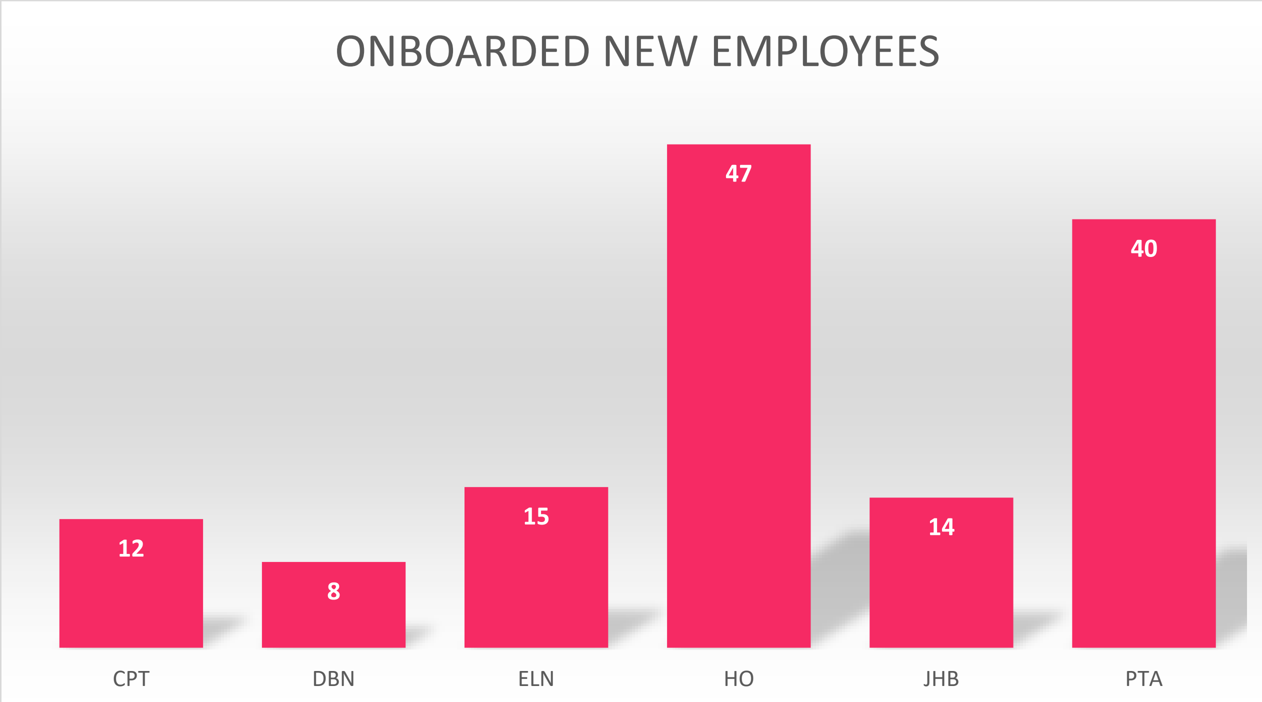
Deliverable	Work Output	Status
Implement urgent and critical functional training interventions. (Medical Management)	The interventions below were informed by the inclusion of the Medical Management Unit within the New Operating Model Claims Value Chain. And the publication of the new RAF medical tariffs and the introduction of the ICD10 coding system. 1. Medical Tariffs 2. Serious Injury Assessment (General Damages) 3. ICD10 Coding 4. AMA Guides Training	Completed
Align Personal Development Plans to support the New Operating Model and new functionalities.	The Personal Development Plans were aligned and updated in terms of the newly created Competency Framework. At the same time, capabilities flowing from the Skills Assessment Report were embedded in the PDP's template in order to give employees access to the same.	Completed
Share individual Skills Assessment Reports.	Skills Assessments Reports were disseminated amongst all staff who completed the Skills Assessment. The reports afforded employees an opportunity to reflect on their individual competency levels achieved and to understand their competency gaps more fully.	Completed

ONBOARDING OF NEW EMPLOYEES

Learning and Development conducted on-line induction via the MS Teams platform throughout the period under review. The Induction Programme not only enables new employees to be introduced to the organisation, but also provides them with the basic knowledge and understanding relating to the functions of the key departments within the RAF. During the period under review, a total of 136 new employees including permanent and non-permanent employees were inducted into the organisation.

The graphic illustration below reflects the number of new employees inducted per region for the period under review:

GRAPH 28: Onboarding of new employees per region – 2022/23



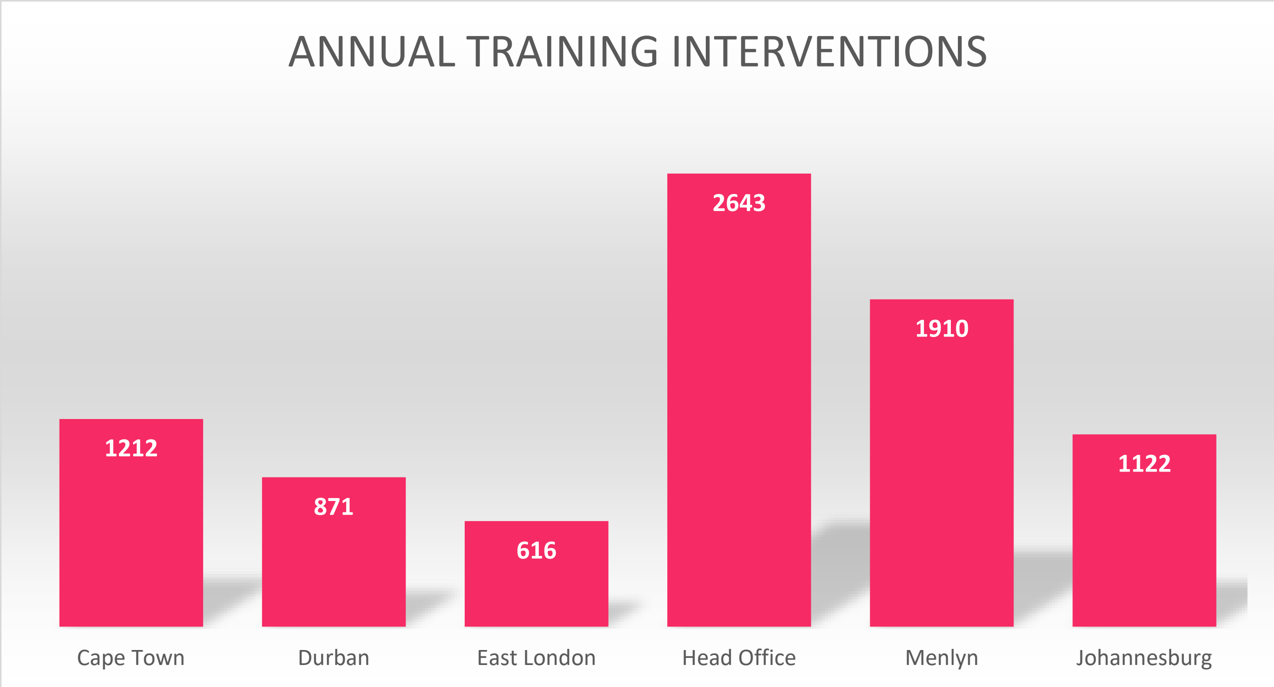
INTERNSHIP AND LEARNERSHIP PROGRAMME

This programme is in line with the National Skills Development (NSD) Plan in terms of which the RAF offers unemployed youth and graduates an opportunity to acquire workplace skills and experience. During the reporting period, preparation for the upcoming financial year Learnership and Internship Programmes has commenced. In terms of these programmes, 175 Interns and 33 Learners were employed on an 18-month contract.

TRAINING INTERVENTIONS

The Learning and Development Unit continues to offer a hybrid (contact and online) training approach which allows the organisation to realise its training deliverables and objectives. This hybrid training approach enables the organisation to operate within a flexible and agile training environment. During the period under review, 8,374 training interventions were conducted throughout the organisation.

GRAPH 29: The graph below reflects the number of training interventions per province during the period under review



BURSARY PROGRAMME

The organisation coordinates and manages internal bursaries on an annual basis. During the reporting period, 482 bursary applications were received and processed. 317 of these applications have been completed and finalised.

The balance of the applications includes pending (to be finalised during second semester), withdrawn and declined applications.

The table below reflects a breakdown of the qualifications which will be pursued during the 2023 academic year.

Breakdown of Qualification	**Quantity**
Certificate; Higher Certificate and National Certificate	40
Diploma and Advanced Diploma	20
Undergraduate Degrees	**110**
Postgraduate Diplomas and Honors Degrees	84
Master's Degrees	59
Doctorates	04
Total	**317**

28.11 CENTRE OF EXCELLENCE

ANNUAL SALARY BENCHMARKING

The RAF participated in various Salary Benchmark Surveys to ensure that its salaries and benefits are in line with the marketplace. The results of the surveys were used to enhance remuneration practices in 2022/23.

MAINTENANCE OF INSTITUTIONAL KNOWLEDGE AND ENGAGEMENTS

The Knowledge Management (KM) team focused on promoting knowledge management within the RAF by ensuring that knowledge and information are shared among staff. Knowledge-sharing platforms were established for the promotion of best practices, lessons learned, and uniformity.

PRIVATE AND PUBLIC SECTOR AWARDS

The KM team facilitated the participation in identified private and public sector awards. During the reporting period submissions were made to participate in the 2022/23 Public Service Innovation Awards, as well as the 2022 SA Innovation League Awards.

The RAF was announced as the winner in the Category: Medium Organisations, at the 2022 SA Innovation League Awards during April 2022.

The KM Unit also participated this year in the Knowledge Management Chairperson’s Awards 2022, and received a certificate of recognition for their contribution towards knowledge management in South Africa.

RAF LIBRARY

During the period under review, the RAF library conducted regional training sessions to upskill staff on the use of the electronic library system (LIBWIN) and the various online information resources. The purpose of the training was to ensure that staff can search the online library catalogue, reserve books and browse for full-text online journal articles and e-books they might need for work or study purposes. The RAF library provides an information service to all RAF staff and facilitates access to multiple online information resources, available through LexisNexis, Sabinet, Juta EBSCOHost and Science Direct.

The RAF library is in the process of implementing a new library management system that will ensure a more streamlined library service to all the RAF staff by providing a single search facility to search across all information within the library (including the online information resources).

28.12 REGULATION AND COMPLIANCE

During the 2022/23 financial year, the RAF reviewed and enhanced best practice People Management Policies and Standard Operating Procedures to guide Managers and employees in the alignment of People Management practices for the achievement of business objectives and goals.

28.13 EMPLOYEE WELLNESS SERVICES

Employee Wellness Services (EWS) provides comprehensive health and wellness programmes and services to all RAF employees, with a mission to build and maintain a healthy workforce for increased productivity and excellent service delivery.

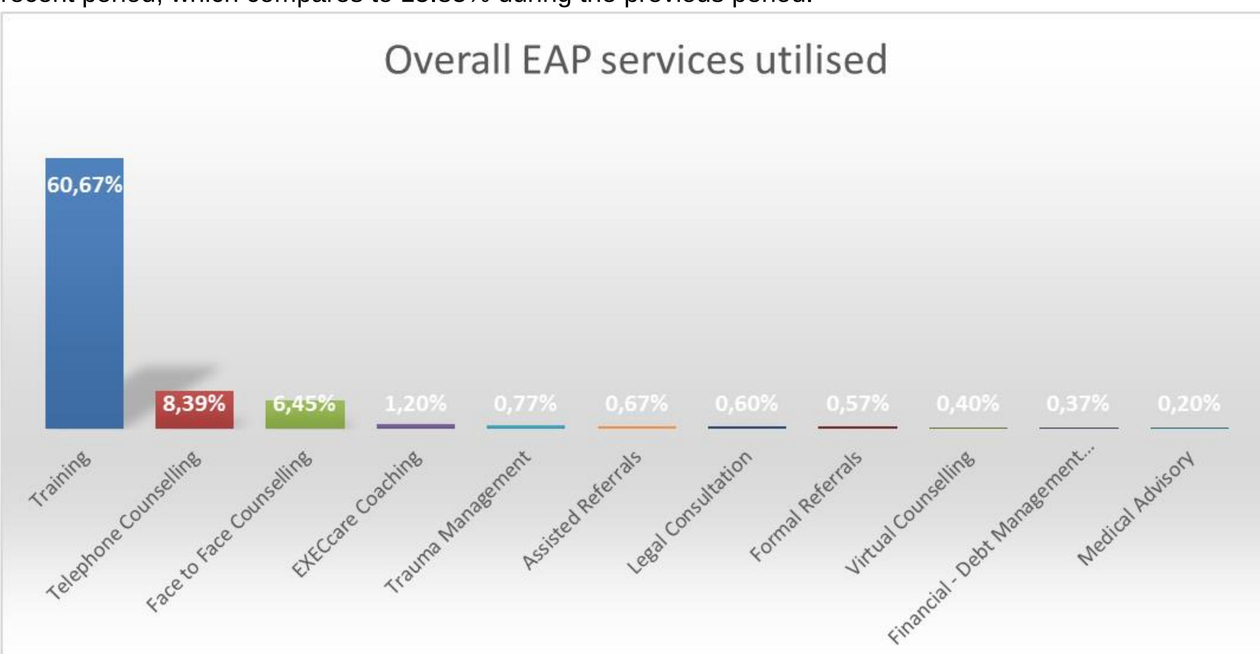
During the year under review, EWS focused on supporting the organisation with recovery from the COVID-19 pandemic. Various health and wellness programmes were implemented.

28.13.1 COVID-19 PANDEMIC

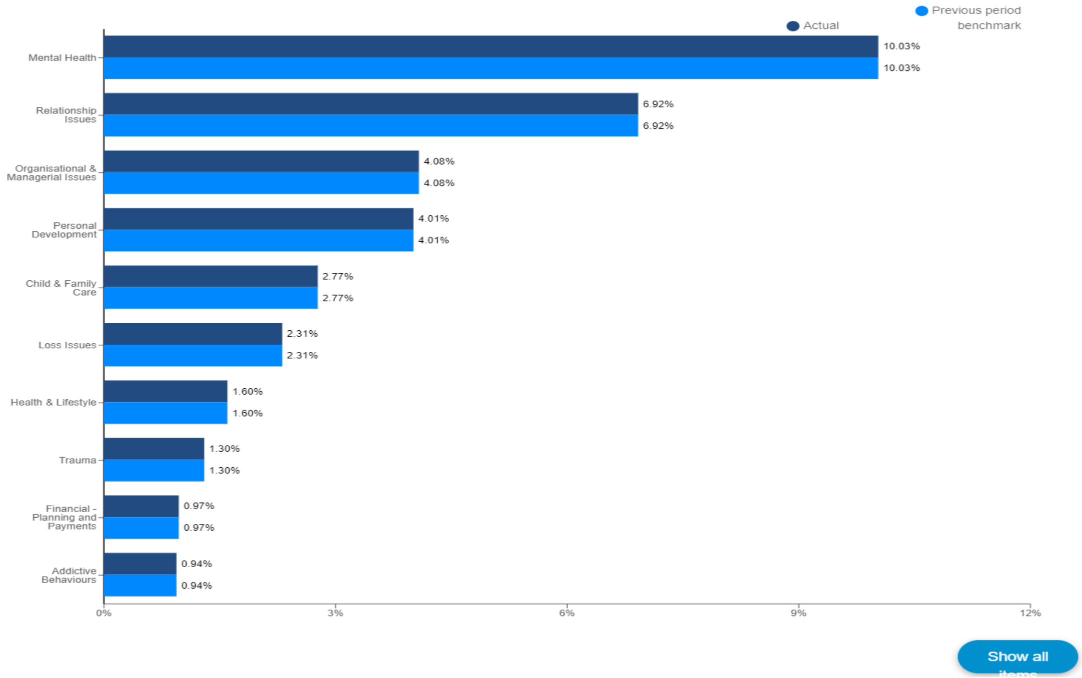
In the first quarter of the financial year, EWS continued to manage COVID-19 in line with the applicable regulations, until the repeal of the regulations relating to the surveillance and control of notifiable medical conditions in June 2022. The key focus area within the first two months of the quarter was increasing the number of employees vaccinated against COVID-19 as most employees returned to work. The risk of COVID-19 continued to be managed in terms of the Code of Practice on Managing Exposure to COVID-19 in the Workplace issued in terms of section 203(2A) of the Labour Relations Act.

28.13.2 EMPLOYEE ASSISTANCE PROGRAMME

The overall engagement rate, which includes the uptake of all services provided, amounted to 68.2% during the period under review, which compares to 15.6% during the comparable previous period. Annualised individual usage of the core counselling and advisory services of 15.38% was recorded during the most recent period, which compares to 15.85% during the previous period.



Problems relating to mental health constituted the most commonly presenting broad problem category during the most recent review period, accounting for 10% of all difficulties. This is higher than the previous comparable period, when the same problem category accounted for 6.4% of all issues dealt with by the EWP.



28.14 SHARED SERVICES

28.14.1 CAPITAL SYSTEMS AUTOMATION

People Management is continually scanning the environment for new People Management innovations, such as automated People Management processes, reporting and enhancement of Management information to ensure data accuracy and precise reporting.

The SAP portal also provides employees with the opportunity to view and edit their personal information without completing manual forms in order to comply with the Protection of Personal Information (POPI) Act and to ensure that employees' data is correct and up to date.

28.14.2 TALENT SOURCING

A total of 81 permanent appointments were made during the year, of which 30% was internal and 70% was external. The attrition turnover rate remains below 10% at 6.44%.

The Skills Audit (reported on in the last Annual Report) has enabled People Management to identify key future skills requirements. Planning in terms of future demand and supply of skills internally and externally is underway.

The RAF's ability to attract and retain best talent is attributed to its competitive and benchmarked remuneration practices, supported by an enabling and conducive working environment to retain our most valued asset. Our retention strategies are a balance between fixed and variable remuneration. A working environment has been established within which employees can flourish and be developed through new learning opportunities.

28.16 PRIORITIES AND FUTURE PLANS

The following People Management priorities have been identified for the new financial year:

Priority Goal	Outcomes
Workforce Planning and Skills Audit for Future Requirements	Future workforce and skills requirements assessed. Continue talent and succession management, thereby ensuring capacity availability of leaders to fill strategic and critical positions supported by continued implementation of Management and leadership development interventions.
Talent and Change Management	Capacitate the RAF's critical and strategic positions. Entrench change management through capable line Managers leading and managing change.
Organisational Structure Maintained	The RAF will maintain its budgeted and approved positions (with no further plans for expansion) through an automated and integrated organisation modeller tool.

28.17 PEOPLE MANAGEMENT OVERSIGHT STATISTICS

Personnel Cost by Programme

2021/22 Programme	Total Expenditure for the Entity	Personnel Expenditure (Total Employment Cost (TEC) and Non-TEC People Management-related Costs)	Personnel Expenditure as a Percentage of Total Expenditure	No. of Permanent Employees	Average Personnel Cost per Employee
	(R'000)	**(R'000)**	**%**	**No.**	**(R'000)**
All	**57,186,439**	**2,248,316**	**4%**	**2,630**	**855**

Personnel Cost by Salary Band (TEC)

2022/23 Level	Personnel Expenditure (TEC)	Percentage of Personnel Expenditure to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
	(R'000)	**%**	**No.**	**(R'000)**
Top Management	6,177	0%	1	6,177

2022/23 Level	Personnel Expenditure (TEC)	Percentage of Personnel Expenditure to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
Senior Management	28,592	0%	11	2,599
Professionally Qualified	579,845	16%	423	1,370
Skilled	954,196	57%	1,486	642
Semi-skilled	267,324	26%	694	385
Unskilled	18,817	1%	15	1,254
Total	**1,854,952**	**100%**	**2,630**	**705**

Performance Rewards

2022/23 Level	Performance Rewards	Personnel Expenditure (TEC)	% of Performance Rewards to Total Personnel Cost
	(R'000)	**(R'000)**	**%**
Top Management	2,553	6,177	41%
Senior Management	4,242	28,592	14%
Professionally Qualified	73,086	579,845	12%
Skilled	86,116	954,196	9%
Semi-skilled	26,545	267,324	10%
Unskilled	277	18,817	1%
Total	**192,821**	**1,854,952**	**10%**

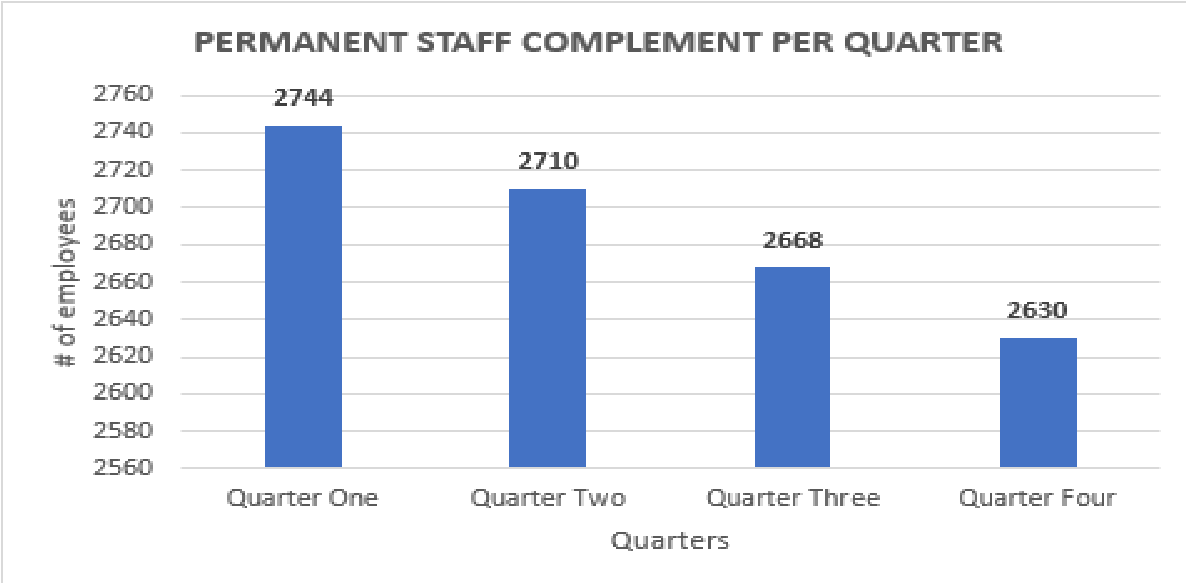
Training Costs

2022/23 Business Unit	Personnel Expenditure (TEC-related Costs)	Training Expenditure	Training Expenditure as a Percentage of Personnel Cost	No. of Employees Trained	Average Training Cost per Employee
	(R'000)	**(R'000)**	**%**	**No.**	**(R'000)**
RAF Learning and Development	**1,854,952**	**4,742**	**0.25%**	**2,559**	**1**

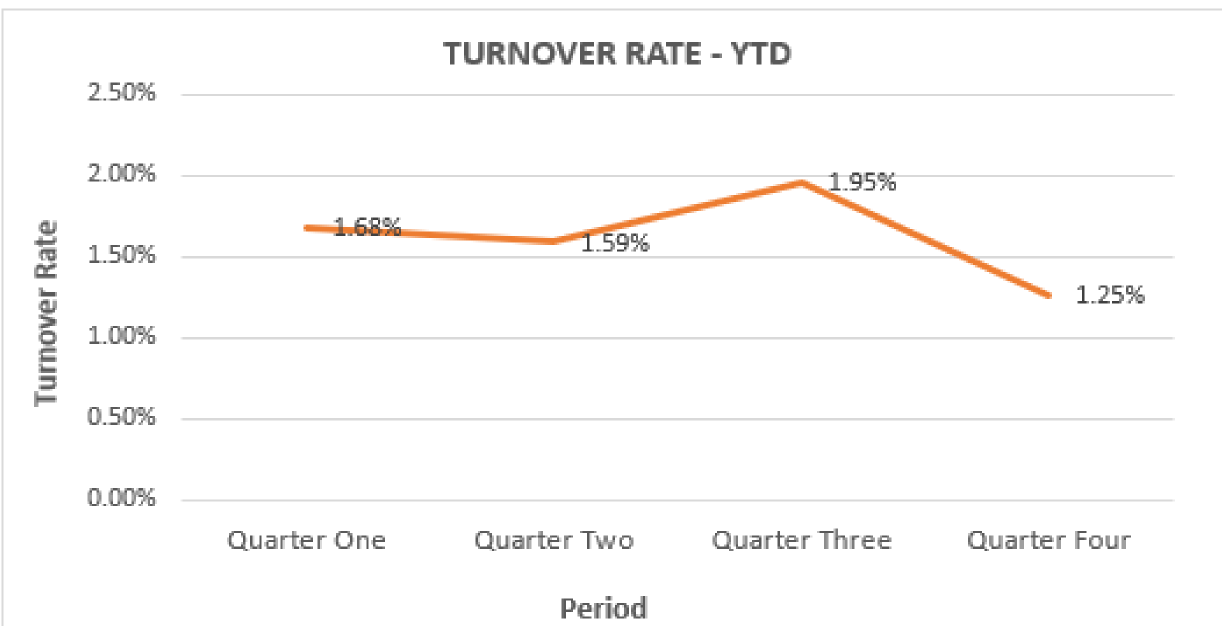
Employment and Vacancies

Vacancies will not be reported in the current financial year, due to the implementation of the organisational structure currently underway.

GRAPH 32: Permanent staff complement per quarter – 2022/23



GRAPH 33: Staff turnover rate per quarter – 2022/23



STAFF MOVEMENT

The RAF strives to attract and retain competent and capable staff for the attainment of its objectives. Emphasis is placed on candidates who will enhance equitable representation in the organisation, in terms of the NEAP guidelines.

2022/23 Level	Employment at Beginning of the Period	Appointments Internal	Appointments External	Terminations	Employment at End of the Period
Top Management	1	0	0	0	1
Senior Management	13	1	3	5	11
Professionally Qualified	457	4	14	50	423
Skilled	1,547	18	38	93	1,486
Semi-skilled	731	1	2	26	694
Unskilled	16	0	0	0	15
Total	**2,765**	**24**	**57**	**174**	**2,630**

REASONS FOR STAFF LEAVING

Below is a table depicting employees exiting the organisation during the reporting period.

2022/23	Number	Percentage of Total Number of Staff leaving
Death	9	5%
Resignation	115	66%
Dismissal	24	14%
Retirement	1	6%
Ill Health	0	0%
Expiry of Contract	2	1%
Voluntary Severance Package	13	7%
Total	**174**	**100%**

28.17 EMPLOYEE RELATIONS

The RAF considers its relations with the Union as a key interface to meet employee expectations in the workplace. Similarly, the RAF considers employee discipline and adherence to the RAF Code of Conduct, as well as compliance to its policies, procedures and regulations as serious matters. During the reporting period, a total of 23 employees were dismissed for serious offences and transgressions.

INCIDENTS AND GRIEVANCES

40 grievances were lodged during the year under review.

MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number 2018/19	Number 2020/21	Number 2021/22	Number 2022/23
Counselling		5	4	2
Verbal Warning	36	7	2	3
Written Warning	37	14	17	17
Final Written Warning	15	4	14	33
Suspension without Pay	0	1	13	6
Dismissal	5	4	19	23
Total	**93**	**35**	**69**	**84**

EMPLOYMENT EQUITY

Equity Target and Employment Equity Status

Levels 2022/23	Male							
Permanent Employees	African		Colored		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	1	0	0	0	0
Senior Management	6	5	1	1	0	0	0	0
Professionally Qualified	162	173	15	16	12	14	25	29
Skilled	527	528	47	52	26	24	21	29
Semi-skilled	239	264	29	33	8	9	5	5
Unskilled	0	0	0	1	0	0	0	0
Total	**935**	**970**	**92**	**104**	**46**	**47**	**51**	**63**

Levels 2022/23	Female							
Permanent Employees	African		Colored		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	6	0	1	0	0	1	1
Professional Qualified	157	174	15	18	18	20	19	22
Skilled	689	706	58	61	59	61	59	67
Semi-skilled	356	366	33	37	11	12	13	14
Unskilled	14	15	1	1	0	0	0	0
Total	**1,219**	**1,267**	**107**	**118**	**88**	**93**	**92**	**104**

Employees with Disabilities 2022/23	Race							
Permanent Employees	African		Colored		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
	18	28	2	7	0	4	4	6

PART E: PFMA COMPLIANCE REPORTS

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023 R'000	2022 R'000
Opening balance	-	-
Add: Irregular expenditure confirmed	-	2,132
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**-**	**2,132**

In accordance with paragraph 3.10 of the National Treasury Instruction No,4 of 2022/2023, PFMA Compliance and Reporting Framework, irregular expenditure of the previous financial year must be recorded in the period which they occurred if it was;
a) incurred and confirmed in the previous financial year
b) under assessment in the previous financial year and confirmed in the current financial year
c) not discovered in the previous financial year and identified and confirmed in the current financial year
d) relating to multi-year contracts that were not condoned or removed.

Reconciling notes

Description	2023 R'000	2022 R'000
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	2,100
Irregular expenditure incurred	-	32
Total	**-**	**2,132**

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023 R'000	2022 R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	-	-

Three instances were under assessment as at 31 March 2023. These instances relate to prior financial years. Irregular expenditure has not been confirmed for these items and the value of irregular expenditure has not been determined.

Three instances were confirmed and disclosed in the previous financial years and are still under investigation by the RAF's Forensic Investigation Department. In accordance with paragraph 6.3.3 of the National Treasury Instruction No,4 of 2022/2023, PFMA Compliance and Reporting Framework, Irregular Expenditure previously disclosed in the annual financial statements of the budget holder and not addressed must remain in the register and recorded in the annual report of the budget holder and addressed in terms of Annexure to the instruction.

The first instance was reported in the 2017/18 financial year, to the value of R337,507,130.70 and relates to the procurement process not being followed where there was unfairness and no transparency of the applicable values included in the bid document.

The second instance was reported in the 2019/20 financial year, to the value of R3,573,765.55 where three claims vendors were appointed for home modifications of claimants without following the correct procurement process.

The third instance was reported in the 2020/21 financial year, with the value of R21,173,961.89. The AGSA raised an audit finding where payments relating to medical expenses were split into smaller payments which allowed approval for payments to be at the incorrect delegation of authority.

c) Details of current and previous year irregular expenditure condoned

Description	2023 R'000	2022 R'000
Irregular expenditure condoned		
Total	-	-

There were four instances of irregular expenditure that were condoned by NT during the 2022/23 financial year. The condonation related to instances that were incurred and reported in the prior financial years. One matter to the value of R650,000.00 was reported as irregular expenditure in the 2019/20 financial year. It related to the approval process required for the settlement of a claim not being followed in accordance with the Delegation of Powers and Functions Policy. The instance was condoned by NT on 18/07/2022.

The other three instances to the value of R3,698.56, R20,763.15 and R13,252.75 were reported as irregular expenditure in the 2020/21 financial year. The first related to the to the contravention of the Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000 and the NT Practice Note No 8 of 2007/2008 and related to the purchase of goods without following the procurement process. NT condoned the instance on 07/06/2022.

The second related to the contravention of the Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000 and the NT Practice Note No 8 of 2007/2008 where the services were procured from a service provider without following the correct procurement process. The instance was condoned by NT on 30/06/2022.

The third related to a contravention of National Treasury Instruction Note No 2 of 2017/18 par 13.4.1. where a rental vehicle kept without following required procedures to obtain proper authorisation. The instance was condoned by National Treasury on 19/12/2022.

All of the above instances complied with the requirements of paragraph 56 (a-h) of the Irregular Expenditure Framework for condonation which are now contained in paragraph 5.6 (a-g) of the National Treasury Instruction No,4 of 2022/2023, PFMA Compliance and Reporting Framework.

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2023 R'000	2022 R'000
Irregular expenditure not condoned and removed		
Total	-	-

No instances of irregular expenditure were not condoned and removed.

e) Details of current and previous year irregular expenditure recovered

Description	2023 R'000	2022 R'000
Irregular expenditure recovered	-	-
Total	**-**	**-**

No losses were identified for instances of irregular expenditure, therefore there were no recoveries.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023 R'000	2022 R'000
Irregular expenditure written off		
Total	**-**	**-**

No instances of irregular expenditure were written off

g) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2023 R'000	2022 R'000
Written warning was issued against the responsible party in Supply Chain Management.	-	2,011
Irregular expenditure was caused by delayed submission to the NT. The final compliance violation report where the findings, root cause analysis, recommendations and action plans were documented was issued on 09 March 2023. Disciplinary action will be taken against the relevant official once they cannot provide evidence that they were not responsible for the delay.	-	89
Two employees received counselling.	-	32
Total	**-**	**2,132**

There were eleven instances, three of which have been disclosed in the 2021/22 financial year and the eight matters are awaiting the conclusion of disciplinary processes. The details of the eight matters are as follows:
The first instance relates to irregular expenditure reported in the 2020/21 financial year, to the amount of R2,167,257.50 and relates to extension of a contract without the necessary approval from National Treasury.

The second instance relates to irregular expenditure reported in the 2020/21 and 2021/2022 financial years, to the amounts of R487,432.45 and R266,985.48 respectively and relate to the correct procurement process not being followed and thus, NT instruction no 8 of 2020 was not complied with.

The third instance relates to irregular expenditure reported in the 2020/21 financial year, to the amount of R1,058,837.99 and relates to the procurement process to appoint a service provider to perform tenant installations was not followed.

The fourth instance relates to irregular expenditure reported in the 2020/21 financial year, to the amount of R67,951,799.83 and relates to the incorrect price evaluation that was used, which is in contravention with Section 8. (1) of the Preferential Procurement Policy Framework Regulations and Section 2 (1)(c) of the Preferential Procurement Policy Framework Act, which meant that the appointment of the service provider was irregular. Poor contract management was also identified during the investigations.

The fifth instance relates to irregular expenditure reported in the 2020/21 financial year, to the amount of R117,305.11 and relates to the correct procurement process not followed before incurring the expense. A request for deviation or contract extension should have been sent to NT as the service was not covered in the original contract.

The sixth instance relates to irregular expenditure reported in the 2021/22 financial year and was incurred in the 2020/21 financial year, to the amount of R98,876.55 and relates to non-compliance to the PPPFA 80/20 principle. A minimum of three quotations were not obtained to source goods/services.

The seventh instance relates to irregular expenditure reported in the 2021/22 financial year and was incurred in the 2020/21 financial year, to the amount of R34,239.08 and relates to non-compliance with Treasury Regulation 16A3.1. Procurement process not followed through request for quotations.

The eight instance relates to irregular expenditure reported in the 2021/22 financial year and was incurred in the 2020/21 financial year, to the amount of R7,382,103.02 and relates to non-compliance with PFMA, NT Regulation requirements and tenant installation was not part of the initial submission. The procurement process to appoint a service provider to perform tenant installations was not followed.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023 R'000	2022 R'000
Opening balance		
Add: Fruitless and wasteful expenditure confirmed	4,128	1,290
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	(469)	(7)

Closing balance	**3,659**	**1,283**

There were three instances that were disclosed in the 2021/22 financial year but related to the 2020/21 financial year to the amounts of R 2,850.61, R7,825.72, and R6,525.00, respectively.

"In accordance with paragraph 3.17 of the Annexure A of the National Treasury Instruction no.4 of 2022/23, PFMA Compliance Framework, Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis. This analysis does not include fruitless and wasteful expenditure recognised in the previous financial years and does not include fruitless and wasteful expenditure not recognised in those previous financial years as such analysis must be recorded in the register and dealt with in terms of its recovery process. Therefore, any fruitless and wasteful expenditure that was already recognised in the 2021/22 financial year should not be included in 2022/23 as a comparative amount.

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

(a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;

(b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and

(c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year."

There was one instance to the value of R7,020.80 that was incurred in the 2021/22 financial year but identified and confirmed as fruitless and wasteful expenditure related to travel in the 2022/23 financial year.

There was one instance to the value of R3,658,760.61 (2021/2022: R1,283,020.41) of claims related fruitless and wasteful expenditure.

There was one instance to the value of R11,445.38 which related to three transactions for travel. These have been referred for recovery.

There was one instance to the value of R457,351.51 which related to a duplicate payment made. This amount was referred for recovery and recovered in the 2022/23 financial year.

Reconciling notes

Description	2023 R'000	2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2021/2022	-	-

Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	7
Fruitless and wasteful expenditure for the current year	4,128	1,283
Total	**4,128**	**1,290**

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2023 R'000	2022 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	**-**	**-**

There were nineteen transactions that were under assessment as at 31 March 2023 that were subsequently confirmed as fruitless and wasteful expenditure. These will be disclosed in the Annual Report in the following financial year.

c) Details of current and previous year irregular expenditure recovered

Description	2023 R'000	2022 R'000
Fruitless and wasteful expenditure recovered	457	-
Total	**457**	**-**

There was one instance to the value of R457,351.51 which related to a duplicate payment made. This amount was referred for recovery and recovered in the 2022/23 financial year.

d) Details of current and previous year irregular expenditure not recovered and written off

Description	2023 R'000	2022 R'000
Fruitless and wasteful expenditure written off	0	0
Total	**-**	**-**

No Fruitless and wasteful expenditure was written off.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Description	2023 R'000	2022 R'000
Claims-related expenditures (To date 9 verbal warnings were issued, 5 employees received counselling and 5 written warnings were issued in the 2022/23 financial year for the late payment of capital and costs, for all fruitless and wasteful expenditure incurred to date.)	3,659	1,283
Travel-related expenditures (During determination, no responsible party could be identified, or disciplinary action was not appropriate.)	11	7
Admin related expenditures (1 written warning was issued and 1 final written warning was issued)	457	-
Total	**4,128**	**1,290**

LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of Invoices	Consolidated Value R'000
Valid invoices received	11,875	750,941
Invoices paid **within** 30 days or agreed period	10,415	619,773
Invoices paid **after** 30 days or agreed period	1,036	98,336

Description	Number of Invoices	Consolidated Value
		R'000
Invoices older than 30 days or agreed period (***unpaid and without dispute***)	178	19,006
Invoices older than 30 days or agreed period (***unpaid and in dispute***)	176	13,825

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means:

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Franking Machine Subscription	DGI Incentives (Pty) Ltd	Sole Source		R148,156.47
Renewal of Private Bag Account	South African Post Office	Single Source		R2,470.00
iStock Images subscription	Gallo Images	Single Source		R24,840.00
Conference for Personal Assistant and Office Administrators	CBM Training	Single Source		R261,625.00
Cleaning Services	Tshwene Hygiene	Emergency		R14,400.00
Close Protection Security	Mjayeli Security Services (MSS)	Single Source	4600001034	R1,881,457.50
Comrades Exhibition Stand	Comrades Marathon Association	Sole Source		R91,597.50
Forensic Accountant Services	DML Forensics	Single Source		R62,500.00
Advance Fraud Examination training	Anti-Fraud Risk Investigations and Compliance Academy	Sole Source		R119,600.00
eRecruitment (SuccessFactors)	SAP	Single Source	4600001085	R9,583,782.60
CCTV Operators Training	HJN Training	Single Source		R18,676.46
Hellopeter Subscription	Hellopeter Subscription	Sole Source		R9,923.58
Library Books- SABS Standards	SABS	Sole Source		R8,950.45
Video Production Training	Keyline Graphics CC	Single Source		R38,000.00
Sanlam Cape Town Marathon - Promotion of Road Safety and RAF services	Asem Running (Pty) Ltd T/A Cape Town Marathon	Single Source		R69,834.00

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Amashova Durban Classic Cycle Race - Promotion of Road Safety and RAF services	Right on the Night Promotion CC	Single Source		R6,900.00
GCASA Cycling Promotion of Road Safety and RAF services	Oarabile Supply and Projects (Pty) Ltd	Single Source		R92,500.00
Soweto Marathon Promotion of Road Safety and RAF services	Soweto Marathon Trust	Single Source		R77,319.10
947 Cycling Show Promotion of Road Safety and RAF services	Face Ride Joburg	Single Source		R193,611.7
Conducting process assurance of the implementation of Section 189 of LRA	Mpoyana And Ledwaba Inc. Attorneys	Single Source	4600001079	R1,000,000
Mobile cancer awareness and screening services	Pink& Drive	Single Source		R81,592.50
AMA Guide Training	American College of Independent Medical Examiners (ACIME)	Sole Source		R842,160.00
Subscription of DSTV	Multichoice (Pty)Ltd	Single Source	4600001095	R150,538.80
Library Management System	Sabinet	Single Source		R304,472.68
Implementation of Learnership Programme for ICT-System Support Level 5	SpecCon Holdings (Pty) Ltd	Single Source	4600001099	R431,250.00
Implementation of Learnership Programme for Business Administration Level 4	NZ Consultants	Single Source		R200,000.00
Telecommunication Services	Telkom	Single Source	4600001090	R24,000,000.00
Support and Maintenance of Licences	Oracle	Single Source	4600001115	R15,632,705.11
e-Recruitment Implementation	Epi-use Africa (Pty) Ltd	Single Source	4600001121	R4,021,730.90
Credifon Postage Services	DG Capital Incentives	Single Source		R147,377.42

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Cyber Security Operation Services	DataProof Communications (Pty) Ltd	Single Source	4600001111	R12,913,616.80
Renewal of African SAP User Group (AFSUG) Membership	African SAP User Group (NPC)	Sole Source		R48,179.25
Franking Machine Subscription	DGI Incentives (Pty) Ltd	Sole Source		R3,377.42
Actuarial Services	Moremi Actuaries and Consultants	Single Source		R289,800.00
Hosting of Integrated Claims Management System (ICMS)	Amazon Web Services (AWS)	Single Source		R20,000,000.00
Linkedin Recruitment Services	Ayanda Mbanga Communications	Single Source		R1,000,000.00
Mobile Cancer Awareness and Screening	Pinkdrive NPC	Single Source		R131,698.00
Additional Licenses and Database Security Bundle	Oracle Corporation SA (Pty) Ltd	Single Source	4600001119	R23,532,553.90
SCM Training	National School of Government	Single Source		R199,360.00
Catering Services	Utalanga Events (Pty) Ltd	Single Source		R24,000.00
Supply of Cartridges	Hasler Business Systems (Pty) Ltd	Single Source		R3,887.00
Cisco Firewalls Professional Services, Cisco Hardware Maintenance and Support, Cisco Firewall Licenses and Cisco Firepower Management Centre	Sizwe IT Group	Single Source	4600001115	R1,483,359.04
Board Strategic Planning Session	Billy Selekane International (Pty) Ltd	Single Source		R115,000.00
Accident Reconstruction Experts	Barry Grobbelaar	Single Source		R58,075.00
Procurement of Library Books	Lexis Nexis (Pty) Ltd	Sole Source		R8,427.90
Membership Subscription	Gartner South Africa (Pty)Ltd	Sole Source	001128	R10,398,875.00
Miro Collaboration Tool Subscription	Realtimeboard inc. dba Miro	Single Source		R1,913,570.18

Contract variations ad expansions: Format of disclosure

Project description	Name of supplier	Ca modification type ansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract ınsion or variation
				)	)	)
Extension of Cleaning Services	Monabo Cleaning Services	Extension	4600000985	R171,441.97	R0	R 24,491.71
Datacentre Hosting Services	Vodacom (Pty) Ltd	Variation and Extension	4600000184	R50,345,946.34	R42,340,700.24	R5,200,744.71
Extension Cape Town Office Lease	Thibault Investments (Pty) Ltd	Extension	N/A	R43,278,570.00	R28,650,180.00	R21,273,295.02
Data Centre Hosting Services	Vodacom (Pty) Ltd	Extension	4600000184	R50,345,946.34	R42,340,700.24	R8,699,165.78
Extension of Durban Office Lease	Delta Fund (Pty) Ltd	Extension	N/A	R21,329,465.24	R17,791,683.12	R23,376,012.53
Close Protection Services	Mjayeli Security Services	Expansion	4600001034	R1,881,457.50	R0	R1,819,335.72
Banking Services	ABSA Limited	Extension	N/A	R1,891,260.00	R0	R1,500,000.00
Contract Scope Expansion for Psychometric Assessments	Managed Integrity Evaluation (MIE)	Expansion	4600000881	R1,000,000.00	R0	R0
Employee Wellness Services	ICAS (Pty) Ltd	Expansion	4600000900	R15,022,741.13	R0	R1,219,500.00
Contract Scope Expansion for Security Services at RAF Head Office Eco Glades.	Mphosha Construction Projects (Pty)Ltd	Expansion	4600000689	R13,347,398.03	R0	R959,904.88

Project description	Name of supplier	Ca modification type ansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract ınsion or variation
				)	)	)
	T/A Mphosha Security Services					
Rental and Support of ICT End-User Equipment	Sizwe Africa IT Group (Pty),,,,,,	Extension	4600000607	R49,500,000.00	R0	R5,175,371.15
Contract Extension of Software Test Tool as a Managed Service and Support	EOH Mthombo (Pty) Ltd	Extension	4600000636	R8,154,404.97	R0	R418,976.86
Contract participation scope variation of Mobile Communication Services	Vodacom (Pty) Ltd	Expansion	4600001004	R60,000,000.00	R0	R28,985,382.14
Contract Xtension of Cape Town Cleaning Services Contract	Top n Nos (Pty) Ltd	Extension	4600000668	R2,720,752.87	R0	R324,300.00
Provision of Unstructured Data Security Solution, Cyber Security Operation Centre	DataProof Communications	Extension	4600000635	R14,523,742.46	R24,068,989.31	R1,396,725.38
Approval of Johannesburg Office Utilities Cost	Mowana Properties (Pty) Ltd	Variation	4600000991	R62,064,393.48	R0	R18,000,000.00
Identity and Access Management	Klarib Business Solutions (Pty) Ltd	Extension	4600000637	R 15,048,982,00	R0	R350,093.52
Eagle House (Pty) Ltd for RAF East London Regional Office Lease	Eagle House (Pty) Ltd	Extension	4600000992	R34,609,488.18	R37,445,247.43	R7,663,570.72
Additional Security Services	Mjayeli Security Services	Extension	4600001034	R1,881,457.60	R1,819,335.72	R1,263,607.50

Project description	Name of supplier	Ca modification type ansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract ınsion or variation
				)	)	)
Security System at RAF Head Office	Omega Fire and Security (Pty) Ltd	Extension	4600001059	R201,537.50	R0	R201,537.50
Email Security Solution	Synaq (Pty) Ltd	Extension	4600000656	R1,646,600.00	R0	R 207,000.00
Datacentre Hosting Services	Vodacom (Pty) Ltd	Extension	4600000184	R50,345,946.34	R51,039,866.02	R7,204,439.39

PART F: FINANCIAL INFORMATION

29. REPORT OF THE EXTERNAL AUDITOR

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ROAD ACCIDENT FUND

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Road Accident Fund set out on pages 170 to 251, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the Road Accident Fund as at 31 March 2023, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA) of South Africa, 1999 (Act no. 1 of 1999).

Basis for adverse opinion

Claims liabilities; claims expenditure and related disclosure notes

3. All outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1, Presentation of financial statements. During the 2020-21 financial year, the entity amended the accounting policy to recognise claims liabilities in accordance with International Public Sector Accounting Standards (IPSAS) 42, Social benefits. The use of IPSAS 42 is not appropriate as it fundamentally differs with the Standards of GRAP's conceptual framework for general purpose financial reporting in terms of the timing of recognising liabilities. Furthermore, the Accounting Standards Board (ASB) has prescribed the standards and pronouncements that are contained in the GRAP Reporting Framework for public entities which are included in Appendix Al of Directive 5. The IPSAS 42 is not included as a standard that the public entities may use.

4. Consequently, claims liabilities, claims expenditure and related disclosure notes are understated. I was unable to quantify the misstatement amount as an actuarial valuation is required to compute the value of the liability based on the types of outstanding claims using certain judgements and assumptions. Therefore, I was unable to determine the full extent of the misstatement of claim liabilities, claims expenditure and related disclosure notes, as it was impracticable to do so. I was unable to determine if any further adjustments were necessary to the claims liabilities as disclosed in the statements of financial position with an amount of R34 194 million (2021-22, R25 965 million), note 12 to the financial statements, claims expenditure of R53 922 million (2021-22, R44 953 million) as disclosed in the statement of financial performance and note 19 to the financial statements and consequently the net

liability position, claims liability, deficit for the year and accumulated deficit amount disclosed in note 32 of the financial statements.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Material uncertainty relating to going concern

8. I draw attention to the matter below.
9. I draw attention to note 32 to the financial statements, which indicates that an accumulated deficit of R23 936 million was incurred during the year ended 31 March 2023 and, as of that date the current liabilities exceeded its total assets by R23 823 million. As stated in note 32, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the public entity's ability to continue as a going concern.

Other matters

10. I draw attention to the matter below.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

11. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1) (b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 25 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Road Accident Fund. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the public entity.

12. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

13. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected outcome presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

18. I selected the following outcome presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected an outcome that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Outcome	Page numbers	Purpose

A transformed and sustainable RAF	68-74	The purpose of this outcome is to address key risks to the RAF such as financial sustainability, fraud, corruption and unethical behaviour, people management, service delivery and regulatory framework

19. I evaluated the reported performance information for the selected outcome against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

22. I did not identify any material findings on the reported performance information of outcome 1: A transformed and sustainable RAF.

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.

25. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Outcome 1: A transformed and sustainable RAF Targets achieved: 88%		
% Reduction of three-year-old open claims		16.77%

Reasons for the underachievement of targets are included in the annual performance report on pages [68- 74].

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of outcome 1: A transformed and sustainable RAE Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.

32. Material misstatements in claims expenditure and claims liabilities identified by the auditors in the submitted financial statements were not corrected which resulted in me expressing an adverse opinion on the financial statements.

Other information in the annual report

33. The accounting authority is responsible for the other information included in the annual report which includes the foreword by the chairperson of the Board, the CEO's overview, the audit committee's report and the company secretary's certificate. The other information referred to does not include the financial statements, the auditor's report and those selected outcomes presented in the annual performance report that have been specifically reported on in this auditor's report.

34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected outcome presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. The other information I obtained prior to the date of this auditor's report are general information, reported performance information, governance information and human resource management information. The foreword by the chairperson of the Board, the CEO's overview, the audit committee's report and the company secretary's certificate are expected to be made available to us after 14 September 2023.

37. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not identify any material misstatement on the other information received.

38. When I do receive and read the foreword by the chairperson of the Board, the CEO's overview, the audit committee's report and the company secretary's certificate, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

40. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion and the material finding on compliance with legislation included in this report.

41. The accounting authority did not implement adequate measures to ensure that the financial statements are prepared in accordance with the appropriate accounting framework. The accounting policy adopted by RAF in the prior years, up to 2019-20 financial year is appropriate and the entity

should consider reverting back to it until such time that the local accounting standard for entities with insurance like activities is developed by the standard setter. Any changes to the accounting policy in future should be done in accordance with the requirements of the standards. RAF did not take into account the advice received from the Accounting Standards Board (ASB) to maintain the status quo on the recognition and measurement of claims liability. The accounting authority did not ensure that steps were taken in order to ensure that deficiencies in internal control identified by external auditors were addressed.

Other reports

42. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

43. The Special Investigating Unit (SIU) is investigating allegations of maladministration, unlawful or improper conduct and irregularities of the public entity's affairs and assets by order of the President, covering the period 1 April 2018 to 10 December 2021. At the date of this report, the investigation was still ongoing.

Auditor - General

Pretoria

14 September 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected outcome and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

30. ANNUAL FINANCIAL STATEMENTS

THE ROAD ACCIDENT FUND ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Reports and Statements set out below comprise the Annual Financial Statements presented to the AGSA for Audit:

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the financial year ended 31 March 2023.

The Audit Committee is an independent statutory committee appointed by the Board of the RAF. The duties and responsibilities of the Audit Committee, as delegated by the Board of the RAF, are included in this report.

AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee has adopted formal Terms of Reference as its Audit Committee Charter, which has been approved by the Board of the RAF. The committee has conducted its affairs and has discharged its responsibilities in compliance to its Charter.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of four independent, non-executive Board members. It meets at least four times per year, as specified in terms of the Audit Committee Charter.

The Chairperson of the Board, Chief Executive Officer, Chief Financial Officer, Chief Internal Audit Officer, external auditors and other assurance providers (legal, compliance, risk, health and safety) attend meetings by invitation only.

During the year under review, ten Audit Committee meetings were held.

AUDIT COMMITTEE MEETINGS HELD FROM 1 APRIL 2022 TO 31 MARCH 2023

Name of member	**05 Apr 2022**	**22 Apr 2022**	**27 May 2022**	**20 Jun 2022**	**28 Jun 2022**	**22 Jul 2022**	**11 Aug 2022**	**13 Oct 2022**	**25 Oct 2022**	**20 Jan 2023**	**Total**
Mr H Daniels (Chairperson)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	10 of 10
Mr KM Mothobi	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	10 of 10
Ms LZ Francois	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	10 of 10
Mr LM Nyama	✔	✔	✔	✔	✔	✔	✔	✔	X	✔	9 of 10

X Apologies were rendered for meetings not attended.

DIRECTOR-GENERAL'S REPRESENTATIVE

Name of member	05 Apr 2022	22 Apr 2022	27 May 2022	20 Jun 2022	28 Jun 2022	22 Jul 2022	11 Aug 2022	13 Oct 2022	25 Oct 2022	20 Jan 2023	Total
Mr BF Ramantsi	X	✔	X	X	X	✔	✔	✔	X	✔	5 of 10

X Apologies were rendered for meetings not attended.

ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibilities include its statutory duties as per the PFMA, 1999 (Act No. 1 of 1999), as well as the NT Regulations issued in terms of the PFMA and the responsibilities assigned to it by the Board.

The committee was responsible for performing its duties as set out in the Audit Committee Charter, which included reviewing the following:

- The effectiveness of the RAF's internal control systems;
- The risk areas of the RAF's operations to be covered in the scope of the internal and external audits;
- The accounting and auditing concerns identified as a result of the internal or external audits;
- The RAF's compliance with legal and regulatory provisions, the Road Accident Fund Act, 1996 (Act No. 56 of 1996) (RAF Act); the Road Accident Fund Amendment Act, 2005 (Act No. 19 of 2005) (RAF Amendment Act); the PFMA, as well as NT Regulations;
- The activities of the Internal Audit function, including its work programmes, coordination with the external auditors, the reports of significant investigations, and the responses of Management to specific recommendations;
- The independence and objectivity of the external auditors;
- The Financial Statements with specific attention to:
  – Underlying accounting policies or changes thereto;
  – Major estimates and Managerial judgements;
  – Significant adjustments flowing from the year-end audit;
  – Compliance with effective South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the PFMA and other statutory precepts; and
  – The appropriateness of the going concern assumption.

The Audit Committee also undertook the following activities during the year under review:

- Reviewing and recommending the Internal Audit Department's Charter for approval by the Board;
- Reviewing and approving the Internal Audit Plan;
- Requesting investigations to be performed within its Terms of Reference; and
- Encouraging communication between members of the Board, Senior and Executive Management, the Internal Audit Department, and the external auditors.

EXTERNAL AUDITORS

During the year, the Audit Committee met with the external auditors and with the Chief Internal Audit Officer without Management being present. The Audit Committee is satisfied that it complied with its legal, regulatory and other responsibilities.

The Audit Committee, in consultation with Executive Management, agreed to the Engagement Letter, terms, Audit Plan and budgeted audit fees for the financial year ended 31 March 2023.

FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Audit Committee evaluated the Accounting Policies and Annual Financial Statements of the RAF for the year ended 31 March 2023 and concluded that they comply, in all material respects, with the requirements of the PFMA, and were prepared in accordance with the effective SA Standards of GRAP issued by the Accounting Standards Board (ASB).

The Audit Committee has established a process to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the RAF. No matters were raised in the past financial year.

IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

The Audit Committee is satisfied with the processes in place to detect and disclose irregular and fruitless and wasteful expenditure. For the year under review, there was no irregular expenditure or fruitless and wasteful expenditure that exceeded the materiality limit of 5% of the total asset value (R593,907,580), as documented in the Materiality Framework either individually or in aggregate. However, all irregular expenditure and fruitless and wasteful expenditure incurred and confirmed has been disclosed and reported in accordance with the PFMA and National Treasury Instruction no.4 of 2022/23.

OVERALL INTERNAL CONTROLS

Based on the recommendation by the Audit Committee to the Board for approval for submission to the NT and the DoT, internal financial controls in place form a sound basis for the preparation of reliable Annual Financial Statements.

WHISTLE-BLOWING

The Audit Committee receives and deals with any concern or complaint, whether from within or outside the RAF, relating to the accounting practices and Internal Audit of the RAF, the content or auditing of the RAF's Annual Financial Statements, the internal financial controls of the RAF and related matters.

The predominant sources of information in respect of concerns raised to the Audit Committee in relation to these matters are the reports issued by the Internal Audit Department, the Management and Audit Report of the AGSA, as well as quarterly reports provided by the Combined Assurance Forum discussed below. Reporting mechanisms, such as hotlines, are also in place to enable employees to report suspected non-compliance and other matters to the various departments constituting the Combined Assurance Forum.

REPORTING AND COMBINED ASSURANCE

The Audit Committee fulfils an oversight role regarding the RAF's Annual Report and the reporting process, including the system of internal financial control. Furthermore, the committee oversees cooperation between the internal and external auditors and other service providers. A Combined Assurance Forum has been formed, which is chaired by the Head: Enterprise Risk Management and reports to the Audit Committee on a quarterly basis.

GOING CONCERN

The Audit Committee reviewed a documented assessment by Management of the going-concern premise before agreeing that the adoption of the going-concern premise is appropriate in preparing the Annual Financial Statements (refer to the Report of the Board as it pertains to the section on 'going concern').

GOVERNANCE OF RISK

The Board has assigned oversight of the RAF's Risk Management function to the Risk, Governance and Actuarial Committee.

The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud and IT risks as they relate to financial reporting.

INTERNAL AUDIT

The Audit Committee is responsible for ensuring that the RAF's Internal Audit function is independent and has the necessary resources, standing and authority within the RAF to enable it to discharge its duties. Its duties are focused on the evaluation and improvement of the effectiveness of risk management, control and governance processes.

The Internal Audit function reports centrally, with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all the RAF's operations. The Chief Internal Audit Officer is responsible for reporting the findings of the internal audit work against the agreed Internal Audit Plan to the Audit Committee on a regular basis.

The Chief Internal Audit Officer has a functional reporting line to the Audit Committee, primarily through its Chairperson, and reports administratively to the Chief Executive Officer. The Audit Committee is also responsible for the assessment of the performance of the Chief Internal Audit Officer and the Internal Audit function.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The assessment of the Finance function was done as part of a larger exercise carried out by the Remuneration and Human Resources Committee. The committee raised a concern regarding the SCM Unit, and it supports the view that the unit needs to be capacitated. In the current financial year, the Head of Procurement was appointed to address the concern.

The Audit Committee is satisfied that it complied with its legal, regulatory and other responsibilities, as per its Terms of Reference during the year under review.

Hilmi Daniels (Sep 12, 2023 21:09 GMT+2)

Mr H DANIELS
Chairperson of the Audit Committee
Date: 12 September 2023

STATEMENT OF RESPONSIBILITY BY THE BOARD

The Annual Financial Statements have been prepared in accordance with SA Standards of GRAP, including any interpretations, guidelines and directives issued by the ASB.

The PFMA requires the Accounting Authority to ensure that the RAF keeps full and proper records of its financial affairs. The Financial Statements should fairly present the state of affairs of the RAF, its financial results, its performance against predetermined objectives and its financial position at the end of the financial year in terms of the effective SA Standards of GRAP.

The Annual Financial Statements are the responsibility of the Board. The external auditors are responsible for independently auditing and reporting on the Annual Financial Statements.

To enable the Board to meet the above-mentioned responsibilities, the RAF Board sets standards and oversees systems of internal control. The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

Policies, procedures, structures and approval frameworks provide direction, accountability and division of responsibilities, and contain self-monitoring mechanisms. The controls throughout the RAF focus on the critical risk areas identified by operational Risk Management and confirmed by Executive Management. Both Management and the Internal Audit Department closely monitor the controls and actions taken to correct deficiencies as they are identified.

Based on the information and explanations provided by Management which are recommended by the Audit Committee to the Board for approval to the NT and the DoT, internal financial controls form a sound basis to ensure that the financial records may be relied upon for preparing reliable Annual Financial Statements.

Nothing significant has come to the attention of the Board to indicate that any material breakdown has occurred in the functioning of these controls, procedures and systems during the year under review.

In the opinion of the Board, based on the information available, the Annual Financial Statements fairly present the financial position of the RAF as at 31 March 2023 and the results of its operations and cash flow information for the year.

On an annual basis, following the Minister of Finance's Budget Speech in Parliament, the Taxation Amendment Act indicates what the RAF Fuel Levy will be for the applicable financial year. The RAF Fuel Levy for the 2022/23 financial year was 218 c/l. This rate remained unchanged for the 2023/24 financial year.

The Annual Financial Statements, which have been prepared on the going-concern basis, were approved for issue by the Board on 28 July 2023. The Annual Financial Statements were signed on behalf of the Board by:

Dr NB Mabuya
Dr NB Mabuya (Sep 13, 2023 09:52 GMT+2)

DR NM MABUYA-MOLOELE
Acting Chairperson of the Board
Date: 12 September 2023

REPORT OF THE BOARD

INTRODUCTION

The Board presents its report, which forms part of the Annual Financial Statements of the RAF, for the year ended 31 March 2023 to the Minister of Transport, who is the Executive Authority in terms of section 55(1)(d) of the PFMA.

The RAF, as established by the RAF Act, is listed as a National Public Entity in accordance with schedule 3A of the PFMA and operates in the Republic of South Africa. The Board acts as the Accounting Authority in terms of the PFMA.

BOARD

The current Board was appointed by Cabinet on 4 December 2019.

The Board members who held office during the year under review are as follows:

NON-EXECUTIVE BOARD MEMBERS 1 APRIL 2022 TO 31 MARCH 2023

Ms TN Msibi	(Chairperson)
Dr NB Mabuya	(Vice-Chairperson)
Ms LZ Francois	
Dr MC Peenze	
Mr H Daniels	
Mr LM Nyama	
Mr KM Mothobi	
Mr TS Tshabalala	
Mr BF Ramantsi	(DG's representative)*

**The Director-General of the DoT or any other Senior Officer in the DoT, designated by him or her for a purpose, serves as an ex officio member of the Board.*

CHIEF EXECUTIVE OFFICER

Mr CP Letsoalo

CHIEF FINANCIAL OFFICER

Ms B Potgieter

BOARD SECRETARY

Ms JR Cornelius (Resigned 31 August 2022)
Ms M Kumalo (Acting from 27 October 2022 to 30 June 2023)
Mr T Phechudi (Acting from 7 July 2023)

PURPOSE AND OBJECTIVES OF THE RAF

To provide appropriate cover to all road users within the borders of South Africa; to rehabilitate persons injured; compensate for injuries or death; 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.

SOLVENCY AND GOING CONCERN

We draw attention to the fact that as at 31 March 2023, the entity had an accumulated deficit of R23,936,104,000 and that the entity's total liabilities exceeded its assets by R23,823,310,000.

The RAF has been technically insolvent for a considerable amount of time. This is mainly due to the lack of nexus between the revenue (assets) and expenditure (liabilities). The revenue collected is not on the basis of the risk profile attributable to claims or occurrence of road accidents; but on the amount of fuel, in litres, that are purchased each month. In receiving these funds, RAF then pays out compensation, mostly in lump sums, to the claimants.

The Statement of Financial Position as at 31 March 2023 reported current assets of R11,6 billion of which Cash and Cash Equivalents was a total of R630 million and Fuel Levies receivable was R10,7 billion. The current asset position in comparison with the Claims requested not yet paid as at 31 March 2023 of R9.3 billion reflects a positive liquidity position for the RAF. This demonstrates that the RAF will be able to fulfil its mandate and meet its obligations over the next 12 months.

The RAF reported a deficit of R8,4 billion in the Statement of Financial Performance for the period ended 31 March 2023 compared to the surplus of R428 million in the 2021/22 financial year. The deficit was due to the increase in the claims liability for offers that were not yet requested for payment as at 31 March 2023.

In addition, the RAF was able to maintain a year end balance for Claims Requested not yet paid at R9.3 billion in 2022/23 compared to the to R9.1 billion in 2021/22 with no increase in the legislated Fuel Levy for 2022/23.

The total Claims Liability reported as at 31 March 2023 is R34 billion of which R 24,9 billion are claims which have not yet been requested for payment, but which will be requested and paid within the next 12 months. The Fuel Levy Income to be received during the 2023/24 financial year is projected to amount to R48 billion.

The projected levies to be received will provide sufficient funding to make payment to the R24,9 billion Claims Liability which has not yet been requested for payment as at 31 March 2023 as well as all Claims settled during the 2023/24 financial year. It must be understood that RAF is classified as pay-as-you-go, instead of a fully funded Fund.

The change in accounting policy effected by management in the 2020/21 Annual Financial Statements continues to present the Performance of the RAF more reliably and in a manner that is consistent with how the Fuel Levy income realises and is appropriated to Claims obligations as they arise in the normal course of business.

Given the balances reported and highlighted above, as well as the projections which have been indicated, the going concern risk has been considered as mitigated for the RAF as at 31 March 2023.

Notwithstanding the going concern risk being mitigated for the Fund, RAF has still implemented the following measures to improve its financial sustainability:

- The next medium term, 2023-25 period, will see RAF change its operating model, funding and pay-out models to ensure operational and financial sustainability of the RAF. The RAF has adopted a new Strategic Plan for the period 2020-25. The strategy is under-pinned by the following strategic initiatives:
- Reduction of operational and administrative costs;
- Reviewing of operating model to improve efficiencies to replace the current litigation model which has proven to incur significant legal costs. Objectives such as decreasing the settlement period of a claim and reducing the validation time of claims will assist in decreasing the legal costs incurred through the lengthy litigation process;
- Implementation of asset liability matching strategies and payments in annuities;
- The introduction of RAF tariff to improve on the settlement efficiencies;
    - Enhancement of the claim's administration process and the introduction of an integrated claims management system; and
    - Review the current regulation to introduce efficiencies.
- Updated cash flow forecasts have been introduced. These are prepared on a weekly and monthly basis.
- Extensive reporting mechanisms exist to monitor cash flows on a real time basis and to report as is relevant to the various affected parties and stakeholders as well as to develop a proactive response to the extent possible.
- Writs instances and the processes followed in responding thereto are actively monitored and tracked by the Operations and Treasury teams, whilst being supported by the Corporate Legal Department. This process has been reviewed to ascertain that all gaps are identified, and appropriate mitigating measures have been put in place.
- The Corporate Legal Department with the support of Treasury has implemented measures to drastically repudiate issuance of Writs through engagements in legal process which aim to provide relief from Writs instances.
- Assess the risk against the risk bearing capacity of the Institution and respond accordingly on an ongoing basis.
- Continuously considered the fact that the RAF Act contemplated that the RAF may be 'unable' to pay and may be insolvent but to liquidate the RAF is not possible. To wind up the RAF will further-more require an Act of Parliament.
- A Cash Management Strategy has been revised to ensure available funding is distributed in an equitable and fair manner. The revision has since evolved to cash management in the ordinary course of business and the revision is a response to the RAF business environment. Ongoing engagements between Operations and Treasury are facilitated to ensure that the revised strategy covers all challenges as they are being identified.
- The RAF, on a continuous basis, seeks to optimise its own cost base and any funds that are not committed due to general savings are further channeled into operations to address other obligations.

- Extensive engagement with the Stakeholders - National Treasury, Department of Transport (DoT) and other relevant parties and forums - are ongoing to ensure awareness, to present status updates and to seek solutions.
- Reporting on Going Concern in the Annual Financial Statements and Annual Report.

In the context of the above, Management takes the following assumptions into consideration in its assessment of the going concern of the RAF:

- RAF it is not a commercial enterprise.
- The RAF is, as its name implies, a fund. It is a receptacle of all monies procured from National Treasury pursuant to section 5(1) of the RAF Act from which all claims for damages arising from bodily injuries are to be paid. The RAF therefore has no realistic alternative other than to continue to operate in accordance with the above said legislation.
- Conventional means of assessing the going concern of RAF will always yield negative results which are not indicative of the realities of the ability of RAF to continue its operations as contemplated in GRAP 1.25.
- The Insolvency Act applies only to individuals and partnerships. The RAF is neither.
- The Companies Act, 2008 applies to the various categories of entitles which fall within the definition of a "company" under that Act and under the 1973 Companies Act. The RAF does not fall within such category.
- In the case of the statutory body, one must consider the statute in question to determine precisely when the body is to be regarded as insolvent and what consequences are to flow from that state of affairs. Thus, factually, the body may be insolvent, but whether any legal consequence flows from this is a matter to be determined by having regard to the empowering statute.
- The RAF Act does not deal with the insolvency of the RAF. It is clear, however, from section 21(2)(a) of the RAF Act that the legislature contemplated that the RAF may be "unable" to pay "any compensation" and, in that sense, the liability will fall on the wrongdoer.
- The RAF is incapable of being liquidated. To wind up the business of the RAF will require an intervention through an Act of Parliament. The winding up process will however not absolve the RAF from the debts that it would have incurred as at the time of the culmination of such a process. (Source: 2014/15 Financial Year Legal Opinion, refer to Annexure A)

A liquidation application was lodged against the Fund. The application was brought in terms of the Companies Act for the RAF to be wound down. Our Legal Counsel is of the opinion that the prospects of success of this application is non-existent in that it has been brought under the provisions of the Companies Act. The RAF is not a company incorporated under the Companies Act, it is a creature of statute as established in terms of section 2 of the RAF Act. It can only cease to exist in its current form by repealing the current legislation. The application was placed in abeyance subsequent to the filing of the RAF's responding affidavits.

Based on the above, Management is of the opinion that the Going Concern basis is appropriate for the presentation of the Annual Financial Statements for 31 March 2023 based on this assessment.

Based on the assessment performed, the going concern risk has been considered as a risk that will not materialise to the RAF as at 31 March 2023 and the Fund will be able to fulfil its mandate and meet its obligations over the next 12 months.

The accumulated deficit has increased by the deficit for the year of R8,428,661,000 in the 2022/23 financial year.

Financial Year ended 31 March	2023	2022	2021
	R'000	R'000	R'000
Total assets	**11,878,152**	**12,313,834**	**15,662,977**
Total liabilities	**(35,701,462)**	**(27,712,548)**	**(31,496,933)**
Total net liabilities	(23,823,310)	(15,398,714)	(15,833,956)

SUBSEQUENT EVENTS

No undisclosed material events have taken place between the Statement of Financial Position date and the authorisation of the Annual Financial Statements for issue to the Executive Authority.

ACCOUNTING POLICIES

The Annual Financial Statements were prepared in accordance with the prescribed SA Standards of GRAP issued by the ASB as the prescribed framework by NT. There were no material changes to GRAP standards applicable to the Fund that became effective during the current financial year.

MATERIALITY FRAMEWORK

A Materiality Framework was developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, or for significant transactions that require approval by the Executive Authority, as envisaged in section 54(2) of the PFMA.

The framework was finalised by the RAF and approved by the Board on 6 February 2014. The Board is currently in the process of reviewing the Materiality Framework.

FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure of R 4,117,560 (2021/22:R1,290,041) relating to administrative, interest, Sheriff and writ costs, has been disclosed in Note 25 of the Annual Financial Statements.

Interest, Sheriff and Writ Costs

Interest cost is the cost paid for late payment of the claim compensation, as agreed to in a settlement agreement or order of the court, and taxed legal bills settled through taxation, as these costs are due immediately. The interest is charged under the Prescribed Rate of Interest Act of 1975 at the prevailing rate contained in Government Gazettes issued under the act. The current rate of interest is 10.75% as per Government Gazette No. 48402, effective 01 March 2023.

Sheriff cost is the cost paid to the Sheriff for its service regarding serving the warrants of execution (writs) on the Fund.

As per the definition in the PFMA, fruitless and wasteful expenditure means “expenditure which was made in vain and could have been avoided had reasonable care been exercised”. The amounts listed below are costs incurred in the settlement process of claims influenced by external legal processes and time limits legally enforced on the RAF in respect of the settlement of claims.

The total value of Claims-related fruitless and wasteful expenditure included in the Annual Financial Statements for the year ended 31 March 2023 is R3,649,763 (2021/22: R1,283,020) representing a 185% increase. This, as a percentage of Claims expenditure, is 0.007% (2021/22: 0.043%). The total value of Claims-related fruitless and wasteful expenditure, had it not been reduced for the current cash position and Management Strategy, would have been R298,250,637 (2021/22: R137,733,247).

Reporting and adherence to the Writs Standard Operating Procedure (SOP) will continue.

Legal costs create operational constraints, as there are no legal obligations for plaintiff attorneys to submit their bills within any stipulated time frames. The majority of legal cost bills are disputed, because the content, or the items billed, are incorrect or invalid. The process of taxation of legal cost bills through the Office of the Taxation Master is the only option to settle these disputes.

The taxation of legal cost bills exposes the RAF to a risk of non-compliance with court processes, despite an Instruction Note from NT that all payments arising from legal settlements must be paid within 30 days from the date of settlement. Court rules require that taxed bills must be paid immediately after taxation, and plaintiff attorneys issuing writs (i.e., immediately after settlement).

As a result, payments may comply with the PFMA, but not the court rules.

The following information relates to the legal cost bills settled through taxation for 2022/23:

- Number of bills settled through taxation: 25,879 (2021/22: 22,561) – increased by 15%.
- Number of bills where a saving was made through taxation: 24,750 (2021/22: 21,586) – increased by 15%.
- Amount saved through taxation: R7,011,152,682 (2021/22: R5,181,810,888) – increased by 35%.
- The success rate in terms of savings on legal cost bills was 96% (2021/22: 96%).

Furthermore, the total amount saved through taxation increased by 35%. The average bill value submitted by attorneys increased by 8% compared to 2021/22, while the average bill settlement value decreased by 6%, which resulted in an overall increase on the average savings per bill of 18% compared to 2021/22. The value of bills claimed and settled are driven by a number of factors that are mainly related to whether attorneys are overreaching when drawing up bills, while the use of cost consultants during taxation may lead to increased savings.

RAF officials are required to diligently apply the process of the legal cost bills assessments. Writs SOPs are in place to ensure that all taxed bills are paid timeously to minimise the impact of the interest cost at a rate of 10.75%.

The number of claims paid because of writs received in the 2022/23 financial year was 4,364 (2021/22: 3,486). It was 25.2% higher than in 2021/22. The increase in interest, sheriff, and writ costs and with that the number of writs processed can be attributed to the increase in escalations by attorneys by instructing the sheriff to issue a writ and executing on those writs through auctions and attachment of assets.

Fruitless and wasteful expenditure is monitored closely by the Executive Management and the Board. There are processes in place to ensure that this risk is mitigated.

Fruitless and wasteful expenditure relating to administrative costs totalled R468,797 (2021/22: R7,020) and comprised of additional travel costs which could have been avoided.

Disciplinary action was taken against staff members because of negligence resulting in the payment of interest, sheriff and writ costs, as well as duplicate payments and administrative costs. During the financial year, two staff members received written warnings. No dismissals were necessary.

Irregular Expenditure

There were was no Irregular expenditure reported during the financial year (2021/22: R2,131,995). There were 3 instances to the value of R2,131,995 that were incurred in the 2021/22 financial year . In accordance with the National Treasury Instruction No.4 of 2022/23 on the Compliance and Reporting Framework, Note 25 of the Annual Financial Statements contains only the amounts incurred and confirmed in the current financial year and the prior year amounts will comprise of the amounts confirmed in the prior financial year, amounts that were under assessment in the prior year and were confirmed in the current financial year and amounts that were not identified and are identified and confirmed in the current financial year.

ADDRESSES

Business Address:

Eco Glades Office Park 2
420 Witch-hazel Avenue
Centurion
0046

Postal Address:

Private Bag X178
Centurion
0046

Website:

www.raf.co.za

APPROVAL

The Annual Financial Statements, which have been prepared on the going-concern basis, were approved for issue to the Executive Authority by the Board on 27 July 2023. The Annual Financial Statements were signed on behalf of the Board by:

Dr NB Mabuya
Dr NB Mabuya (Sep 13, 2023 09:52 GMT+2)

DR NM MABUYA-MOLOELE
Acting Chairperson of the Board
Date: 12 September 2023

MR CP LETSOALO
Chief Executive Officer
Date: 12 September 2023

BOARD SECRETARY'S CERTIFICATION

I hereby certify that the RAF has lodged all returns as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act No. 29 of 1999.

MR T PHECHUDI

Acting Board Secretary
Date: 12 September 2023

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF FINANCIAL POSITION

		2023	2022
Assets	**Note(s)**	**R '000**	**R '000**
Current Assets			
Cash and cash equivalents	3	629,867	867,641
Receivables from non-exchange transactions	4	10,735,857	10,977,844
Receivables from exchange transactions	5	29,688	27,230
Other financial assets	6	231,735	214,104
Consumable stock	7	5,545	4,823
		11,632,692	**12,091,642**
Non-Current Assets			
Property, plant and equipment	8	171,998	191,081
Intangible assets	9	73,462	31,111
		245,460	**222,192**
Total Assets		**11,878,152**	**12,313,834**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	75,396	300,567
Other financial liabilities	11	135,420	110,858
Claims liabilities	12	34,194,224	25,965,403
Other provision	13	1,232,679	1,271,572
Operating lease liability	15	2,673	471
		35,640,392	**27,648,871**
Non-Current Liabilities			
Employee benefit obligation	14	57,577	57,726
Operating lease liability	15	3,493	5,951
		61,070	**63,677**
Total Liabilities		**35,701,462**	**27,712,548**
Net Liabilities		**(23,823,310)**	**(15,398,714)**
Net Liabilities			
Reserves			
Revaluation reserve		112,794	108,729
Accumulated deficit		(23,936,104)	(15,507,443)
Total Net Liabilities		**(23,823,310)**	**(15,398,714)**

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2023 R '000	2022 R '000
Revenue			
Revenue from Exchange Transactions			
Other income	17	1,499	20
Investment revenue	18	284,167	222,770
Reinsurance income		578	-
Total Revenue from Exchange Transactions		**286,244**	**222,790**
Revenue from Non-exchange Transactions			
Transfer revenue			
Net fuel levies	16	48,471,534	47,931,888
Total Revenue		**48,757,778**	**48,154,678**
Expenditure			
Claims expenditure	19	(53,921,862)	(44,952,695)
Depreciation and amortisation		(45,557)	(44,836)
Employee costs	21	(2,248,316)	(2,072,908)
Finance costs	22	(298,076)	(119,089)
Reinsurance premiums	20	(4,376)	(5,340)
General expenses	23	(668,252)	(531,316)
Total Expenditure		**(57,186,439)**	**(47,726,184)**
Surplus/(Deficit) for the Year		**(8,428,661)**	**428,494**

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN NET ASSETS

	Note	Revaluation reserve	Accumulated deficit	Total net assets
		R '000	R '000	R '000
Balance at 1 April 2021		**101,981**	**(15,935,937)**	**(15,833,956)**
Changes in net assets				
Revaluation of land		600	-	600
Revaluation of building		6,148	-	6,148
Surplus for the year		-	428,494	428,494
Total changes		6,748	428,494	435,242
Balance at 31 March 2022		**108,729**	**(15,507,443)**	**(15,398,714)**
Changes in net assets				
Revaluation of land		3,500	-	3,500
Revaluation of building		565	-	565
Deficit for the year		-	(8,428,661)	(8,428,661)
Total changes		4,065	(8,428,661)	(8,424,596)
Balance at 31 March 2023		**112,794**	**(23,936,104)**	**(23,823,310)**

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

CASH FLOW STATEMENT

	Note(s)	2023 R '000	2022 R '000
Cash Flows from Operating Activities			
Receipts			
Fuel levies		48,481,606	47,058,716
Interest income		281,709	216,627
Other income		1,499	20
Reinsurance income		578	-
		48,765,392	47,275,363
Payments			
Employee costs		(2,248,316)	(2,072,908)
Claims paid		(45,693,041)	(48,559,700)
Finance costs		(298,076)	(119,089)
Reinsurance premiums		(4,376)	(5,340)
Other expenditure		(694,597)	(289,802)
		(48,938,406)	(51,046,839)
Net Cash Flows from Operating Activities	27	**(173,014)**	**(3,771,476)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	8	(638)	(35,032)
Purchase of other intangible assets	9	(64,122)	(10,055)
Proceeds on sale of property, plant and equipment		-	-
Net Cash Flows from Investing Activities		**(64,760)**	**(45,087)**
Net Increase in Cash and Cash Equivalents		**(237,774)**	**(3,816,563)**
Cash and cash equivalents at the beginning of the year		867,641	4,684,204
Cash and Cash Equivalents at the End of the Year	3	**629,867**	**867,641**

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from Exchange transactions						
Other income	-	-	-	1,499	**1,499**	34
Investment revenue	239,083	-	**239,083**	284,167	**45,084**	34
Reinsurance income	-	-	-	578	**578**	34
Total Revenue from Exchange Transactions	**239,083**	**-**	**239,083**	**286,244**	**47,161**	
Revenue from Non-exchange Transactions						
Transfer Revenue						
Net fuel levies	48,105,553	-	**48,105,553**	48,471,534	**365,981**	
Total Revenue	**48,344,636**	**-**	**48,344,636**	**48,757,778**	**413,142**	
Expenditure						
Employee costs	(2,252,703)	-	**(2,252,703)**	(2,248,316)	**4,387**	
Claims expenditure	(43,284,001)	-	**(43,284,001)**	(53,921,862)	**(10,637,861)**	34
Depreciation and amortisation	(55,059)	-	**(55,059)**	(45,557)	**9,502**	34
Finance costs	(126,234)	-	**(126,234)**	(298,076)	**(171,842)**	34
Reinsurance premiums	(5,660)	-	**(5,660)**	(4,376)	**1,284**	34
General expenses	(806,192)	-	**(806,192)**	(668,252)	**137,940**	34
Total Expenditure	**(46,529,849)**	**-**	**(46,529,849)**	**(57,186,439)**	**(10,656,590)**	
Operating deficit	**1,814,787**	**-**	**1,814,787**	**(8,428,661)**	**(10,243,448)**	
Loss on disposal of assets and liabilities	-	-	-	-	-	
Surplus/(Deficit) for the Year	**1,814,787**	**-**	**1,814,787**	**(8,428,661)**	**(10,243,448)**	

ROAD ACCIDENT FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the SA Standards of Generally Recognised Accounting Practice (GRAP), issued by the ASB in accordance with section 91(1) of the PFMA,1999 (Act No. 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise. It is presented in South African Rand and rounded to the nearest thousand rand.

A summary of the significant Accounting Policies applied in the preparation of these Annual Financial Statements are disclosed below and are consistent with those applied in the prior period.

Where the SA Standards of GRAP are not available, accounting policies are formulated in accordance with GRAP 3. The International Public Sector Accounting Standards (IPSAS) have been applied as indicated below.

IPSAS 42 Social Benefits

IPSAS 42 *Social Benefits* has been early utilised to develop appropriate accounting policies for the financial year under review as there is currently no standard of GRAP that can be applied for the recognition, measurement, presentation and disclosure of liabilities and expenditures arising from motor vehicle accident claims (presented as Claims Liabilities and Claims Expenditure in the Statement of Financial Position, Statement of Financial Performance and Notes to the Annual Financial Statements) that will result in more reliable and relevant information to be presented and disclosed in the Annual Financial Statements. The standard is effective for Accounting Periods beginning on or after 1 January 2022.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the Annual Financial Statements, Management is required to make estimates and assumptions that affect the amounts represented in the Statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Annual Financial Statements as new information becomes known, circumstances change or more experience is obtained. The RAF recognises the effect of these changes in accounting estimates prospectively, by including the effects in surplus or deficit in the period of the change if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant judgements include:

Impairment Testing

A cash-generating or non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. These calculations require the use of estimates and assumptions.

The RAF reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. The RAF did not hold any cash generating assets.

Claims Liabilities

The estimation of the ultimate liability arising from offers presented to the claimant, but not yet requested for payment at the reporting date is the RAF's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the amount that the RAF will ultimately pay for such claims. More detail on the estimation can be found in Note 12 – Claims Liabilities.

Post-retirement Benefits

The RAF provides a defined benefit post-retirement medical plan to some of its employees. The measurement of the obligations (and assets) in respect of this liability requires actuarial estimates and valuations. An actuary is engaged to perform these calculations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

Impairment of Financial Assets Held at Amortised Cost

Financial assets held at amortised cost include receivables from exchange transactions, receivables from non-exchange transactions and other financial assets held at amortised cost. On the financial assets, an impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. Additional information is disclosed in Notes 6 and 23.

Revenue Recognition on the RAF Fuel Levy

With effect from 1 April 2006, the responsibility for the collection of the RAF Fuel Levy was devolved from the Central Energy Fund (CEF) to the South African Revenue Service (SARS).

The changes to the Customs and Excise Act, 1964 (Act No. 91 of 1964) have introduced new provisions that require fuel companies to pay 50% of the RAF Fuel Levy at the end of the month following the month of removal of the fuel from the refinery, and the remaining 50% at the end of the following month.

The effect of these provisions is that cash receipts of RAF Levies do not correspond with the accrual of fuel levy revenue by the RAF. This particularly impacts the year-end revenue receivable raised from the RAF Fuel Levy. To correctly accrue for the revenue for the period, RAF Management makes an estimate as to what the expected RAF Fuel Levy income should be based on historical evidence. Additional information is disclosed in Notes 4 and 16.

Diesel Refunds

Diesel refunds are concessions deducted from the fuel levy received. Diesel concessions are granted to certain sectors of the economy based on the level of use by the diesel consumer in primary production activities.

In terms of section 5(2) of the RAF Act, after being amended by the Revenue Laws Amendment Act, 2005 (Act No. 31 of 2005), the RAF receives the RAF Fuel Levy net of diesel refund after it has been collected by SARS.

Diesel refunds affect the amount of revenue to be recognised and cannot be measured accurately at the point of revenue recognition.

Consequently, estimates are made by Management as to what the value of the diesel refunds will be. The estimates are based on historical evidence, and Management formulates a percentage that is applied to the RAF Fuel Levy. The average percentage for diesel refunds for the current year was 7% of the gross RAF Fuel Levy for the year. Additional information is disclosed in Notes 13 and 16.

Revaluation of Land and Buildings

Land and buildings held for administrative purposes are carried at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed by an independent valuer on a yearly basis, such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. The fair value of land and buildings, measured using the Valuation Model, is based on market values. The market value of property is determined by considering the market rentals that are paid in the immediate area. The applicable relevant market rental is used to determine potential income. Thereafter, the relevant expenditure is deducted to determine the net income and with a relevant capitalisation rate, the market value is calculated.

Additional information is disclosed in Note 8.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the RAF; and
- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 'property, plant and equipment'.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses, except for land and buildings, which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount as a result of a revaluation is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit

Any decrease in an asset's carrying amount as a result of a revaluation is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is unable to be distributed to owners of net assets as no such parties exist to the RAF and the revaluation surplus is not supported by cash reserves. The revaluation surplus will be transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Buildings	Straight line	30 years
Office furniture	Straight line	15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	10 years
IT equipment	Straight line	7 years
Leasehold improvements	Straight line	3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is amended to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset has changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 INTANGIBLE ASSETS

An asset is identifiable if it either:

- Is separable, i.e., is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the RAF or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the RAF; and
- The cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

Amortisation commences when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Amortisation ceases at the date that the asset is derecognised.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally, generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful Life
Computer software	5 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the SA Standard of GRAP on leases requires otherwise on a sale and lease-back).

1.4 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, an entity should estimate cash flows considering all contractual terms of the financial instrument (e.g., prepayment, call and similar options), but should not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the SA Standard of GRAP on Revenue from Exchange Transactions), transaction costs and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity should use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm’s length transaction.

A financial asset is either cash, a residual interest of another entity, a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the RAF.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the RAF.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition, or holds for trading.

Classification

The RAF has the following types of financial assets in terms of classes and category, as reflected in the Statement of Financial Position or the Notes thereto:

Class	Category
Advance payment in respect of suppliers' claims	Financial asset measured at amortised cost
Employee debtors	Financial asset measured at amortised cost
Sundry debtors	Financial asset measured at amortised cost
Claims debtors	Financial asset measured at amortised cost
Other deposits	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Rent-a-Captive insurance	Financial asset measured at amortised cost

Advance payment in respect of suppliers' claims represents a payment made to a third party to settle claims on the RAF's behalf. Though all the ring-fenced claims have been settled, an overall debtor remains. Claims debtors represent overpayments, duplicate payments and wrong payments made to claimants.

The entity has the following types of financial liabilities (classes and category) as reflected in the Statement of Financial Position or the Notes thereto:

Class	Category
Trade and other creditors	Financial liability measured at amortised cost

Initial Recognition

The RAF recognises a financial asset or a financial liability in its Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

The RAF recognises financial assets using trade date accounting.

Initial Measurement of Financial Assets and Financial Liabilities

The RAF measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement of Financial Assets and Financial Liabilities

The RAF measures all financial assets and financial liabilities after initial recognition using the category 'financial instruments at amortised cost'.

All financial assets measured at amortised cost are subject to an impairment review.

Impairment and Uncollectability of Financial Assets

At the end of each reporting period the RAF assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Objective evidence of impairment includes:

- Amounts not recovered or no instalments received within 90 days of recognition of the financial asset or the previous instalment received;
- Information received about the debtor indicating their inability to settle the financial asset; or
- Legal action has been instituted to recover the amount receivable.

Financial Assets Measured at Amortised Cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit. When a receivable is uncollectable, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial Assets

The RAF derecognises financial assets using trade date accounting.

The RAF derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;

- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the RAF:
  – derecognises the asset; and
  – recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial Liabilities

The entity removes a financial liability, or a part of a financial liability, from its Statement of Financial Position when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, waived, or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Presentation

A financial asset and a financial liability are only offset, and the net amount presented in the Statement of Financial Position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 STATUTORY RECEIVABLES

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP.

Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.6 TAX

Tax Expenses

The RAF is exempt from taxation in terms of the provision of section 10(1)(cA)(i) of the Income Tax Act, 1962 (Act No. 58 of 1962) and section 16 of the RAF Act, 1996 (Act No. 56 of 1996).

1.7 LEASES

A lease is classified as a 'finance lease' if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an 'operating lease' if it does not transfer substantially all the risks and rewards incidental to ownership. The RAF was not party to any finance lease agreements during the reporting period.

When a lease includes land and building elements, the entity assesses the classification of each element separately.

Operating Leases – Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 CONSUMABLE STOCK

Consumable stock is recognised as an asset if, and only if, (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and (b) the cost of the consumable stock can be measured reliably.

Consumable stock is initially measured at cost except where it is acquired through a non-exchange transaction, then its costs represent its fair value as at the date of acquisition.

Subsequently, consumable stock is measured at the lower of cost and net realisable value.

Consumable stock is measured at the lower of cost and current replacement cost where it is held for distribution at no charge, or for a nominal charge.

Current replacement cost is the cost the RAF incurs to acquire the asset on the reporting date.

The cost of consumable stock comprises all costs of purchase, conversion and other costs incurred in bringing it to its present location and condition.

The cost of consumable stock is assigned using the weighted average cost formula. The same cost formula is used for all consumable stock which has a similar nature and use to the RAF.

When consumable stock is utilised, the carrying amounts of the consumable stock are recognised as an expense in the period in which the stock is distributed. The amount of any write-down of consumable stock to net realisable value or current replacement cost and all losses of consumable stock are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of consumable stock, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of consumable stock recognised as an expense in the period in which the reversal occurs.

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS

'Cash-generating assets' are assets managed with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.
'Impairment' is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

'Carrying amount' is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A 'cash-generating unit' is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use, that are largely independent of the cash inflows from other assets or groups of assets.

'Costs of disposal' are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

'Depreciation (amortisation)' is the systematic allocation of the depreciable amount of an asset over its useful life.

'Fair value less costs to sell' is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties less the costs of disposal.

'Recoverable amount of an asset or a cash-generating unit' is the higher of its fair value less costs to sell and its value in use.

'Useful life' is either:

- The period of time over which an asset is expected to be used by the RAF; or
- The number or production of similar units expected to be obtained from the asset by the RAF.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The RAF assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the RAF estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the RAF also tests a cash-generating intangible asset with an indefinite useful life, or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset is initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Reversal of Impairment Loss

The RAF assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the RAF estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount less its residual value (if any) on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit *pro rata* with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- Its recoverable amount (if determinable); and
- The carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated *pro rata* to the other assets of the unit.

The RAF did not hold any cash generating assets during the reporting period.

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

'Non-cash-generating assets' are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The RAF assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the RAF also tests a non-cash-generating intangible asset with an indefinite useful life, or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset is initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in Use

'Value in use' of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated Replacement Cost Approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.

An asset may be replaced either through reproduction (replication) of the existing asset, or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated based on such cost to reflect the already consumed or expired service potential of the asset.

The replacement and reproduction costs of an asset are determined on an 'optimised' basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset.

'Overdesigned assets' contain features that are unnecessary for the goods or services the asset provides. 'Overcapacity assets' are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration Cost Approach

'Restoration cost' is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service Units Approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and Measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss, which is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount less its residual value, if any, on a systematic basis over its remaining useful life.

Reversal of an Impairment Loss

The RAF assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the RAF estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase represents a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount less its residual value (if any) on a systematic basis over its remaining useful life.

There was no reversal of impairment losses required during the reporting period.

1.11 EMPLOYEE BENEFITS

Employee benefits represent all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term Employee Benefits

'Short-term employee benefits' are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance-related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (e.g., medical care and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the RAF recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as:

- A liability (accrued expense) after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the RAF recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- An expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense, as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. All leave types are non-accumulating absences, with the exception of Annual Leave, which is accumulating. The RAF measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonuses, incentives and performance-related payments when the RAF has a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when the RAF has no realistic alternative but to make the payments.

Post-employment Benefits

'Post-employment benefits' are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the staff concerned.

The RAF contributes towards the Employees' Pension Fund administrated by ABSA Consultants and Actuaries (Pty) Limited, the cost of which is recognised in surplus or deficit in the year that it is paid.

Post-employment Benefits: Defined Medical Benefit Plans

'Defined benefit plans' are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the RAF recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a benefit fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits. These assets are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation) and cannot be returned to the reporting entity unless either the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity, or the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

'Current service cost' is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

'Interest cost' is the increase during a period in the present value of a defined benefit obligation, which arises because the benefits are one period closer to settlement.

'Past service cost' is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the introduction of, or changes to post-employment benefits or other long-term employee benefits in the current period. Past service cost may be either positive, i.e., when benefits are introduced or changed so that the present value of the defined benefit obligation increases, or negative, i.e., when existing benefits are changed so that the present value of the defined benefit obligation decreases.

In measuring its defined benefit liability, the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

'Plan assets' comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The RAF accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the RAF's informal practices. Informal practices give rise to a constructive obligation where the RAF has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the RAF's informal practices could cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) from which the obligations are to be settled directly;
- Plus, any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (i.e., an asset). The RAF measures the resulting asset at the lower of the amount determined above, or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate that reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The RAF determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity, such that the amounts recognised in the Annual Financial Statements do not differ materially from the amounts that would be determined at the reporting date.

The RAF recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement rights;
- Actuarial gains and losses;
- Past service cost;

- The effect of any curtailments or settlements; and
- The effect of applying the limit on a defined benefit asset (i.e., a negative defined benefit liability).

The RAF uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (also known as the Accrued Benefit Method Pro-rated on Service, or as the Benefit/Years of Service Method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity should attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity should attribute benefit on a straight-line basis from:

- The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- The date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial Assumptions on the Post-Retirement Medical Scheme

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations at the reporting date for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- Estimated future salary increases;
- The benefits set out in terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- Estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan if, and only if, either:
  - those changes were enacted before the reporting date; or
  - history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, e.g., in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take into account estimated future changes in the cost of medical services resulting from both inflation and specific changes in medical costs.

Termination Benefits

Termination benefits are recognised as an expense when the RAF is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the RAF has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- The RAF has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money will affect the decisions of the users of the Annual Financial Statements, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The ‘discount rate’ is the rate before tax that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when:

- It is literally certain that reimbursement will be received if the entity settles the obligation;
- The reimbursement is treated as a separate asset; and
- The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

Contingencies are disclosed in Note 31.

1.13 PAYABLES

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Provisions can be distinguished from other liabilities, such as payables and accruals, because there is uncertainty about the timing or amount of the future expenditure required in settlement.

By contrast:

- Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of Claims where formal agreements for specified amounts exist); and
- Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (e.g., amounts relating to accrued leave pay).

Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions. The RAF reports accruals as part of ‘Trade and Other Creditors and Other Financial Liabilities’.

Recognition

The RAF recognises payables in accordance with GRAP 19.

The recognition criteria for accruals are similar to those of the provisions, except that the amount of the obligation is not estimated.

The amount recognised is accurately determined using the relevant report, contract or invoice.

In most instances, the system is used to derive these amounts.

Measurement

The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the reporting date.

It will often be impossible or prohibitively expensive to settle or transfer an obligation at the reporting date. However, the estimate of the amount that the RAF would rationally pay to settle or transfer the obligation gives the best estimate of the expenditure required to settle the present obligation at the reporting date.

The estimates of outcome and financial effect are determined by the judgement of the Management of the RAF, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date.

The RAF measures the accruals based on the actual amount as per internal and external reports, including contracts and invoices.

The risks and uncertainties that inevitably surround many events and circumstances are considered in reaching the best estimate of a provision.

Regarding accruals, there is little to no risk and uncertainty as compared to provisions, as actual amounts are used.

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

'Revenue' is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An 'exchange transaction' is one in which one entity receives assets or services, or has liabilities extinguished and directly provides approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

'Fair value' is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Income

Income arising from the use by others of entity assets yielding interest, reinsurance income and other income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the RAF, and the amount of the revenue can be measured reliably.

'Investment revenue' comprises interest received and is recognised in surplus or deficit using the effective interest rate method.

'Reinsurance income' comprises income received in terms of high-value claims insured by reinsurance companies and commutation offers received from same.

'Other income' comprises fees that are collected for published tenders, vending machines and parking fees received from employees and other immaterial inflows not related to the mandate of the RAF.

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

'Non-exchange transactions' are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly providing approximately equal value in exchange or provides value to another entity without directly receiving approximately equal value in exchange.

'Transfers' are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is depicted as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the RAF satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction likened to an asset, it reduces the carrying amount of the liability identified, and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the RAF.

The main income received by the RAF is a levy that is based on fuel sales known as the RAF Fuel Levy. The RAF Fuel Levy income is a charge levied on fuel throughout the country and the quantum of the RAF Fuel Levy per litre is determined by NT. The RAF Fuel Levy amendments are communicated through the Budget Speech.

The RAF recognises revenue from fuel levies when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the RAF.

Revenue is measured at the fair value of the consideration received or receivable (net of the diesel rebate).

1.16 FINANCE COSTS

Finance costs are recognised as an expense in the period in which they are incurred.

1.17 TRANSLATION OF FOREIGN CURRENCIES

Foreign Currency Transactions

A foreign currency transaction is recorded on initial recognition in rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, during the period or in previous Annual Financial Statements, are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in rand by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.18 CLAIMS PAYMENTS

The Fund recognises and measures liabilities and expenditures arising from motor vehicle accident claims in accordance with accounting policies derived from the General Approach set out in International Public Sector Accounting Standard (IPSAS) 42 *Social Benefits*.

The change in accounting policy derived from IPSAS 42 *Social Benefits* has been applied to the financial year under review as there is currently no standard of Generally Recognised Accounting Practice that can be applied for the recognition, measurement, presentation and disclosure of liabilities and expenditures arising from motor vehicle accident claims. The standard is effective for Accounting Periods beginning on or after 1 January 2022.

Expenditures arising from motor vehicle accident claims are regarded as a Social Benefit in accordance with IPSAS 42 as the expenditures represent cash transfers provided to:

a) Specific individuals/households that meet the eligibility criteria;
b) Mitigate the effect of Social Risks; and
c) Address the needs of society as a whole.

Recognition of liabilities for the Social Benefit Scheme

The Fund recognises a liability of the Social Benefit scheme when:

a) The entity has a present obligation for an outflow of resources that results from a past event; and
b) The present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in general purpose financial reports as set out in the Conceptual Framework for General Purpose Financial Reporting.

There may be uncertainty associated with the measurement of the liability. The use of estimates is an essential part of the accrual basis of accounting. Uncertainty regarding the outflow of resources does not prevent the recognition of a liability unless the level of uncertainty is so large that the qualitative characteristics of relevance and faithful representativeness cannot be met. Where the level of uncertainty does not prevent the recognition of a liability, it is taken into account when measuring the liability.

The past event that gives rise to a liability for a Social Benefit scheme is the satisfaction by each beneficiary of all eligibility criteria to receive a Social Benefit payment. The satisfaction of eligibility criteria for each Social Benefit payment is a separate past event.

Claims Liabilities for Offers not yet Requested are claims for which all eligibility criteria have been met, but the final value to be paid is not yet finalised and subject to uncertainty. The value of these claims is estimated using past settlement patterns.

Claims Liabilities Requested for Payment but not yet paid represents claims for which all eligibility criteria are met and the value of the amount to be paid is finalised and not subject to uncertainty, but the obligation has not yet been extinguished.

Recognition of expenses for the Social Benefit scheme

The Fund recognises an expense for the Social Benefit scheme at the same point that it recognises a liability.

The Fund does not recognise an expense for the Social Benefit scheme where a Social Benefit payment is made prior to all eligibility criteria for the next payment being satisfied. Rather, the Fund recognises a payment in advance as an asset in the statement of financial position, unless the amount becomes irrecoverable, in which case the Fund recognises an expense in the statement of financial performance.

Initial measurement of liabilities for the Social Benefit Scheme

The Fund measures the liability for a Social Benefit scheme at the best estimate of the costs (i.e., the Social Benefit payments) that the Fund will incur in fulfilling the present obligations represented by the liability.

The Fund's best estimate of the costs (i.e., the Social Benefit payments) that the Fund will make takes into account the possible effect of subsequent events on those Social Benefit payments.

When the liability in respect of the Social Benefit scheme is not expected to be settled before twelve months after the end of the reporting period in which the liability is recognised (i.e., the next Social Benefit payment will not be made for more than twelve months), the liability shall be discounted using a discount rate that best reflects the time value of money in respect of the currency used to settle the Claims liabilities.

Subsequent measurement of liabilities for the Social Benefit Scheme

The liability for a Social Benefit scheme is reduced as Social Benefit payments are made. Any difference between the cost of making the Social Benefit payments and the carrying amount of the liability in respect of the Social Benefit scheme is recognised in surplus or deficit in the period in which the liability is settled.

Where a liability is discounted in accordance with this accounting policy, the liability is increased and interest expense recognised in each reporting period until the liability is settled, to reflect the unwinding of the discount.

Where a liability has yet to be settled, the liability is reviewed at each reporting date, and adjusted to reflect the current best estimate of the costs (i.e., the Social Benefit payments) that the Fund will incur in fulfilling the present obligations represented by the liability.

The rate used to discount the liability in respect of a Social Benefit scheme reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the Claims liability.

Measurement of expenses for the Social Benefit Scheme

The Fund initially measures the expense for a Social Benefit scheme at an amount equivalent to the amount of the liability. Where the Fund makes a Social Benefit payment prior to all eligibility criteria for the next payment being satisfied, it measures the payment in advance or expense recognised at the amount of the cash transferred.

Recognition and measurement of compensation paid to claimants for costs

Compensation paid to claimants for costs are recognised as Social Benefit payments after the default eligibility criteria have been met. The liability is recognised when the eligibility criteria for this compensation are met and is measured at the best estimate of the costs that the Fund will incur in fulfilling the present obligations represented by the liability.

Undertakings for future medical costs are reimbursive in nature where the RAF pays back incurred medical expenses in accordance with the applicable legislation, due to the injuries sustained in the motor vehicle accident. Transactions where an entity is paying for the provision of the services do not meet the definition of a social benefit. Payments in respect of Undertakings are recognised where they satisfy the criteria for recognition as liabilities.

Reinsurance Contracts Held

The RAF procures reinsurance cover for the purposes of limiting its net loss potential. The Reinsurance Policies do not release the RAF from its direct obligations to its claimants, as the duty to compensate the claimants remains with the RAF although reinsurance cover has been procured.

The contracts entered into by the RAF with reinsurers, under which the RAF is compensated for losses on one or more 'contracts' issued by the Fund and that meet the classification requirements for the insurance contracts above, are classified as 'reinsurance contracts held'. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums are charged to the Statement of Financial Performance over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The reinsurance contracts held were terminated in the 2020/21 financial year.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure, as defined in section 1 of the PFMA, is 'expenditure which was made in vain and could have been avoided had reasonable care been exercised'. Fruitless and wasteful expenditure is recorded in the disclosures of the annual financial statements in accordance with National Treasury Instruction No. 04 of 2022/23 and the PFMA Compliance and Reporting Framework.

Fruitless and wasteful expenditure is recorded in the annual financial statements disclosure when incurred and confirmed. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives and a process of dealing with the concerned fruitless and wasteful expenditure is recorded in the annual report.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure, as defined in section 1 of the PFMA, is 'expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation', including:

- This Act; or
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations drafted in terms of the Act; or
- Any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is recorded in the annual financial statements disclosures when incurred and confirmed. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

a) irregular expenditure incurred and confirmed in the previous financial year;
b) irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year;
c) irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year. and
d) irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure must be recorded in the annual report.

1.21 BUDGET INFORMATION

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by an entity should provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

The Annual Financial Statements and the budget are prepared on the same basis of accounting. Therefore, a comparison with the budgeted amounts for the reporting period has been included in the Statement of Comparison of Budget and Actual Amounts. Material movements will be explained in the Statement of Comparison of Budget and Actual Amounts, and movements of greater than 10% will be assumed material.

1.22 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control or joint control.

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence or be influenced by that Management in their dealings with the RAF. As a minimum, a person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

1.23 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The RAF will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The RAF will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.24 COMPARATIVE AMOUNTS

Comparative amounts have been included in the annual financial statements and are consistent with the prior annual financial statements.

2. NEW STANDARDS AND INTERPRETATIONS

2.1. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

Standards and Interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2022 or later periods, have been reviewed and found not to be relevant to the operations or Annual Financial Statements of the RAF.

2.2. STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

Below is an Interpretation, which has been published and is mandatory for the entity's accounting periods beginning on or after 1 April 2022 or later periods. The Interpretation will be adopted in the year it becomes effective.

iGRAP 21: Interpretation of the Standards of GRAP on The Effect of Past Decisions on Materiality

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This Interpretation explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items.

This Interpretation applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items is dealt with in the Standard of GRAP on Presentation of Financial Statements (GRAP 1).

This Interpretation addresses the following issues:

(a) Whether past decisions about materiality affect subsequent reporting periods.

(b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

An alternative accounting treatment may have been applied to items (or groups of items) that were previously immaterial. If those similar items (or groups of items) are material in subsequent reporting periods and accounted for using an accounting policy based on the Standards of GRAP, this is not considered a change in accounting policy. As a result, an entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

An entity shall apply this Interpretation for annual financial statements covering periods beginning on or after 1 April 2023.

It is expected that the adoption of the Interpretation will not have a significant impact on the Annual Financial Statements.

GRAP 25: Employee Benefits

The standard was issued in April 2021 and its effective date is not yet determined. The standard prescribes the accounting and disclosure requirements for employee benefits. This Standard requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and recognise an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

It is expected that the standard will not materially affect future accounting and disclosures of the RAF.

GRAP 104: Financial Instruments

The standard was issued in April 2019 and its effective date 1 April 2025. The standard prescribes principles for recognising, measuring, presenting and disclosing financial instruments. Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability or residual interest of another.

It is expected that the standard will not materially affect future recognition, measurement, presentation and disclosure of financial instruments of the RAF.

3. CASH AND CASH EQUIVALENTS

	2023 R '000	2022 R '000
Cash and cash equivalents include the following:		
Short-term deposits	627 211	800 072
Current accounts	2 606	67 519
Cash on hand	50	50
	629 867	**867 641**

The effective interest rate on call deposits in 2022/23 was 7.07% and 3.82% in 2021/22.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Statutory Receivables

	2023 R '000	2022 R '000
Fuel Levy receivable	**10,735,857**	**10,977,844**

The RAF Fuel Levy is recovered directly from the oil refineries by SARS and is paid into the National Revenue Fund. SARS pays the funds into the National Revenue Fund after certain deductions are made in terms of section 47 of the Customs and Excise Act, 1964 (Act No. 91 of 1964), section 5 of the RAF Act, as well as Schedule No. 6 of the Customs and Excise Act, 1964. NT then pays these levies from the National Revenue Fund to the RAF.

Approximately 50% of the levies due are payable by the refineries at the end of the month following the month of removal from the refinery, and the remaining 50% at the end of the following month.

This amount is reduced by any bad debts that the refineries have sustained that need to be refunded by the RAF.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023 R '000	2022 R '000
Interest receivable from short-term investments	**29 688**	**27 230**

6. OTHER FINANCIAL ASSETS

	2023 R '000	2022 R '000
At amortised cost		
Refunds receivable i.r.o. supplier claims and other	54 152	35 497
Employee debtors	3 726	3 431
Sundry debtors	5 995	3 734
Rent-a-captive insurance	178 042	146 928
Other deposits	4 400	4 260
Claims debtors	146 307	177 493
	392 622	371 343
Impairments of claims, employee and sundry debtors and refunds receivable	(160 887)	(157 239)
	231 735	**214 104**

Financial Assets at Amortised Cost

Financial Assets at Amortised Cost Past Due but Not Impaired

Financial Assets which are past due but are not considered to be impaired amount to R7 095 000.00 as at 31 March 2023 and R8 082 000.00 as at 31 March 2022.

	2023 R '000	2022 R '000
The breakdown of amounts past due but not impaired is as follows:		
Claims debtors (greater than 90 days)	6 959	6 532
Employee debtors (greater than 90 days)	136	1 197
Sundry debtors (greater than 90 days)	-	353
	7 095	**8 082**

Financial Assets at Amortised Cost Impaired

Claims, advance payments, employees and sundry debtors that are impaired were R160 887 000 as at 31 March 2023 and R157 239 000 as at 31 March 2022

The breakdown of amounts is as follows:		
Employee debtors	2 795	1 093
Sundry debtors	5 983	3 871
Claims debtors	139 324	139 490
Refund receivable in respect of supplier claims and other	12 783	12 783
Other deposits	2	2
	160 887	**157 239**
Reconciliation of Provision for Impairment of Financial Assets at Amortised Cost		
Employee debtors		
Opening balance	1 093	849
Provision for impairment	1 702	244
Amounts written off as uncollectable	-	-
	2 795	**1 093**
Sundry debtors		
Opening balance	3 871	2 338
Provision for impairment	2 112	1 533
Amounts recovered	-	-
	5 983	**3 871**
Claims debtors		
Opening balance	139 490	115 184
Provision for impairment	22 461	40 305
Amounts recovered	(22 627)	(15 999)
	139 324	**139 490**
Refund receivable in respect of supplier claims and other		
Opening balance	12 783	12 783
Unused amounts reversed	-	-
Amounts recovered	-	-
	12 783	**12 783**
Other deposits		
Opening balance	2	2
Provision for impairment	-	-
	2	**2**

The creation and release of provision for impairment receivables have been included in Note 23: General Expenses.

The impairment of financial liabilities was estimated using the factors set out in the Accounting Policies.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The RAF does not hold any collateral as security.

7. CONSUMABLE STOCK

	2023 R '000	2022 R '000
Consumable stock	**5 545**	**4 823**

Included in consumable stock is printing paper, printer cartridges and stationery and is utilised in the ordinary course of business.

8. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	24,000	-	24,000	20,500	-	20,500
Buildings	79,000	-	79,000	82,000	-	82,000
Office furniture	53,571	(38,796)	14,775	53,571	(36,457)	17,114
Motor vehicles	204	(204)	-	204	(204)	-
Office equipment	34,378	(28,227)	6,151	34,142	(26,546)	7,596
IT equipment	274,483	(226,411)	48,072	274,081	(210,210)	63,871
Leasehold improvements	17,433	(17,433)	-	17,433	(17,433)	-
Total	**483,069**	**(311,071)**	**171,998**	**481,931**	**(290,850)**	**191,081**

Reconciliation of Property, Plant and Equipment – 2023

	Opening balance	Additions	Disposals	Transfers	Revaluations	Accumulated depreciation on disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	20,500	-	-	-	3,500	-		24,000
Buildings	82,000	-	-	-	565	-	(3,565)	79,000
Office furniture	17,114	-	-	-	-	-	(2,339)	14,775
Motor vehicles	-	-	-	-	-	-	-	-
Office equipment	7,596	236	-	-	-	-	(1,681)	6,151
IT equipment	63,871	402	-	-	-	-	(16,201)	48,072
Leasehold Improvements	-	-	-	-	-	-	-	-
	191,081	**638**	**-**	**-**	**4,065**	**-**	**(23,786)**	**171,998**

Reconciliation of Property, Plant and Equipment – 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations	Accumulated depreciation on disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	19 900	-	-	-	600	-	-	20 500
Buildings	79 300	-	-	-	6 148	-	(3 448)	82 000
Office furniture	16 982	4 210	-	-	-	-	(4 079)	17 114
Motor vehicles	-	-	-	-	-	-	-	-
Office equipment	7 328	1 757	-	-	-	-	(1 489)	7 596
IT equipment	50 452	29 065	-	-	-	-	(15 646)	63 871
Leasehold Improvements	22	-	-	-	-	-	(22)	-
	173 984	**35 032**	**-**	**-**	**6 748**	**-**	**(24 683)**	**191 081**

The carrying amount of fully depreciated property, plant and equipment that are still in use is as follows:

	2023 R'000	2022 R'000
Cost	376 637	336 498
Accumulated depreciation	(376 617)	(336 480)
Carrying amount	**20**	**18**

Repairs and Maintenance

The following repairs and maintenance was performed on Property, Plant and Equipment during the financial year

	2023 R'000	2022 R'000
Buildings	3 391	3 390
IT equipment	26 509	4 592

Revaluations

The effective date of the revaluations was 31 March 2023. Revaluations were performed independently by Mr Sydney Lukhele (Reg. No. 7274/0), professional valuer of Valuers Afrika Pty (Ltd). Neither the valuer nor Valuers Afrika Pty (Ltd) are related parties of the RAF.

Land and buildings are revalued independently every year in terms of the RAF Policy.

The valuation was performed using the Income Capitalisation Method to determine the market value by applying the market capitalisation rate to the net annual market rental income. A capitalisation rate of 11% (2021/22: 9.3%) was applied to the net annual income to arrive at the capitalised value.

The RAF purchased the vacant land from SANRAL and erected an office building for its staff on this property. Registration of the land in the name of the RAF has not yet taken place due to circumstances beyond the control of the Fund. The Deed of Sale specifically states that all risks and rewards incidental to ownership pass to the RAF upon signature of the Deed of Sale. In the meantime, economic benefits are flowing to the entity in the form of use of the land, as well as any appreciation in value. The cost of the land was measured reliably at recognition as the consideration paid for the purchase of the property. The asset has therefore been recognised in the Annual Financial Statements in accordance with the definition of an asset, as set out in GRAP 1 *Presentation of Financial Statements*, and recognition criteria, as set out in GRAP 17 *Property, Plant and Equipment.*

On 27 February 2020, the Board resolved to terminate the Deed of Sale as legal title had not yet passed to the RAF and to lease the building from SANRAL for five years. A settlement agreement is currently being negotiated with SANRAL for the repayment of the purchase price, including interest after deducting monthly rentals for the period the RAF has occupied the building. At the date of approval of the Annual Financial Statements, the settlement agreement had not yet been finalised.

9. INTANGIBLE ASSETS

	2023			2022		
	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	296 272	(222 810)	73 462	232 150	(201 039)	31 111

Reconciliation of Intangible Assets – 2023

	Opening balance	Additions	Disposals	Accumulated Amortisation on Disposals	Amortisation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	31 111	64 122	-	-	(21 771)	73 462

Reconciliation of Intangible Assets – 2022

	Opening balance	Additions	Disposals	Accumulated	Amortisation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	41 208	10 056			(20 152)	31 111

10. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
	R '000	R '000
Accrual for overtime	7,325	8,520
Accrual for leave	48,036	79,377
Accrual for 13th cheque	20,035	19,648
Accrual for incentive bonus	-	193,022
Total	**75,396**	**300,567**

11. OTHER FINANCIAL LABILITIES

	2023	2022
	R '000	R '000
At amortised cost		
Trade and other creditors	135,420	110,858

12. CLAIMS LIABILITIES

	2023 R '000	2022 R '000
Claims liability for offers not yet requested	24,876,632	16,837,473
Claims liability for claims requested but not yet paid	9,317,592	9,127,930
	34,194,224	**25,965,403**

Social Benefit liabilities are classified as follows:

Current liabilities	34,194,224	25,965,403
	34,194,224	**25,965,403**

The RAF is a juristic person established by an Act of Parliament, namely the RAF Act. Section 3 of the RAF Act stipulates that 'the object of the Fund shall be the payment of compensation in accordance with this Act for loss or damage wrongfully caused by the driving of motor vehicles. The RAF is classified as a Schedule 3A national public entity in accordance with section 48 of the PFMA.

The Claims liability for claims requested not yet paid at year end includes amounts owing to suppliers of the RAF for services rendered related to the settlement of the claims requested.

The Claim payments made in order to carry out the mandate of the Fund are categorised into the following products:

Section of RAF Act 56 of 1996	Description of Claim
Section 17(1) Section 17(1A)	Non-pecuniary loss (general damages). Limited to serious injury as assessed per regulation 3.
Section 17(4)(a)	Future medical costs/undertakings subject to the medical tariffs contemplated in section 17(4B) and regulation 5.
Section 17(4)(b)	Future loss of income and support subject to the statutory thresholds contemplated in section 17(4)(c).
Section 17(4)(c)	Future loss of income and support subject to the statutory thresholds.
Section 17(6)	Past medical costs, loss of income and loss of support subject to the medical tariffs contemplated in section 17(4B) and regulation 5.
Section 18(4)	Funeral costs limited to the necessary actual costs to cremate the deceased or to enter him/her into a grave.

The below discussions regarding special damages, non-patrimonial damages and prospective patrimonial loss have been extracted from RAF Practitioners guide, authored by HB Kloppers.

Special damages

By definition, patrimonial damages relate to a loss or diminution of one's patrimony. This can occur in a number of ways: *past loss of earnings*, *medical and hospital expenses actually incurred and costs of services and equipment*.

The claimant has to prove a legal obligation for the payment of the disbursements and costs claimed. This obligation arises where the claimant him- or herself suffered the injuries and paid the expenses and incurred the other losses referred to. Also, where the claimant's minor child or spouse is involved and the claimant is legally responsible for their support and maintenance or where other indigent dependents are involved, provided the claimant establishes a recognised duty of support. Damages of this nature are treated as special damages.

Non-patrimonial damages

A loss in respect of pain and suffering, disfigurement, diminished earning capacity, loss of amenities and expectation of life and nervous shock, is a non-patrimonial loss. The following extract from Hoffa NO v SA Mutual Fire & General Insurance Co Ltd 1965 (2) SA 944 (A) 954 serves to explain the position: *"Although it is true that pain and loss of the amenities of life are not commensurable with money, our law has, as is apparent from the authorities quoted above, accorded the injured party a monetary compensation in respect of the aforegoing. Every person is entitled to live free from pain and in the enjoyment of those pleasures of life which accrue to the possessor of a healthy mind and body and if, through the wrongful act of another, he has lost these advantages, the law affords him the comfort which is assumed to flow from being put in possession of a sum of money derived from an award of damages given against the wrongdoer. Whether the basis of a money award is to compensate the unhappiness flowing from the injury with the happiness resulting from the possession of money – a subject, as Viscount Simon L.C. remarked in Benham v Gambling, 1941 A.C. at p 160, more suitable for a discussion in an essay on Aristotelian ethics than a judgment of a court of law – or is one which has its origin in custom, perpetuated by judicial practise, or whether it is in its essential nature a penalty directed against a wrongdoer, are matters not calling for a decision in this case. They may very well be germane to a determination of the quantum of damages to be awarded under the various heads referred to. The fact remains that the object of our law in making provision for the award appears to me to compensate the injured party personally for what he has suffered, be it for pain or for loss of amenities. Without becoming embroiled in the controversy as to whether the measure of his compensation is to be determined upon an objective or subjective basis, it is clear from a consideration of our judgments that slight pain or a slight loss of amenities attracts slight compensation and vice versa. The damages awarded therefor bear a direct relationship to the personal sufferings of the injured party, and are intended for his personal benefit. The damages awarded to him are in a certain sense analogous to the solatium which is awarded under the actio injuriarum to someone as a salve to his wounded feelings."*

Since 1 August 2008 only non-patrimonial damages for serious injury can be recovered from the RAF. No other non-patrimonial damages are recoverable as section 21 absolves the wrongdoing driver from liability. The procedure to determine "serious injury" is prescribed by regulation 3.

Prospective patrimonial loss

It is not difficult to understand the nature of the loss here referred to. Those patrimonial losses which have not yet materialised, such as future medical expenses to be incurred, or a loss of income to be suffered at some future date, fall within this category. Although the loss is eventually patrimonial, it falls within the category of general damages, since the loss has not yet been incurred. The court will, where there is no doubt that a loss had been sustained, but the proof thereof presents grave difficulties, resort to the rough and ready method of the proverbial educated guess and to do the best it could on such material as was placed before it. In a claim for loss of support, objective available and acceptable evidence of the loss must be presented. As a first step, the financial support which the plaintiffs received and were accustomed to receiving and which was lost as a result of the death of the breadwinner. The onus of proof in that regard rested upon the plaintiff throughout and the plaintiff is required to produce such evidence as was available to discharge the onus. Where evidence should be available and should have been adduced, and the plaintiffs did not adduce such evidence, the court will adopt a generous approach, requiring an adjustment to be made by the court in its assessment. However, a court cannot and will not make an award if a loss had not been proved, and where inadequate evidence is placed before the court, a court will inevitably absolve a defendant from the instance.

Key features of the Social Benefit Scheme

The Fund is governed by the Road Accident Fund Act 56 of 1996 in fulfilling its mandate. The eligibility criteria for the Social Benefit scheme are legislated and are as follows:

Act	Section	No.	Eligibility criteria
RAF Act 56 of 1996	Section 17	1.	The claimant (being “any person whomsoever” or “third party”) must have suffered damage or loss in the form of bodily injury to him- or herself or by virtue of the death of another person.
		2.	There must have been negligent driving of a motor vehicle or another unlawful act resulting in.
		3.	Damage or loss flowing from personal injury or loss of maintenance to the third party.
		4.	The damage or loss must have been caused by or arisen from the negligent driving of a motor vehicle [or another unlawful act].
		5.	The collision must have occurred within the borders of the Republic of South Africa.
	Section 17 and Regulation 2 [as regards hit-and-run accidents]	6.,	The claimant bears the onus to prove conduct comprising of the driving of a motor vehicle or another [related] unlawful act; negligence; wrongfulness; causation; loss or damage (deriving form bodily injury or death of another person); and the accident must have occurred within the boundaries of the Republic.
	Section 18	7.	The RAF’s liability may be limited as prescribed, which limitation may result in the reduction of the claimant’s benefit or in the extinguishing of the benefit in certain cases.
	Section 19	8.	The RAF’s liability must not be excluded based on one, or more, of the prescribed instances.
	Section 23	9.	The RAF’s liability must not be excluded due to the effluxion of time.
	Section 24	10.	The claim must be lodged on the prescribed form and in the prescribed manner.

Apportionment of Damages Act 34 of 1956	Section 1	11.	Where any person suffers damage, which is caused partly by his own fault and partly by the fault of any other person, a claim in respect of that damage shall not be defeated by reason of the fault of the claimant but the damages recoverable in respect thereof shall be reduced by the court to such extent as the court may deem just and equitable having regard to the degree in which the claimant was at fault in relation to the damage.
	Section 2	12.	Where it is alleged that two or more persons are jointly or severally liable in delict to a third person for the same damage, such persons.
Assessment of Damages Act 9 of 1969	Section 1	13.	When in any action, the cause of which arose after the commencement of this Act, damages are assessed for loss of support as a result of a person's death, no insurance money, pension or benefit which has been or will or may be paid as a result of the death, shall be taken into account.
Compensation for Occupational Injuries and Diseases Act 130 of 1993	Section 36	14.	Recovery of damages and compensation paid from third parties. (1) If an occupational injury or disease in respect of which compensation is payable, was caused in circumstances resulting in some person other than the employer of the employee concerned (in this section referred to as the "third party") being liable for damages in respect of such injury or disease— (a) the employee may claim compensation in terms of this Act and may also institute action for damages in a court of law against the third party; and (b) the Director-General or the employer by whom compensation is payable may institute action in a court of law against the third party for the recovery of compensation that he is obliged to pay in terms of this Act. (2) In awarding damages in an action referred to in subsection (1)(a) the court shall have regard to the compensation paid in terms of this Act.
Defence Act 42 of 2002	Section 86	15.	Right of recourse in respect of expenditure for injuries of members. (1) Whenever the Department (a) has incurred expenditure or has paid any amount in respect of medical, dental or hospital treatment of the bodily injuries of a member of the Defence Force or the supply of articles or the rendering of service in connection with that treatment; or (b) has made any payments in respect of any salary, pay, allowances or any compensation to the member during his incapacity, and the expenditure has been

			incurred or the payments have been made in circumstances where the member or his or her estate would otherwise have a claim against another person as a result of the bodily injury to or incapacity of the member, the Department shall, without obtaining a formal cession of action, have the same right of recourse against that other person for restitution of the payments made as that member or his or her estate from such person. In terms of this section, the Department is entitled to recover the expenditure referred to in paragraphs (a) and (b). The section has to be read with the provisions of section 18 (3) of the RAF Act. The right of recourse applies to expenditure incurred and amounts paid in respect of medical, hospital or dental treatment, as well as payments made in respect of salary, pay, allowances and compensation. The Government acquires the right of recourse "where the member or his or her estate would otherwise have a claim against another person". However, a claim for compensation lies against the RAF as substituted wrongdoer only. It follows therefore that the right of recourse is enforceable against the RAF

Eligibility criteria for legal costs

Legal costs on claims are recognised as Social Benefits in the Annual Financial Statements and are therefore recognised when all eligibility criteria are met. The eligibility criteria of legal costs are as follows:

- A court order;
- A bill of costs; and
- An allocator issued by the taxing master/agreement between the parties of the amount due.

All three criteria must be met before the bill of costs is payable.

Products claimable under the Social Benefit Scheme

The products that are claimable under the Social Benefit Scheme are set out below

Product	Definition
Loss of support	When a person (breadwinner) is killed in a motor vehicle accident and the dependent (third party) of the breadwinner may claim from the RAF his/her proven past and future loss of support.
Funeral expenses	Compensation for the person who was in law responsible to pay for the funeral expenses of a person killed in a motor vehicle accident.

Loss of earnings	A third party may claim his/her proven past and future loss of income from the RAF if the third party is, as a resulted of the injuries sustained in the motor vehicle accident, not able to work.
General damages	General damages or non-patrimonial loss refers to damages for pain and suffering and loss of amenities of life that the third party has suffered due to the injury that he/she has suffered as a result of the motor vehicle accident.
Medical expenses	A third party may claim all his/her proven past and future medical expenses from the RAF. The medical expenses must be directly related to the injuries sustained in the accident.

Additional information relating to the Social Benefit Scheme is available at www.raf.co.za.

Funding of the Social Benefit Scheme

The Road Accident Fund is mainly funded through the Fuel Levy. The Fuel Levy received is not a contribution to the Fund, but rather a fixed levy charged on the sale of Fuel. Further information in respect of the Fuel Levy is disclosed under Note 4.

Key factors influencing the level of expenditure related to the Social Benefit Scheme

Demographic influence

- Population age:
  - Loss of income claims are calculated as the loss of future income due to the inability to work because of an accident. All else being equal, a younger claimant will have a higher claim due to a greater number of years left to retirement.
  - But other factors will also play a role:
    - Younger people will have fewer dependants, reducing loss of support claims.
    - Younger people's careers are still developing, and an estimate will be made regarding future promotions and salary increases. The level of optimism in these estimates play a large role in the level of the claim.

  - Younger people tend to be less responsible. In the actuarial world we are all aware of the "accident hump" in mortality curves, reflecting the more reckless nature of younger people. Hence, a younger population should lead to a higher number of road accidents, all else being equal.

- Income levels:
  - A higher income population:
    - Should reduce the number of accidents on the road, due to factors such as:
      - More responsible driving, including lower tendency to drive under the influence of alcohol
      - Using more roadworthy vehicles
      - Safer level of occupants per vehicle (for example fewer overcrowded taxi's)
      - Better road maintenance.
    - But the cost of each claim will be higher due to a higher level of lost income.

- Education levels:
    - The considerations regarding education levels are very similar to income level considerations. Hence, fewer road accidents would be expected, but the average cost per claim will be higher.

- Employment levels:
    - Higher employment levels are good and should reduce the number of accidents on the road, due to similar factors resulting from higher income/education levels.
    - But the proportion of road accidents leading to claims will be higher if more people are employed and have future income to lose.

- It should also be considered that higher education/income individuals will have a reduced need for a central road accident fund, since they could provide for their own personal insurance.

Economic influence

- Higher economic activity increases traffic on the roads, and the number of people using public transport, etc. This will place upward pressure on the number of claims, and on the liability.
- But the Fund will also benefit from higher income in the form of Fuel Levy due to higher fuel sales.
- In addition, a higher volume of claims may lead to the inability to process claims efficiently if claims handling resources are not increased as well. This could lead to:
    - More fraudulent claims
    - Higher average claims cost, since the need to settle a high volume of claims will reduce the level of care taken with each claim.
- Good economic conditions should also relate to a higher average income, so this could increase claim costs that are based on the loss of income.
- In times of economic downturn, the number of claims (and the claims liability) will reduce as a result of the following factors:
    - Exposure to road accidents will reduce due to lower traffic volumes
    - Lower employment levels will reduce the number and cost of loss of income claims
- But economic downturn also leads to:
    - More fraudulent claims
    - Lower income in the form of Fuel Levy from reduced fuel sales

External influence

- Legal:
    - A change to the RAF Act could change the level of costs and have a large impact on the liability. For example, the introduction of the New Act on 1 July 2008 placed a cap on the earnings to be used for loss of earnings and loss of support claims.
    - Legal judgments could set a precedent exposing the Fund to claims from a previously unanticipated source. Normally a liability will have to be set up to allow for this.
- The Fuel Levy:
    - The liability is not directly influenced by the Fuel Levy, but there could definitely be indirect effects:
        - An insufficient Fuel Levy could lead to cost cutting initiatives within the Fund, possibly leading to reduced resources for claims handling. This will increase the

average cost of claims due to fraud, or simply due to inefficient processes leading to settling claims for higher amounts than necessary.

- Road maintenance:
  - The condition of South African roads is an important contributor to the number of road accidents. Hence improved (deteriorating) road maintenance will reduce (increase) the number of road accidents, directly impacting the Fund.
- Governance of road use and traffic:
  - Measures taken by the government to reduce road accidents and deaths will directly impact the Fund. Examples will be:
    - Improving the licensing of vehicles to ensure that all vehicles using the roads are roadworthy.
    - Ensuring that all drivers are licensed and are able to operate a vehicle.
    - Improving regulation in the taxi industry.
    - Reducing the legal limit of alcohol in the bloodstream while driving.
    - Increasing the severity of punishments for breaking traffic rules.
- Public transport:
  - Improving the quality of public transport in South Africa could reduce the level of traffic on the roads. For example, a more reliable train system could reduce the need for overcrowded taxi's.

13. OTHER PROVISIONS

2023 **Movement in other provisions**	**Incentive bonus** **R '000**	**Diesel Rebate** **R '000**	**Total** **R '000**
Opening balance	-	1,271,572	1,271,572
Increase in the provision charged to surplus or deficit	205,268	3,916,529	4,121,797
Provision utilised	-	(4,160,690)	(4,160,690)
Total	**205,268**	**1,027,411**	**1,232,679**

2022 **Movement in other provisions**	**Diesel Rebate** **R '000**	**Total** **R '000**
Opening balance	1,481,663	1,481,663
Increase in the provision charged to surplus or deficit	3,803,085	3,803,085
Provision utilised	(4,013,176)	(4,013,176)
Total	**1,271,572**	**1,271,572**

In terms of legislation, the RAF has an obligation to refund a portion of the RAF Fuel Levy, 218 c/l (2021/22: 218 c/l), relating to the diesel usage in other economic sectors where vehicles are not used. The provision is calculated based on actual claims from these sectors processed through SARS. The provision is settled on a quarterly basis with the provision at year-end being based on the last quarter's results. These results are generally finalised after year-end and after all rebates have been taken into account.

The constructive obligation for the RAF to pay Incentive Bonuses to employees has been classified as a Provision in accordance with GRAP 19 as at 31 March 2023. The payment of Incentive Bonuses is subject to the discretion of the Board. As the request for the approval of the payment of Incentive Bonuses has not yet served before the Board and the amount payable has not yet been confirmed, the obligation remains a provision and is measured at the total budgeted amount for the 2022/23 financial year as this represents management's best estimate of the outflow of economic benefits expected to result from this constructive obligation.

14. EMPLOYEE BENEFIT OBLIGATION

Defined Benefit Plan

Post-retirement Medical Aid Plan

The RAF operates a post-employment medical benefit scheme that covers employees who were appointed prior to 1 May 1988.

The latest valuation of the RAF's liability in respect of post-retirement medical benefits for the financial year-end was performed on 31 March 2023 and it will be valued at annual intervals thereafter.

30 pensioners qualify for this benefit and 88 employees are prospectively entitled to this benefit. The initial liability and future increases or decreases thereof are charged to surplus or deficit.

No plan assets are shown, as the medical benefits are unfunded.

	2023 R'000	2022 R'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	57,726	55,609
Contributions by plan participants	(1,915)	(2,222)
Net expense/(gain) recognised in the Statement of Financial Performance	1,766	4,339
	57,577	**57,726**
Net (gain)/expense recognised in the Statement of Financial Performance		
Current service cost	1,355	1,251
Interest cost	6,843	7,522
Actuarial (gains) / losses	(6,432)	(4,434)
	1,766	**4,339**
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11.44%	11.91%
Healthcare cost inflation	8.03%	8.88%
Real discount rate	3.15%	2.79%
Spouse age gap	3	3
Expected average age of retirement	60	60
Normal retirement age	65	65
Proportion married at retirement	80%	80%
Continuation at retirement	100%	100%
Mortality: Pre-expected retirement age	SA85-90 light	SA85-90 light
Mortality: Post-expected retirement age	PA(90) - 1	PA(90) - 1

Expected Return on Assets

There are currently no assets set aside in respect of the post-employment medical scheme liability. Therefore, no assumption specific to the assets has been made.

The expected contribution to the plan during the 2023/24 financial year is R2,833,000.00

Sensitivity Analysis

Assumed healthcare cost trend rates have a significant impact on the amounts recognised in surplus or deficit. A percentage point change in assumed healthcare cost trend rates will have the following effects:

Amounts for the current and previous four years are as follows:

	One percentage point increase R'000	One percentage point decrease R'000
Effect on the aggregate of the service cost and interest cost	8,397	(7,022)
Effect on defined benefit obligation	65,974	50,554

Amounts for the current and previous four years are as follows:	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Defined benefit obligation	57,577	57,726	55,609	53,246	63,107

15. OPERATING LEASE LIABILITY

	2023 R '000	2022 R '000
Current Liability	2 673	471
Non-current liability	3 493	5 951
	6 166	6 422

The operating lease liability relates to the leasing of certain office buildings occupied by the RAF. Refer to Note 30 for the disclosure of the minimum payments due in respect of operating leases.

16. NET FUEL LEVIES

16. Net Fuel levies

	2023 R '000	2022 R '000
Gross fuel levies	52,388,063	51,734,973
Less: diesel rebate	(3,916,529)	(3,803,085)
Total	**48,471,534**	**47,931,888**

17. OTHER INCOME

	2023 R '000	2022 R '000
Recoveries	1 477	20
Foreign exchange gains	22	-
Total	**1 499**	**20**

Recoveries relate to minor recoveries that do not form part of the normal business of the RAF, such as bad debts recovered, foreign exchange gains and SETA refunds.

18. INVESTMENT REVENUE

	2023 R '000	2022 R '000
Interest revenue		
Interest received from short-term investments	272 206	210 248
Interest received from Rent-a-captive insurance	8 311	12 522
Interest received - claims related matters	3 650	-
Total	**284 167**	**222 770**

19. CLAIMS EXPENDITURE

	2023 R '000	2022 R '000
Claims paid	45,693,041	48,559,700
Claims liability as at 31 March	34,194,224	25,965,403
Reversal of prior year Claims liability	(25,965,403)	(29,572,408)
Total	**53,921,862**	**44,952,695**
The breakdown of the Claims paid is as follows:		
Claimant compensation (loss of earnings and support, general damages and funeral costs)	36,262,513	38,455,388
Claimant medical costs	1,868,575	2,140,141
Claimant legal and other costs	5,523,098	5,481,321
Other costs related to Claims payments	2,038,855	2,482,850
	45,693,041	**48,559,700**

20. REINSURANCE PREMIUMS

	2023 R '000	2022 R '000
Paid to reinsurers during the year	**4 376**	**5 340**

21. EMPLOYEE COSTS

	2023 R '000	2022 R '000
Total staff costs	**2,248,316**	**2,072,908**

Included in staff costs are:		
Net loss on Defined Benefit Plan (see note 14)	1,766	4,339
	1,766	**4,339**

As at 31 March 2023, 3,059 staff members (of which 2,630 are permanent) were employed by the RAF (2021/22: 3,182 staff members of which 2,765 are permanent).

22. FINANCE COSTS

	2023 R '000	2022 R '000
Foreign exchange losses	478	820
Interest charged by creditors	4	438
Interest charged on claims	297 594	117 831
Total	**298 076**	**119 089**

Finance costs of R19,953,461 (2021/22: 4,947,972) included in the amounts above have been considered as fruitless and wasteful expenditure and have been included in the disclosures in Note 25.

23. GENERAL EXPENSES

Included in general expenses are:

	2023 R '000	2022 R '000
Advertising	61,446	413
Auditors' remuneration	11,435	8,306
Board members' expenses	1,181	608
Computer expenses	182,185	154,531
Consulting and professional fees	70,360	45,019
Electricity	15,448	17,796
Enterprise Supplier Development	2,136	40
Impairment of other financial assets	3,648	26,084
Insurance	5,266	5,528
Lease rentals on operating lease	80,655	75,837
Legal costs	72,427	82,217
Marketing	21,768	15,127
Motor vehicle expenses	14,070	4,013
Operating costs	12,855	12,285
Printing and stationery	6,062	3,999
Repairs and Maintenance	14,383	13,781
Security	22,597	13,916
Telephone and fax	17,802	18,252
Travel local	27,560	10,631
Travel overseas	186	-
	643,470	**508,383**

The expenses indicated above are viewed as significant and have therefore been separately disclosed.

24. TAXATION

In accordance with section 16(1) of the RAF Act, 1996 (Act No. 56 of 1996), the RAF is exempt from income tax and all customs, excise and stamp duties, as well as any liability for payment, withholding or collecting of any tax or duty.

25. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R '000	2022 R '000
Irregular Expenditure	-	2,132
Fruitless and wasteful expenditure	4,128	1,290
Total	**4,128**	**3,422**

Irregular expenditure

2023
There was no irregular expenditure incurred and confirmed in the current financial year.

2022
There were 3 instances to the value of R2,131,995 that were incurred in the 2021/22 financial year.

There were no instances that were under assessment during the 2021/22 financial year and were confirmed during the current financial year.

There were no instances relating to irregular expenditure that were not identified and were subsequently identified and confirmed during the current financial year.

Fruitless and wasteful expenditure

2023
There were 2 instances of admin related fruitless and wasteful expenditure to the value of R468,797 were incurred and confirmed in the 2022/23 financial year.
There was 1 instance of claims related fruitless and wasteful expenditure to the value of R3,658,760 were incurred and confirmed in the 2022/23 financial year.

2022

There was 1 instance of claims related fruitless and wasteful expenditure to the value of R1,283,020 was confirmed during the 2021/22 financial year.

There was 1 instance of admin related fruitless and wasteful expenditure to the value of R7,020 was identified and confirmed in the 2022/23 financial year and incurred in the 2021/22 financial year.

26. CASH FLOWS FROM OPERATING ACTIVITIES

	2023 R '000	2022 R '000
Surplus/(Deficit) for the year	(8,428,661)	428,494
Depreciation and amortisation	45,557	44,836
Loss on sale or derecognition of assets	-	-
Movements in retirement benefit assets and liabilities	(149)	2,117
Movements in Claims liabilities	8,228,821	(3,607,005)
Movement in diesel rebate provision	(38,893)	(210,091)
Movement in operating lease liability	(256)	1,980
Changes in Working Capital		
Consumable stock	(722)	139
Receivables from exchange transactions	(2,458)	(6,143)
Other receivables from non-exchange transactions	241,987	(663,081)
Other financial assets	(17,631)	208,665
Payables from exchange transactions	(200,609)	28,613
	(173,014)	**(3,771,476)**

27. RELATED PARTIES

Related Party Relationships

The RAF is an entity created by statute, with the Minister of Transport being the Executive Authority representing the DoT and, by extension, the government of South Africa. The RAF is a Schedule 3A Public Entity in terms of the PFMA. The related party disclosures are in terms of the requirements of GRAP 20. The related parties of the RAF mainly consist of Departments, SOEs, other public entities in the national sphere of government and key Management personnel of the RAF, or its Executive Authority and close family members of related parties. The list of public entities in the national sphere of government is provided by NT on their website, www.treasury.gov.za. The NT also provides the names of subsidiaries of public entities.

Related Party Transactions and Balances

During the financial year, the RAF transacted with the PRASA in the form of the secondment of a Specialist Security Officer from Passenger Rail Agency of South Africa (PRASA) to the RAF. The salaries of the individual were paid by PRASA on behalf of the RAF. At 31 March 2023 there was one invoice for the month of March that was outstanding and was accrued for in respect of the PRASA secondment.

The transactions with PRASA in the 2022/23 financial year took place at arm's length.

	2023 R '000	2022 R '000
Transactions with related parties		
PRASA		
Reimbursement of Salary expenses paid on behalf of the RAF	835	759
Transactions owing to related parties		
PRASA		
Accrued expense for March salary	76	-

There were no further transactions with entities under the Minister of Transport during the 2022/23 financial year which represented the purchase of goods or services directly from the related entity.

Although the RAF transacted with other public entities within the national sphere of government, none of the related parties identified influenced, or was influenced by the RAF during the reporting period and therefore no related party transactions with other entities in the national sphere of government are disclosed. All these transactions took place at arm's length.

The following transactions were concluded with key Management of the RAF in terms of employment contracts entered into with the RAF (please refer to Note 28 – Board and Executive members' Emoluments for detailed information relating to compensation of Board members and other key Management staff).

	2023 R '000	2022 R '000
Compensation to members and other key Management		
Key Management compensation	31 070	26 279
Non-executive Board members	6 251	6 449

28. BOARD MEMBERS' AND EXECUTIVE MANAGEMENT'S EMOLUMENTS

Non-executive Board Members

The Executive Authority approves the remuneration of the Board. Remuneration of non-executive members is benchmarked against the norms for organisations of a similar size and in line with the guidelines issued by the Executive Authority.

Non-executive Board members receive a fixed monthly remuneration. Remuneration is not determined by the frequency the attendance of meetings and it is escalated by inflationary adjustments only.

Executive Remuneration

The Chief Executive Officer makes recommendations to the Board concerning the remuneration of Executives (EXCO) and the Board approves the remuneration of EXCO members, including that of the Chief Executive Officer, in accordance with the approved Remuneration Policy. The RAF introduced performance-based remuneration for its Management staff by linking annual salary increases to individual contributions. Management receives an annual increase based on a combination of CPI and individual performance. The organisation conducts an annual Salary Survey/Benchmark to ensure that Management rewards and remuneration are market-related and kept at levels that will assist in retaining and attracting key leadership skills. The RAF aims to remunerate in line with the 50th percentile (median) of the market to recruit and retain the Management team to lead the organisation. Over and above the basic salary, staff members receive a performance incentive as a percentage of their total cost of employment.

All EXCO members are employed on fixed-term contracts of employment.

The table below reflects amounts paid to the Board members and Executive remuneration.

Executive Remuneration

2023	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Acting Allowance	Termination benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Collins Phutjane Letsoalo (CEO)	6,177	-	2,553	-	-	-	-	**8,731**
Bernice Potgieter (CFO)	2,957	-	703	212	87	-	-	**3,958**
Phathutshedzo Lukhwareni (CSTO)	2,528	-	375	239	75	77	-	**3,294**
June Rebecca Cornelius (Board Secretariat resigned 31 August 2022)	1,013	272	574	119	-	-	2,717	**4,695**
Fikiswa Faith Nombulelo Fikeni (Acting CIAO from 05 July 2021)	1,270	-	203	93	23	208	-	**1,797**
Ian Granville Barriel (Acting CCSO)	1,942	-	403	255	83	342	-	**3,026**
Francina Mampe Kumalo (CGO from 08 August 2022)	1,598	-	-	175	51	-	-	**1,824**
Samson Sefotle Modiba (Acting CIO)	1,487	-	380	-	27	181	-	**2,075**
Maria Rambauli (Acting CCO from 1 October 2020 to 31 August 2022)	817	191	-	106	20	141	-	**1,275**
Tsholofelo Walter Confidence Moeca (Acting CIO from 15 March 2022 to 31 May 2022)	323	41	-	25	6	-	-	**395**
Total	**20,112**	**504**	**5,192**	**1,223**	**373**	**950**	**2,717**	**31,070**

2022	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Acting Allowance	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Collins Phutjane Letsoalo (CEO)	5 883	-	1 535	-	-	-	**7 418**
Bernice Potgieter (Acting CFO from 27 May 2021, appointed 1 March 2022)	1 234	-	414	90	62	162	**1 962**
Maria Rambauli (Acting COO from 1 October 2020)	1 866	-	359	241	47	323	**2 836**
Arinao Mulaudzi (Acting CIO 19 February 2021 to 15 August 2021)	554	-	-	43	20	48	**665**
Boitumelo Zeppora Mabusela (Acting CFO, resigned 7 May 2021)	187	142	-	-	-	28	**357**
Phathutshedzo Lukhwareni (Acting CSO)	1 740	-	381	156	71	295	**2 643**
June Rebecca Cornelius (CS)	2 315	-	629	272	-	-	**3 216**
Fikiswa Faith Nombulelo Fikeni (Acting CAE from 05 July 2021)	894	-	214	66	30	113	**1 317**
Vincent King Sotshede (CAE) (Resigned 30 May 2021)	335	205	-	26	17	-	**583**
Ian Granville Barriel (Acting CHCO)	1 851	-	404	243	79	326	**2 903**
Adriaan Louis Taljaard (Acting CMO 01 February 2021 to 31 May 2021)	326	-	-	30	-	27	**383**
Prudence Mpho Manyasha (Acting CMO from 29 July 2021)	1 099	-	-	64	-	133	**1 296**
Lebohang Majela (Acting CIO from 06 November 2021 to 14 March 2022	294	-	-	18	24	-	**336**
Mothusi Lukhele (Acting CIO from 16 August 2021 to 5 November 2021)	364	-	-	-	-	-	**364**
Total	**18 942**	**347**	**3 936**	**1 249**	**350**	**1 455**	**26 279**

Non-Executive Board Members

2023	Members' fees R'000	Total R'000
Ms TN Msibi - Chairperson	1,024	**1,024**
Dr N Mabuya - Vice-Chairperson	784	**784**
Ms ZL Francois - Chair Committee	752	**752**
Dr MC Peenze - Member (Resigned 01 June 2023)	750	**750**
Mr H Daniels - Chair Committee	754	**754**
Mr LM Nyama - Chair Committee	751	**751**
Mr KM Mothobi - Member	753	**753**
Mr TS Tshabalala - Member	683	**683**
	6,251	**6,251**

2022	Members' fees R'000	Total R'000
Ms TN Msibi - Chairperson	1,059	**1,059**
Dr N Mabuya - Vice-Chairperson	784	**784**
Ms ZL Francois - Chair Committee	751	**751**
Dr MC Peenze - Member	750	**750**
Mr L Mulaudzi - Chair Committee (Resigned 07 July 2021)	188	**188**
Mr H Daniels - Chair Committee	752	**752**
Mr LM Nyama - Chair Committee	750	**750**
Mr KM Mothobi - Member	733	**733**
Mr TS Tshabalala - Member	682	**682**
	6,449	**6,449**

29. RISK MANAGEMENT

Overview

The RAF is exposed to a range of financial and insurance risks through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are credit risk, liquidity risk and market risk, which comprise interest rate risk, currency risk and other price risks. The risks that the RAF primarily faces due to the nature of its assets and liabilities are liquidity risk, interest rate risk and currency risk.

Liquidity Risk

Liquidity risk is the risk that the RAF will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate Liquidity Risk Management Framework for the management of the RAF's short-, medium- and long-term funding and liquidity management requirements.

- Cash management is rigorously applied to manage the liquidity risk of the RAF, which ensures available funding is distributed in an equitable and fair manner. Management has adopted the following initiatives in the Strategic Plan for 2020-25 in an effort to mitigate and manage the liquidity risk the following measures to manage the liquidity risk:
- Reduction of operational and administrative costs;
- Reviewing of operating model to improve efficiencies to replace the current litigation model which has proven to incur significant legal costs. Objectives such as decreasing the settlement

period of a claim and reducing the validation time of claims will assist in decreasing the legal costs incurred through the lengthy litigation process;

- Implementation of asset liability matching strategies and payments in annuities;
- The introduction of RAF tariff to improve on the settlement efficiencies;
- Enhancement of the claim's administration process and the introduction of an integrated claims management system; and
- Review the current regulation to introduce efficiencies.
- Updated cash flow forecasts are prepared on a daily/weekly and monthly basis.
- Extensive reporting mechanisms exist to monitor cash flows on a real time basis and to report as is relevant to the various affected parties and stakeholders as well as to develop a proactive response to the extent possible.
- Writs instances and the processes followed in responding thereto are actively monitored and tracked by the Operations and Treasury teams, whilst being supported by the Corporate Legal Department.
- The Corporate Legal Department with the support of Treasury has implemented measures to drastically minimise the occurrence of Writs through engagements in legal process which have allowed for relief from Writs instances.
- Assess the risk against the risk bearing capacity of the Institution and respond accordingly on an ongoing basis.
- Continuously considered the fact that the RAF Act contemplated that the RAF may be 'unable' to pay and may be insolvent but to liquidate the RAF is not possible. To wind up the RAF will further-more require an Act of Parliament.
- A Cash Management Strategy was designed and implemented to ensure available funding is distributed in an equitable and fair manner. This has since evolved to cash management in the ordinary course of business which is reviewed in response to the business environment. Ongoing engagements between Operations and Treasury are facilitated to ensure that the strategy is ap-plied accurately across all payment categories.
- The RAF, on a continuous basis, seeks to optimise its own cost base and any funds that are not committed due to general savings or an inability to procure services are allocated to the settlement of claims.
- Extensive engagement with the Stakeholders - National Treasury, Department of Transport (DoT) and other relevant parties and forums - are ongoing to ensure awareness, to present status updates and to seek solutions.
- Reporting on Going Concern in the Annual Financial Statements and Annual Report.

Reinsurance is also used to manage liquidity risk.

The following table divides the RAF's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 March 2023	Within 1 year	2 - 5 years	After 5 years	Total
	R'000	R'000	R'000	R'000
Payables from exchange transactions	75,396	-	-	75,396
Other financial liabilities	135,420	-	-	135,420
Claims liabilities	34,194,224	-	-	34,194,224

As at 31 March 2022	Within 1 year	2 - 5 years	After 5 years	Total
	R'000	R'000	R'000	R'000
Payables from exchange transactions	300,567	-	-	300,567
Other fianncial liabilities	110,858	-	-	110,858
Claims liabilities	25,965,403			25,965,403

Credit Risk

The RAF has exposure to credit risk, which is the risk of financial loss to the RAF if a counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the RAF is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from claims debtors;
- Amounts due with regard to study loans and bursaries (this risk is very minimal as the amounts are immaterial);
- Short-term call deposits;
- The ultimate amount due from the self-funding Claims Reinsurance Policy; and
- Fuel Levy debtor.

The nature of the RAF's exposure to credit risk, as well as the policies and processes for managing the credit risk have not changed significantly from the prior period as the RAF's exposure to credit risk is limited.

Potential concentrations of credit risk consist mainly of short-term cash. Money market instrument operations are only entered into with well-established and reputable financial institutions.

It is the RAF's policy to grant bursaries, relevant only to its line of business, to employees.

The largest concentration of risk relates to Rent-a-Captive insurance and includes an amount set aside as a self-funding Claims Reinsurance Policy. This policy will be utilised to fund the first R100 million of the retention amount of the Claims Reinsurance Policy in the event of a catastrophic claim being instituted against the RAF. The deposit amount of R184,742,344.41 (2021/22: R146,928,000) represents the balance of the special experience account, an account the insurer maintains for the purposes of recording this policy. The insurer is a well-established and reputable financial institution.

Under the terms of reinsurance agreements, reinsurers agree to reimburse the settled amount in the event that a gross claim is paid. The RAF, however, remains liable to its claimants regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the RAF is exposed to credit risk.

The RAF monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically.

The carrying amounts of financial assets included in the Statement of Financial Position represent the RAF's exposure to credit risk in relation to these assets. As at 31 March 2023, the RAF did not consider there to be a significant concentration of credit risk, which had not been adequately provided for and no terms have been renegotiated for any existing instruments.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the RAF's income or the value of its holdings of financial instruments, will bring about. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

The RAF is also exposed to foreign exchange fluctuations where claims from foreigners have been lodged, and damages for future medical expenses and loss of earnings or support are claimed in a foreign currency. When such claims are settled, the RAF pays the compensation as soon as possible after settlement date to minimise the risk of foreign exchange fluctuations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The RAF is exposed to interest rate risk, however limited to cash balances at Financial Institutions, as it invests funds in the money market at floating interest rates.

As at 31 March 2023, no derivative financial instruments were used to manage the RAF's exposure to interest rate risk.

All liquid funds are invested with registered South African banking institutions with maturities of 90 days or less, thereby minimising interest rate risk.

Interest rates of interest-bearing debts are linked to the prime overdraft rate.

Interest Rate Risk Sensitivity Analysis

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts, the sensitivity is solely associated with the former, as the carrying amounts of the latter are not directly affected by changes in the interest rate.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the RAF's deficit for the year ended 31 March 2023 would decrease/(increase) by R9,112,000 (2021/22: decrease/(increase) by R29,166,000. This is mainly attributable to the RAF's exposure to interest rates on its floating-rate investments. The sensitivity analysis has been determined based on the exposure to interest rates for the RAF's non-derivative instruments at the financial reporting date. The analysis was prepared assuming that the investments at year-end were constant throughout the year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key Management personnel and represents Management's assessment of the reasonably possible change in interest rates.

Foreign Exchange Risk

The financial items that are exposed to currency risk at the reporting date are claims that have not been paid to foreign claimants yet. The engaging of forward cover is considered on a case-by-case basis if the period between making an offer and final payment is material. As at 31 March 2023, no derivative financial instruments were used to manage the RAF's exposure to foreign currency risk; only fixed-term forward cover contracts were utilised.

The Carrying Amount of the RAF's Outstanding Foreign Currency Denominated Claims

Liabilities			**2023**	**2022**
			R'000	**R'000**
USD	10,233	(2021/22: 11,502)	182 010	167 289
GBP	464	(2021/22: 464)	10 195	8 853
Euro	1,203	(2021/22: 1,203)	23 284	19 456
			215 489	**195 598**

The following table details the RAF's sensitivity to a 10% increase and decrease in the South African Rand against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key Management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated claims at reporting date and adjusts their translation at the end of the period for a 10% change in foreign currency rates. The figures below indicate an increase in surplus or deficit where the presentation currency strengthens 10% against the relevant currency. For a 10% weakening of the presentation currency against the relevant currency, there would be an equal and opposite impact on the surplus or deficit, and the balances above would be negative.

	USD Impact R'000	**GBP Impact R'000**	**Euro Impact R'000**	**All Foreign Currencies R'000**
2023	18 201	1 020	2 328	21 549
2022	16 729	885	1 946	19 560

30. COMMITMENTS

The commitments below for property, plant and equipment and intangible assets represent unrecognised contractual commitments that exist on executory contracts entered into by the RAF at the reporting date, as well as future purchases of property, plant and equipment which have been approved but not yet contracted for at the reporting date.

The commitments in respect of operating expenses relate to unrecognised contractual commitments on non-cancellable (or only cancellable at significant cost), executory contracts for non-claims, administrative expenditures (not related to the routine, steady, state business of the RAF) that exist as at the reporting date, as well as non-claims, administrative expenditures which have already been approved, but not yet contracted for.

	2023 R'000	2022 R'000
Already contracted for but not provided for		
Property, plant and equipment	-	2 746
Intangible assets	856 568	923 823
Operating expenditure	1 905	100 608
	858 473	**1 027 177**
Not yet contracted for and authorised		
Property, plant and equipment	-	-
Intangible assets	30 399	-
Operating expenditure	335 169	10 000
	365 568	**10 000**
Total commitments		
Already contracted for but not provided for	858 473	1 027 177
Not yet contracted for and authorised by members	365 568	10 000
	1 224 041	**1 037 177**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	21 539	22 225
- in second to fifth year inclusive	364	42
	21 903	**22 267**

Operating lease payments represent rentals payable by the RAF under non-cancellable operating leases for certain of its office properties.

The terms and escalation clauses of the significant lease agreements are set out below. No renewal rights are included in the contracts.

Lease	Escalation per year	Remaining term in months
Office space rental - Head office	6.5%	19
Office space rental - Johannesburg	6%	27

31. CONTINGENCIES

There are a number of outstanding corporate legal matters. These are as follows:

Description	2023	2022
Litigation by/against service providers	92	26
Constitutional challenges	15	19
Other litigation/disputes	67	77
Total legal matters outstanding	**174**	**122**

The RAF is involved in commercial and labour-related litigious matters. The total value of the contingent liability in respect of the above legal matters and their related legal costs is estimated at R 832,572,903 (2021/22: R656,660,419).

Guarantees

There were no active guarantees held during the 2022/23 and 2021/22 financial years.

32. GOING CONCERN

We draw attention to the fact that as at 31 March 2023, the entity had an accumulated deficit of R23,936,104,000 and that the entity's total liabilities exceeded its assets by R23,823,310,000.

The RAF reported a deficit in the Statement of Financial Performance for the period ended 31 March 2023 of R8,4 billion, deviating from the surplus of R430 million and R1.8 billion reported in the 2021/22 and 2020/21 financial years respectively. The deficit is however mostly attributable to the increase of R8 billion in the Liability for Offers Not Yet Accepted.

A liquidation application was lodged against the Fund. The application was brought in terms of the Companies Act for the RAF to be wound down. Our Legal Counsel is of the opinion that the prospects of success of this application is non-existent in that it has been brought under the provisions of the Companies Act. The RAF is not a company incorporated under the Companies Act, it is a creature of statute as established in terms of section 2 of the RAF Act. It can only cease to exist in its current form by repealing the current legislation. The application was placed in abeyance subsequent to the RAF filing its responding affidavits.

These conditions are indicative of a material uncertainty on the ability of the entity to continue as a going concern. However, management has considered the following matters in making an assessment of whether it is appropriate to prepare the financial statements on the going concern basis.

The RAF is, as its name implies, a fund. It is a receptacle of all monies procured from the National Treasury pursuant to section 5(1) of the RAF Act from which all claims for damages arising from bodily injuries are to be paid. The RAF therefore has no realistic alternative other than to continue to operate in accordance with the above said legislation.

The RAF is incapable of being liquidated. To wind up the business of the RAF will require an intervention through an Act of Parliament. The winding-up process will, however, not absolve the RAF from the debts that it would have incurred as at the time of the culmination of such a process. There is currently no indication of any intention to repeal the Act.

The Statement of Financial Position as at 31 March 2023 reported current assets of R11,6 billion of which Cash and Cash Equivalents was a total of R630 million and Fuel Levies receivable was R10,7 billion. The current asset position in comparison with the Claims requested not yet paid as at 31 March 2023 of R9.3 billion reflects a positive liquidity position for the RAF. This demonstrates that the RAF will be able to fulfil its mandate and meet its obligations over the next 12 months.

Fuel levies received during the 2022/23 financial year were utilised to maintain the Claims Requested but not yet Paid at R9.3 billion compared to R9.1 billion in 2021/22.

The total Claims Liability reported as at 31 March 2023 is R34 billion of which R24,9 billion are claims which have not yet been requested for payment, but which will be requested and paid within the next 12 months. The Fuel Levy Income to be received during the 2023/24 financial year is projected to amount to R48 billion.

The projected levies to be received will provide sufficient funding to make payment to the R24,9 billion Claims Liability which have not yet been requested for payment as at 31 March 2023 as well as all Claims settled during the 2023/24 financial year. It must be understood that RAF is classified as pay-as-you-go, instead of a fully funded Fund.

Refer to Liquidity Risk under Note 29 for steps taken by management to mitigate the going concern risk related to the liquidity and solvency of the Fund.

Based on the above, Management is of the opinion the Going Concern basis is appropriate for the presentation of the Financial Statements for 31 March 2023 based on this assessment.

33. EVENTS AFTER THE REPORTING DATE

No undisclosed material events have taken place between the Statement of Financial Position date and the authorisation of the Annual Financial Statements for issue to the Executive Authority, as disclosed in the Report of the Board.

34. BUDGET DIFFERENCES

Material Differences between Budget and Actual Amounts

A material difference between the Approved Budget and Actual Amounts is considered to be any variance larger than 10%. The material differences can be explained as follows:

Other Income

Other income is not budgeted for, because it is incidental and does not represent a recurring revenue stream.

Investment Revenue

Investment Income is higher compared to the budget. The favourable variance is due to increases in interest (repo) rate. The average investment rate in the month of March 2023 is 7.25%. An increase in the average investment rate from the beginning of the financial year is noted, (January 2023: 7.03% and February 2023: 7.24%). The average interest rate as at 31 March 2022 was 3.63%.

Reinsurance Income

Th reinsurance income was not budgeted for. It relates to reinsurance recoveries. It is incidental and does not represent a recurring revenue stream.

Claims Expenditure

The budget was R43.284 billion for 2023FY, with anticipation of reduction in RNYP. The difference is in the increase in production movement and the increase in averages.

Finance Costs

Interest cost volumes increase year-on-year, with average anticipated to remain unchanged, however the actual average increased more than anticipated. The interest costs are mainly based on matters settled through court order.

Reinsurance Premiums

The initial budget took into consideration the inflationary impact on the premium. The positive reduction in this regard was not anticipated with the hardening market.

General Expenses

The favourable variance in General Expenses at 31 March 2023 can be ascribed to higher underspending due to low procurement activity during the first quarter of the 2022/23 financial year (as per National Treasury instructions).

Depreciation and amortisation

The favourable variance in Depreciation and amortisation at 31 March 2023 can be ascribed to higher underspending of PPE & Software due to low procurement activity during the first quarter of the 2022/23 financial year (as per National Treasury instructions).

Road
Accident
Fund

Business Address

Eco Glades Office Park 2, 420 Witch-hazel Avenue,