**NATIONAL ASSEMBLY:**

**QUESTION NUMBER: 3045**

**Mr M G P Lekota (Cope) to ask the Minister of Transport:**

What plans did he put in place to remedy the (a) financial, (b) administrative and (c) governance difficulties currently being experienced by the Road Accident Fund?

**NW3409E**

**REPLY:**

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| **The Road Accident Fund (RAF) has put the following plans in place to remedy the (a) financial,** |
| In the longer term the design of the system of road accident compensation must change to address the fact that the existing system is unaffordable, with income not matching expenditure. To this end the RABS Bill, which is currently before the Portfolio Committee on Transport, will address the future financial viability of road accident compensation by ensuring a balance between funding and benefits. In the interim, the RAF has implemented a Cash Management Strategy to ensure that 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. The RAF ensures that it communicates with service providers to ensure they are kept abreast of developments where necessary. The RAF seeks to ensure that any funds that are not committed due to general savings or delays in procurement, are allocated to the settlement of claims, where possible. The RAF has engaged with stakeholders such as National Treasury and the Department of Transport to ensure awareness, to present status updates and to seek solutions. In addition, the RAF has sought to implement measures to minimize the interruption caused by attachments of the RAF’s bank accounts. |
| **(b) administrative and** |
| The existing system of road accident compensation is administratively complex. Fault has to be proven and benefits are not defined, which results in delays in establishing liability and the quantification of claims, often resulting in disputes and protracted litigation, in which the intermediaries have a direct and substantial financial interest. The RABS Bill addresses the shortcomings by, inter alia, providing for defined benefits, on a no-fault basis, paid directly to beneficiaries, in a structured manner, ensuring wider cover, especially to the poor. The RABS Bill further seeks to reduce the administrative complexity inherent in the current system which will see less involvement by intermediaries and more money reaching the intended beneficiaries of the system. In the interim, the RAF addresses improved administration through, inter alia, the RAF’s Annual Performance Plan for the 2018 - 2019 financial year, which addresses the RAF’s administrative challenges by, amongst others, providing for: initiatives aligned to efficient processing of claims; initiatives aligned to providing accessible services: initiatives aligned to effective financial management; initiatives aligned to optimising ICT functionality; initiatives aligned to improving people management; initiatives aligned to RAF transformation; and initiatives aligned to an assured control environment. |
| **(c) governance difficulties currently being experienced by the Road Accident Fund** |
| The previous Board was dissolved by the Minister of Transport and an Interim Board was appointed to address governance challenges. The process to appoint a permanent Board has commenced. The process to appoint a CEO re-commenced two months ago. |