**National Assembly**

**Question Number: 354**

**Mr M S F de Freitas (DA) to ask the Minister of Transport:**

With reference to the Road Accident Fund (RAF) and the proposed Road Accident Benefit Scheme (RABS), (a) what difference would there be in the respective revenue models and (b) how would this model (i) assist in making the RAF and/or RABS solvent and (ii) be more beneficial to claimants?

**NW378E**

**REPLY:**

With reference to the RAF and the proposed RABS, the (a) difference in the respective revenue models will be that currently section 5 of the Road Accident Fund Act, No. 56 of 1996 (the RAF Act) provides that the RAF is funded through the dedicated RAF Fuel Levy, and through loans, to make payment of claims on a “pay-as-you-go” basis, with no provision in the RAF Act for any balancing of revenue with expenses, whilst the provisions of Chapter 4 of the Road Accident Benefit Scheme Bill [B 17B -2017] (RABS Bill) provides for an additional funding stream in the form of appropriations by Parliament, in addition to the dedicated RABS Fuel Levy (which is the current RAF Fuel Levy that will in future fund RABS), and loans, in order to make payment of claims that arise under the RABS Bill on a fully funded basis and RAF claims that arose under the RAF Act on a “*pay-as-you-go*” basis, with specific provision in section 32 of the RABS Bill for the matching of revenue and expenses based on a funding ratio,

(b) this model will (i) assist, together with the overall benefit design set out in the RABS Bill (i.e. no-fault liability, removal of general damages , defined and limited benefits, structured payment, benefit review, and no automatic increases), to make the RABS solvent over time, noting that actuarial projections indicate that the benefits under the RABS Bill are more than 20% cheaper as compared to compensation paid under the RAF Act and

(ii) be more beneficial to claimants by: providing more inclusive access to cover, through the removal of fault; enabling much faster assessment of claims, and provision of access to benefits, due to the removal of fault and because of the defined benefit design; providing for a deemed income, on which benefits are calculated for those who earn below the deemed income and those who cannot prove an actual income; providing assistance, including financial assistance, to claimants to claim; providing for faster and cheaper resolution of disagreements through an internal dispute process, or externally, through an Appeals Committee; and, reducing the diversion of funds meant for beneficiaries to intermediaries