###### National Assembly

###### Question Number: 1807

**Mr C H H Hunsinger (DA) to ask the Minister of Transport:**

(a) What are the details of the plan that the Road Accident Fund (RAF) has put in place in respect of the projected financial deficit in the next three financial years, (b) who developed the plan and (c) what methods and processes does the RAF use and/or rely on when determining or projecting a financial deficit in the following financial year(s)?

**NW1966E**

**REPLY:**

(a) The RAF Accident Fund (RAF) annuallysubmits financial projections for the next three financial years, through the Medium-Term Expenditure Framework (MTEF), and Estimates of National Expenditure (ENE). These projections inform the Department of Transport and the National Treasury of the RAF’s funding requirements, as well as the expected deficits. These projections are used by the National Treasury to determine the fuel levy income to be allocated to the RAF. The financial projections are included in the RAF’s Annual Performance Plan (APP), which is approved by Parliament, (b) the APP is developed by the Board in consultation with the Management of the RAF and the RAF’s Statutory actuaries have developed a Funding Model, which is updated on an annual basis and (c) The financial projections are based on the expected fuel levy income, historical and expected claims expenditure and administration expenditure forecasts. The fuel levy forecasts are based on the volumes of fuel expected to be sold and expected increases in the fuel levy per litre. Claims expenditure forecasts are based on the historical claims expenditure trends and inflation, as well as the number of claims expected to be reported and settled, on an annual basis. Operational costs are increased each year by the National Treasury’s Consumer Price Index inflation projections.