



**Road
Accident
Fund**

ANNUAL REPORT 2024/25





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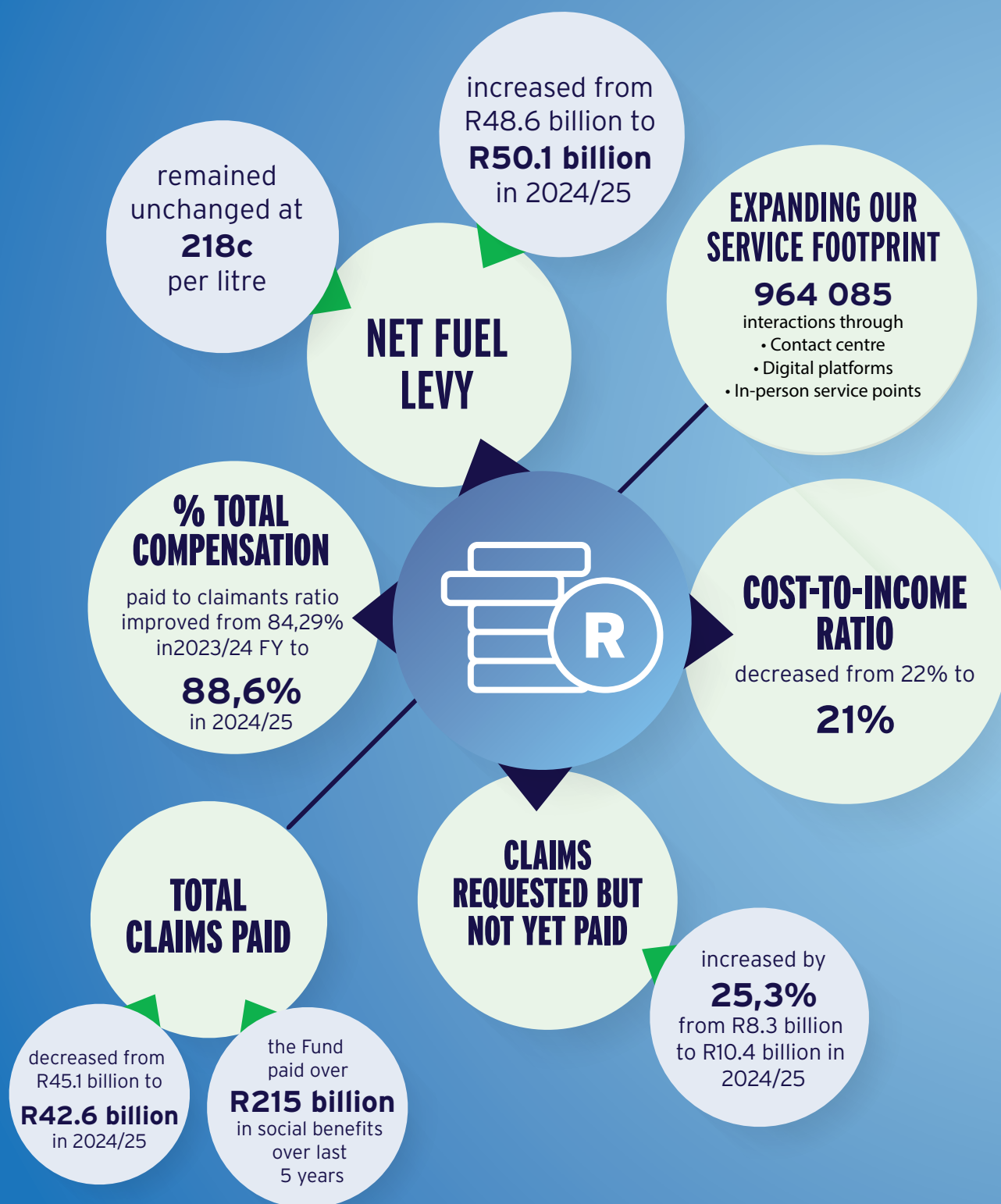
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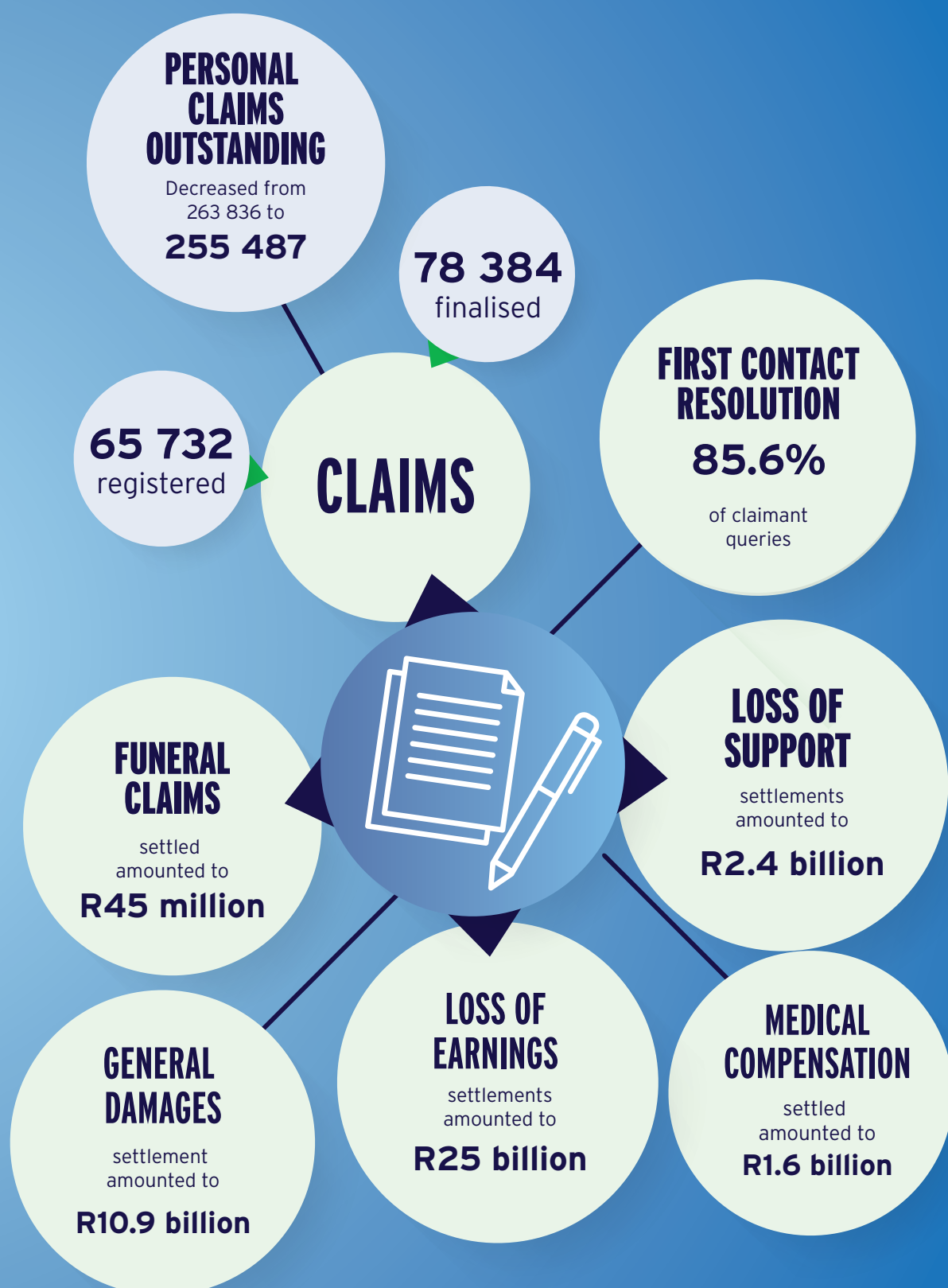
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YEAR AT A GLANCE



YEAR AT A GLANCE





PART A

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: 087 820 1111 (customer care share call)

Website: www.raf.co.za

External auditors: Auditor-General of South Africa (AGSA)

Bank: Absa

Board Secretary: Mr M Penane



1. 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

1. ABBREVIATIONS/ACRONYMS

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

1. ABBREVIATIONS/ACRONYMS

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	National Information Assurance Partnership
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
REMC	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

1. ABBREVIATIONS/ACRONYMS

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

2. SCOPE OF THE REPORT

2.1 INTRODUCTION

The Road Accident Fund (RAF) welcomes the opportunity to present its Annual Report for the year ending 31 March 2025. This report is in line with National Treasury's Annual Report Guide for Schedule 3A and 3C Public Entities, the King Report on Corporate Governance 2016 (King IV) and the protocol on corporate governance in the public sector. In terms of the protocol, corporate governance embodies processes and systems by which corporate enterprises are directed, controlled and held to account. According to National Treasury guidelines, oversight entails reviewing, monitoring and overseeing the affairs, practices, activities, behaviour and conduct of an administrative authority to ensure that it meets its objectives. All activities, inputs, budget allocations and outputs are outlined in the Road Accident Fund Act (1996). Section 3 of the Act stipulates that the object of the Fund is the payment of compensation in accordance with this Act for loss or damage wrongfully caused by the driving of motor vehicles.

2.2 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 2024 to 31 March 2025. The report demonstrates the RAF's commitment to integrity, transparency and accountability and provides a complete and balanced view of its performance. This includes reporting on the successes and challenges during 2024/25, which have a bearing on the entity's future.

The RAF is committed to being accountable to our stakeholders, which include people, groups or organisations that can affect or be affected by our activities, objectives and policies. How we engage with and respond to our stakeholders is described in Part C of this report, which deals with governance.

2.3 REPORTING BOUNDARY

This Annual Report covers organisational, operational and financial performance, including the audited financial results for the period 1 April 2024 to 31 March 2025 in terms of section 55(1) of the Public Finance Management Act (1999) (PFMA). The narrative of the report is structured around National Treasury's Annual Report Guide for Schedule 3A and 3C Public Entities. The report also covers the social, environmental and broader

economic impacts of the RAF's activities.

2.4 REPORTING PRINCIPLES

The reporting principles applied in this report are in line with the PFMA and the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, National Treasury Guidelines except for the matters noted in the Auditor General of South Africa's (AGSA) opinion, specifically regarding claims liability, and King IV (to the extent possible).

2.5 SUPPORTING DOCUMENTS

All supporting documents to this report are available for inspection at the RAF's offices.

2.6 AUDIENCE

This report is applicable and addressed to, 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.

3. CHAIRPERSON'S FOREWORD

Paving the Way for a Sustainable Road Accident Fund

The 2024/25 Road Accident Fund's (RAF) Annual Report is a comprehensive review of the RAF's performance and financial standing, reflecting the performance of the team to serve the people of South Africa. It has been a challenging but transformative period, and with the recent appointment of the interim RAF Board on August 8, 2025, we are poised to embark on a new chapter.

It is important to note that the Interim RAF Board was appointed after the period covered by this Annual Report (which ended March 31, 2025). Our role in presenting this report is to ensure continuity of governance and compliance with all statutory reporting obligations.

Navigating Past Challenges and Charting a New Course

For years, the RAF has been burdened by systemic issues that have compromised its sustainability and effectiveness. The financial health has been a persistent concern, plagued by a significant disconnect between the revenue, which is derived from fuel levies, and the expenditure on claims. Past reforms, while well-intentioned, have not been far-reaching enough to address the root causes of the challenges. For instance, attempts to limit liability to only seriously injured claimants and the introduction of a "narrative test" to curtail general damages have unfortunately not yielded the desired results. Instead, these measures have often led to higher average claim settlements

and an increase in general damages claims.

The consequences of this flawed framework have been profound. RAF has grappled with prolonged claim turnaround times, a high volume of litigation, and spiralling administrative costs. These issues have created a vicious cycle, often resulting in high default judgments and delays in paying claimants, leaving many victims in financial distress. While the Fund collected **R50.07 billion** in revenue from the fuel levy, its claims expenditure amounted to **R46.9 billion** in 2025. This, however, still leaves the Fund with a massive backlog of outstanding claims, as the total claims liability—the amount still owed to claimants—grew to **R40.4 billion** by the end of March 2025. This indicates that, despite the RAF's best efforts, it continues to spend almost as much as it earns, and the debt owed to crash victims continues to accumulate.

Furthermore, a major challenge that besieged the previous administration was the conflict over accounting standards. The RAF's decision to move away from the GRAP and International Financial Reporting Standards (IFRS) to the IPSAS 42 accounting standard was a contentious issue that led to a legal dispute with the Auditor-General of South Africa (AGSA). The RAF ultimately lost this litigation, and the matter has been a constant focus for the board, highlighting the need for greater transparency and adherence to proper governance.



Commitment to Corrective Governance and Reporting

As the new Interim Board, our first action is to ensure unambiguous transparency in our reporting. We acknowledge that the financial statements for 2024/25 received an Adverse Audit Opinion from the AGSA, primarily due to the non-compliance related to the claim's liability accounting standard (IPSAS 42) and incomplete disclosure of irregular expenditure.

While the report on performance against pre-determined objectives has shown improvement, increasing from 84% to 85% in the 2024/25 financial year, we recognise that systemic financial and compliance control failures were material.

The Interim Board's immediate focus is to conduct a comprehensive assessment to identify areas for short-term improvement. This includes addressing the critical challenges with accounting standards and the need for greater transparency, which have been a constant focus. We are committed to implementing robust financial controls and reporting mechanisms to ensure the Fund's financial health is accurately and transparently represented.

Reforming for a Fairer, More Sustainable Future

The current fault-based insurance model is no longer tenable. It is inequitable, wasteful, and prone to abuse by intermediaries, often at the expense of the very people we are meant to serve. To address this, the Department of Transport is reintroducing the Road Accident Benefit Scheme (RABS) Bill. This pivotal legislative reform will transition us to a no-fault, defined-benefits scheme, aligning our work

with the government's broader social security system.

The RABS Bill will be a game-changer. By removing the need to prove fault, it will expand access to benefits, ensuring that all crash victims receive timely and appropriate healthcare and financial support. Crucially, this new approach will ensure that benefits go directly to victims and their dependents, protecting them from exploitation.

A Beacon of Hope in a Time of Need

Despite these challenges, the RAF has remained a vital beacon of hope for thousands of road crash victims and their families. Our dedicated staff, driven by a relentless pursuit of excellence, has worked tirelessly to mitigate the financial suffering caused by accidents. In the past year alone, the RAF paid out over R42 billion, with over 88% of that going directly to claimants. This included more than R24 billion in income support for loss of earnings and loss of support, demonstrating our critical role in the country's social protection agenda.

Looking Ahead with Confidence

As a 2020-2025 strategic journey concludes, we believe that a solid foundation has been laid for a more sustainable future. My gratitude goes out to the Minister of Transport, the Deputy Minister, the previous Board, and our staff.

The interim board's immediate focus is to conduct a comprehensive assessment to identify areas for short-term improvement. This includes addressing the critical challenges with accounting standards and the need for greater transparency, which have been a constant focus. We are committed to implementing robust

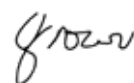
financial controls and reporting mechanisms to ensure the Fund's financial health is accurately and transparently represented.

Crucially, the Interim Board has been mandated by the Minister to implement the following key interventions to restore stability:

- Ensuring financial and governance stability.
- Addressing deficiencies in governance and control systems, including reducing the frequent occurrence of default judgments against the RAF.
- Initiating a process of filling critical executive vacancies that are vital to the mandate of the Fund.
- Cooperating fully with current and future Special Investigating Unit (SIU) investigations.

With sustained support and the impending legislative and regulatory changes, I am confident that we will continue to fulfil our mandate, uphold our core values of responsibility, accountability, fairness, and transparency, and provide exemplary service to all South Africans. We are committed to aligning the RAF's strategy with the government's Medium-Term Development Plan (MTDP), which will help us build an effective and capable state that cares for its most vulnerable citizens.

It is an honour to lead this organisation into its next chapter, and I am optimistic about the future we will build together.



Kenneth Brown

Chairperson of the Interim Board

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The 2024/25 financial year marked the conclusion of the RAF 2020-2025 Strategy. As we close this pivotal chapter, I am pleased to present the RAF Annual Report for the 2024/25 financial year, an important reflection of the Fund's performance, contributions towards the achievement of its strategic outcomes, and realising the impact as outlined in the 2020-2025 Strategic Plan.

As we present the performance for the 2024/25 financial year, it is important to reflect on the broader journey undertaken during the 2020-2025 strategic period. This five-year strategy was fundamentally focused on the transformation of the RAF, aimed at reshaping the organisation into a more efficient, transparent, and sustainable institution. To drive this transformation and turnaround the Fund committed to executing a set of key strategic priorities over the five-year period. These priorities were designed to address operational inefficiencies, enhance service delivery, improve financial sustainability, and ultimately ensure a more claimant-centred approach in fulfilling the Fund's mandate.

Indeed, significant work was undertaken to achieve the strategic priorities set out in the 2020-2025 Strategic Plan, despite the challenges encountered along the way. In pursuit of its mandate and key objectives, the RAF implemented the 5-year strategy without any increase to the fuel levy, even as inflation rose to an average of 3.84% during the 2024/25 financial year.

The challenges inherited at the outset of the strategy were substantial. These included but not limited to financial unsustainability, a growing backlog of claims, and high claims settlement costs, which, according to the 1998 white paper on the RAF were just over 20% of claims expenditure, 76% of which was legal costs. In 2019 the RAF's legal costs had increased to R10.2 billion. In addition, the amount owed to claimants on finalised claims, classified as Requested But Not Yet Paid (RNYP) or short-term liability, had scaled to R16.2 billion, while annual revenue stood at just over R43 billion. Actuarial projections at the time warned that, without strategic intervention, this short-term liability could surge to R51 billion by the third year of the 5-year period.

Despite these formidable challenges, the RAF remained steadfast in its commitment to serve claimants with integrity and compassion. The progress made over the 2020-2025 period is a testament to the dedication and collective effort of the Fund's leadership and staff to transform the organisation and deliver on its mandate.

Organisational Performance

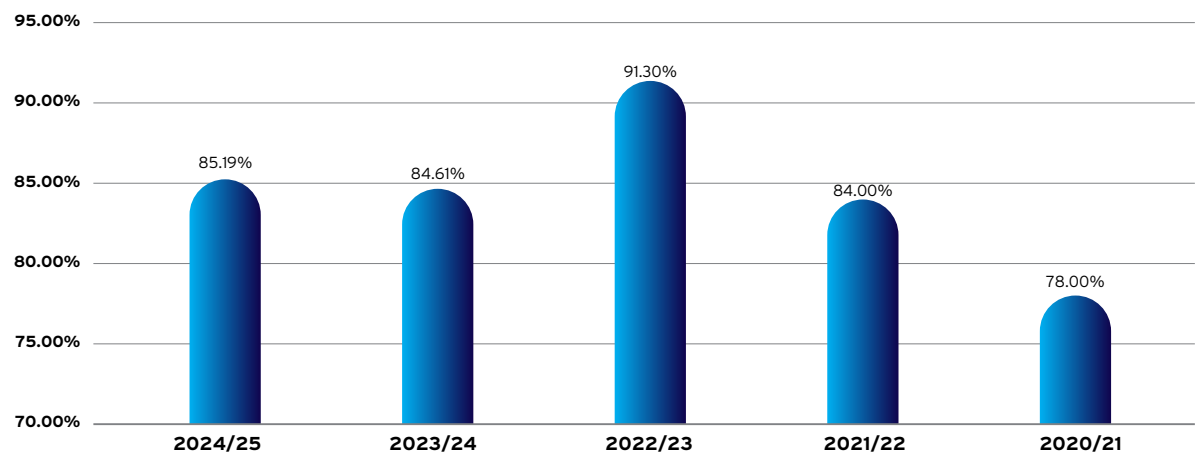
Over the five-year period, the RAF achieved a remarkable improvement in performance, increasing by approximately 49%, from 57% in the 2019/20 financial year to 85% during the period under review. This reflects significant and sustained progress throughout the 2020-2025 period.



85%

*The RAF's
performance
against its
predetermined
objectives in
2024/25*

Organisational Performance: 2020/21 - 2024/25



Our continued efforts to prioritise compensation for claimants are clearly reflected in our performance. Throughout the implementation of the 2020-2025 Strategy, we placed the needs of our claimants at the centre of our operations. Through ongoing engagement with stakeholders, we gained valuable insights into the challenges experienced by claimants in accessing RAF services. These insights guided our deliberate actions to enhance the overall customer experience.

As part of our commitment to improving service delivery, we launched a dedicated contact centre designed to empower claimants by providing direct access to information about their claims, reducing their reliance on legal representatives. One of the flagship initiatives introduced through this platform is the “Know Your Rights” Campaign, which enables claimants to verify payments made by the RAF to their legal representatives. This initiative promotes transparency, accountability, and greater awareness of claimant rights.

While notable progress has been made, we recognise that much work still lies ahead to fully achieve

the transformation we envisioned. The RAF remains committed to continuous improvement and to delivering meaningful, claimant-focused services.

Financial environment

Financial sustainability remains a pivotal priority for the RAF. As previously stated, the 2020-2025 Strategic Plan was anchored in driving radical change, transforming the Fund’s operating model and moving away from a litigious and financially unsustainable approach. This strategic shift was essential to enable the RAF’s turnaround and to place the organisation on a trajectory toward long-term financial and operational sustainability. By focusing on operational reforms and efficiency-driven initiatives, the Fund aims to strengthen its financial position while delivering improved value to claimants.

During the period under review, the RAF recorded claims expenditure of R42.6 billion. 88.6% of the expenditure was compensation towards the claimant, with the balance of 11.4% accounting for claims settlement costs. The claims settlement cost is the lowest in the past 5 years.

There is no doubt that without legislative interventions, the RAF is unlikely to be financially and operationally sustainable. Maintaining low levels of claims settlement costs is therefore crucial to the sustainability of the RAF in the short to medium term.

The payment of claims and operational expenditure is rigorously managed in alignment with net fuel levy income, in accordance with the Fund’s cash management strategy. This disciplined approach is supported by the implementation of key financial sustainability measures, including the adoption of updated cash flow forecasts, the establishment of a robust real-time reporting mechanism to monitor and report on cash flows. Notwithstanding these initiatives, challenges remain to ensure that all claim payments due are timely loaded and paid in line with the cash management strategy. More effort will have to be made to ensure the increase of payments whilst maintaining the required controls.

Investment revenue declined by 2%, from R697 million in the 2023/24 financial year to R680 million in 2024/25. The average yield on cash investments for 2024/25 was 7.5%, compared to 8.2% in the previous

year. Despite this marginal decrease, the RAF continues to prioritise prudent financial management to ensure the sustainability of its operations.

Claims environment

The operational model approved during the 2020-2025 period was designed to optimise the administration of claims by enhancing the investigation and settlement processes, while also reducing litigation. It is important to note that prior to the implementation of the 2020-2025 Strategy, the RAF had adopted a strategy that aimed to settle claims within 1 400 days. This approach contributed to a substantial backlog, with the number of unsettled claims escalating significantly by 2019. Addressing this historical backlog and improving claims processing efficiency has been a central focus of the Fund's transformation agenda.

The 2020-2025 Strategy placed strong emphasis on settling claims within 120 days. Notably, during the 2023/24 and 2024/25 financial years, more than 10% of newly registered claims were finalised within 120 days. The RAF remains firmly committed to further improving this performance and ensuring that a greater proportion of claims are settled within the 120 days target. However, the reduction of the claims backlog, particularly older claims continue to present a significant challenge. Approximately 90% of the claims in the backlog were lodged without the minimum required documentation necessary for timely investigation and settlement. In response, the RAF has implemented several measures to address this issue, including the introduction of the RAF 1 form to improve the quality and completeness of claim submissions going forward.

Additionally, the RAF has rolled out several targeted initiatives aimed at clearing the backlog of old claims. These include project Shanyela, which focuses on addressing the backlog of direct claims, and the block settlement initiative, which facilitates the efficient resolution of large volumes of outstanding claims. These efforts reflect the Fund's commitment to restoring efficiency, enhancing service delivery, and ultimately improving the experience of claimants. However these efforts has not been enough to significantly reduce high volumes of litigated claims.

Curbing fraud and Corruption

The RAF has adopted a zero-tolerance approach to fraud and corruption, in alignment with Chapter 14 of the NDP, which underscores the critical importance of combating corruption in the public sector. The NDP emphasises that addressing corruption and fostering accountability requires political will, strong institutions, an effective legal framework, and an active citizenry that holds public officials accountable. I am pleased to note that the RAF continues to make meaningful progress in its efforts to detect, prevent, and combat fraud, corruption, and other criminal activities within the organisation. These efforts are essential to safeguarding the integrity of the Fund and ensuring public trust in the organisation.

During the period under review, we implemented the fraud detection strategies which resulted in 474 claims valued at R580 743 057 being repudiated. This shows the RAF commitment in the fight against fraud and corruption. During 2024/25 FY, we implemented key data analytics projects aimed at identifying potential fraud and

enhancing risk management. These initiatives focused on detecting suspicious claim submissions and identify patterns that indicated potential manipulation of claims processing.

Customer Experience

The introduction of the Customer Relationship Management (CRM) system in June 2023 enabled the fund to centralise and optimise all enquiries handling, acting as a central point of key claimant interactions and further providing a holistic view of the organisation's interactions with claimants and other stakeholders at large. The official launch of the RAF Contact Centre on 09 October 2023, signalled a strategic intent of placing the claimants at the centre. In under two years since inception, the fund recorded one millionth claimant interaction during the month of May 2025.

The monthly and quarterly reports generated from the Customer Relationship Management (CRM) system, provide actionable insights which strengthen decision-making towards improving service delivery to the claimants. We will continue to optimise this investment as part of our customer experience journey for the RAF 2025 - 2030 strategy and beyond.

Digital Transformation

Manual claims processes and lack of integrated claims management system have been a longstanding challenge for the RAF. Attempts at modernisation projects were unsuccessful in the past financial years. the RAF had also neglected to invest in its ICT infrastructure for many years. it is in this context that the RAF focused on investment in ICT infrastructure to ensure a conducive platform for digital

transformation and improved cyber security resilience.

The roll out of release 1 of the Integrated Claims Management System (ICMS) in the period under review is therefore a key milestone in the RAF's digital transformation journey. The implementation of the system is still at its early stages and will be supported through further enhancements during release 2 in the 2025/26 financial year.

Looking Ahead

The RAF Board was dissolved on the 15th of July 2025, and an interim board has since been appointed from the 8th of August 2025. As management, the financial and operational sustainability remains a key priority and will continue to work with the interim board to ensure that the claimant remains the main beneficiary of the RAF's fuel levy income.

The Department of Transport took a decision to withdraw the RAF Amendment bill and reintroduce the RABS bill. We remain committed to contribute to legislative reforms that will ensure a sustainable RAF. We will continue to engage with the Department of Transport and the interim board for the introduction

of regulations to ensure the Fund is sustainable in the short to medium term.

The focus on claims settlements to reduce the claims backlog will be a key priority. The block settlement strategy, aimed at encouraging plaintiff firms to voluntarily bring settlement ready matters for settlement discussions instead of pursuing litigation will be crucial. In addressing challenges related to litigation and mediation processes, it is important that the RAF maintains a claims settlement strategic outlook, underpinned by low claims settlement costs.

Stakeholder engagement will be crucial in the second phase of the RAF transformation. It is going to be important to reflect on what has worked and review areas that require improvement. The invitation of the Black Lawyers Association (BLA) and the Judiciary to make an input to the 2025-2030 RAF strategic was a crucial step in ensuring strategic alignment with key stakeholders and it is important that we build on that going forward. It should not be impossible to find strategic alignment if the common priority amongst all stakeholders are the interests of the claimant.

Acknowledgement

I would like to extend my sincere appreciation to the RAF Board, management, and staff for their dedication in fulfilling the Fund's mandate. Your commitment and the extraordinary efforts demonstrated during this reporting period are commendable. Despite a constrained and challenging operating environment, the RAF team has remained steadfast in pursuing our strategic goals and in delivering meaningful impact to our claimants. You have consistently been true ambassadors and embodied the values of the Fund, and for that, I am grateful.

I also extend my gratitude to the Minister of Transport, Honourable Barbara Creecy, and the Deputy Minister of Transport, Honourable Mkhuleko Hlengwa, for their continued support in enabling the RAF to deliver on its mandate. Finally, I thank the interim board for their role in the finalisation of this annual report during a challenging transitional period.



Phathutshedzo Lukhwareni
Acting Chief Executive Officer

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

All information and amounts disclosed in the Annual Report are 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 National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the RAF, except for the matters noted in the Auditor General of South Africa's (AGSA) opinion, specifically regarding claims liability.

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 that 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.

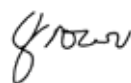
The external auditors are engaged to express an independent opinion on the Annual Financial Statements, performance information and compliance to laws and regulations.

In our opinion, the Annual Report fairly reflects the Operations, Performance Information, Human Resources Information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Phathutshedzo Lukhwareni
Acting Chief Executive Officer
Date: 30 September 2025



Kenneth Brown
Chairperson of the Interim Board
Date: 30 September 2025

This report is signed by the Chairperson appointed to the Interim Board's Audit Committee on or after August 8, 2025, following the dissolution of the previous Board in July 2025. The date of signature reflects the finalization of the report under the authority of the new governance structure.

6. STRATEGIC OVERVIEW

6.1 VISION, MISSION AND CORE VALUES

• OUR VISION •



An equitable and sustainable social benefit scheme for motor vehicle accident victims.

• OUR MISSION •



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

• OUR VALUES •

In the pursuit of its mandate, vision, and mission, the RAF upholds the following values:

I care²



INTEGRITY

We will conduct ourselves in a manner that is fair, transparent, and ethical, honouring our commitments and communicating honestly.



COMPASSION

We care for and support our claimants and stakeholders.

We care for and support each other.



ACCOUNTABILITY

We will account for our activities/ actions, accept responsibility for them, and disclose any unethical conduct in a transparent manner.



RESPECT

We will treat our stakeholders impartially and with respect, recognising our responsibility to them.



EXCELLENCE

In the performance of our duties, we will consistently apply our knowledge and experience and we will strive to give our best effort to deliver a professional service of an exceptional standard.



EMPATHY

We will demonstrate the ability to understand and share the emotions, ideas, challenges, experiences, and perspectives of both our internal and external clients and stakeholders.

CORE VALUES

The value statement represents the heart of the RAF family's desired corporate culture. Our values serve as a measure of how well we execute our mandate as leadership, staff and service providers (who act on behalf of the RAF).

7. LEGISLATIVE AND OTHER MANDATES

7.1 SCHEDULE IN TERMS OF THE PFMA

The RAF is a juristic person established by the Road Accident Fund Act (1996). Section 3 of the Act stipulates that the objective of the Fund is the payment of compensation in accordance with the Act for loss or damage wrongfully caused by the driving of motor

vehicles. The RAF is a national public entity established in terms of schedule 3A of the PFMA. Section 1 of the PFMA states that “national public entity” means (a) a national government business enterprise or (b) a board, commission, company, corporation, fund or other entity (other than a national government business enterprise) which is -

- (i) established in terms of national legislation;
- (ii) fully or substantially funded either from the National Revenue Fund, or by way of tax, levy or other money imposed in terms of national legislation; and
- (iii) accountable to Parliament.

7.2 MAIN LEGISLATION

The main legislation below outlines the legal framework for the operations of the RAF.

- The Constitution of the Republic of South Africa, 1996
- Road Accident Fund Act 56 of 1996
- The Public Finance Management Act 1 of 1999
- Road Accident Fund Amendment Act, 2005 (Act No. 19 of 2005)
- Road Accident Fund (Transitional Provisions) Act, 2012 (Act No. 15 of 2012)

7.3 SUBSIDIARY LEGISLATION

In addition to the Road Accident Fund Act (1996), the following are the most 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)
- 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
- Cyber Crime Act, 2020 (Act No. 19 of 2020)
- Customs and Excise Act, 1964 (Act No. 91 of 1964)
- Disaster Management Act, 2002 (Act No. 57 of 2002)

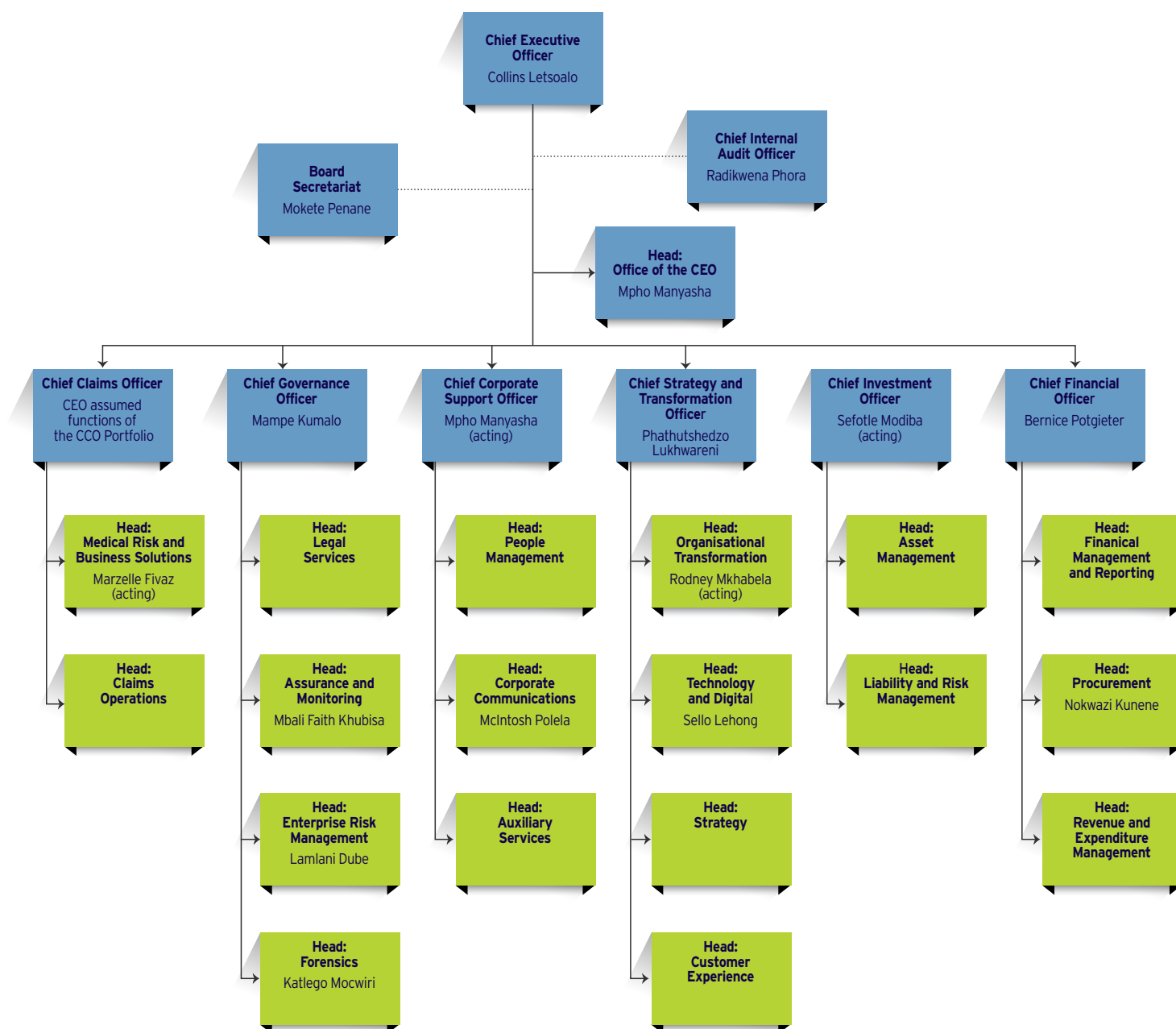
- Electronic Communications and Transaction Act, 2002 (Act No. 25 of 2002)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Financial Supervision of the Road Accident Fund Act, 1993 (Act No. 8 of 1993)
- Global Internal Auditing Standards 2024
- Income Tax Act, 1962 (Act No. 58 of 1962)
- Intergovernmental Relations Framework Act, 1962 (Act No 13 of 2005)
- 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)
- National Data and Cloud Policy 2024
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Pension Funds Act, 1956 (Act No. 24 of 1956)
- 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)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Supreme Court Act, 1959 (Act No. 59 of 1959)
- State Attorney Act, 1957 (Act No. 56 of 1957)
- Use of Official Languages Act, 2012 (Act No. 12 of 2012)

7.4 THE RAF'S ROLE IN THE BROADER GOVERNMENT AND NATIONAL AGENDA

The RAF plays a significant role in helping 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 socioeconomic challenges. The payment of compensation to victims of motor vehicle accidents for death and injury benefits is thus critical in improving the country's socioeconomic conditions.

8. ORGANISATIONAL STRUCTURE





PART B

PERFORMANCE INFORMATION

9. PERFORMANCE INFORMATION

9.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the RAF's performance information against predetermined objectives. It does so to provide reasonable assurance in the form of an audit conclusion, which is included in the report to management. AGSA's material findings are reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the Auditor's Report, published as Part F: Financial Information.

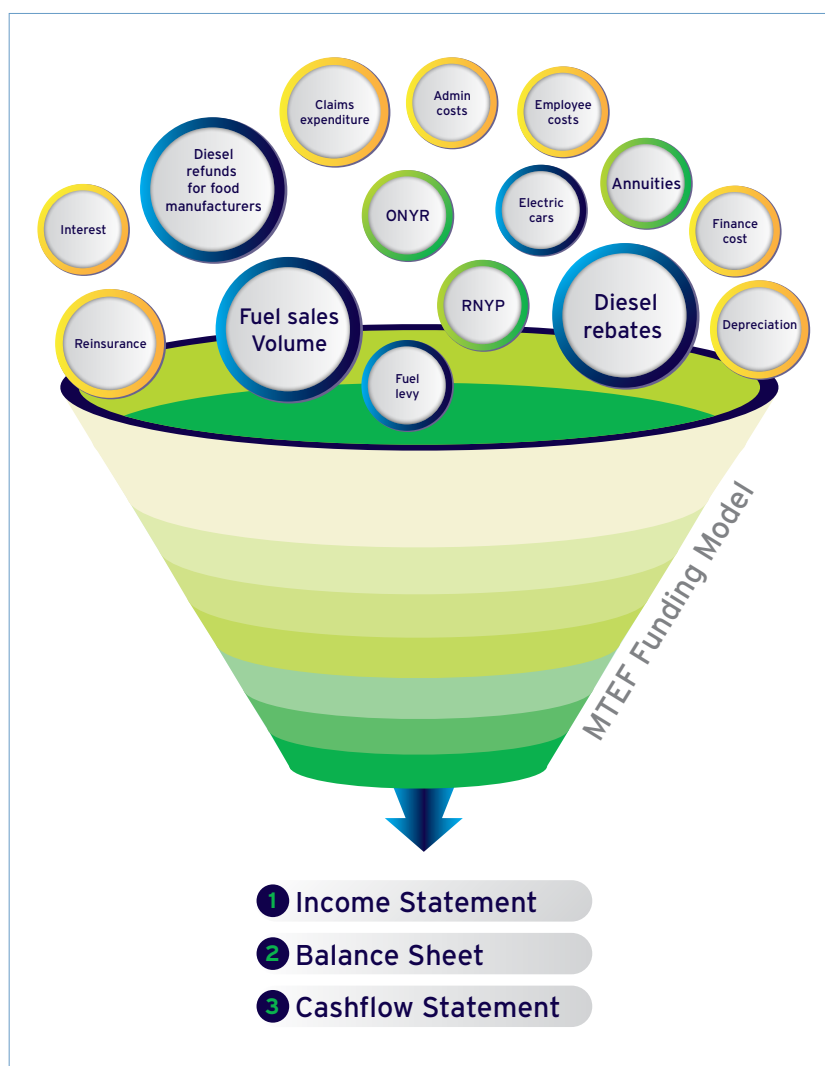


9.2 PERFORMANCE OVERVIEW

9.2.1 SERVICE DELIVERY ENVIRONMENT

The RAF's ability to operate is influenced by general economic conditions and environmental factors and by the extent to which it manages its costs effectively.

Figure 1: Factors that influence the RAF's financial position



The RAF compensation scheme's primary source of income is a levy raised on fuel. The RAF fuel 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 levy, as regulated by government. The general fuel levy per litre is set annually by National Treasury. Total fuel sales are influenced by many macroeconomic factors.

Figure 1 above depicts the revenue "blue", liability "green" and general "yellow" assumptions that were considered in the production of the forecasted income statement, balance sheet and cashflow statement.

The full extent of the fuel levy requested by the RAF is seldom granted. This is because National Treasury has historically set the RAF fuel levy based on a pay-as-you go principle rather than with the purpose of establishing a fully

funded position for the RAF. The RAF fuel levy remained unchanged at 218 cents per litre for the last three financial years, including the period under review.

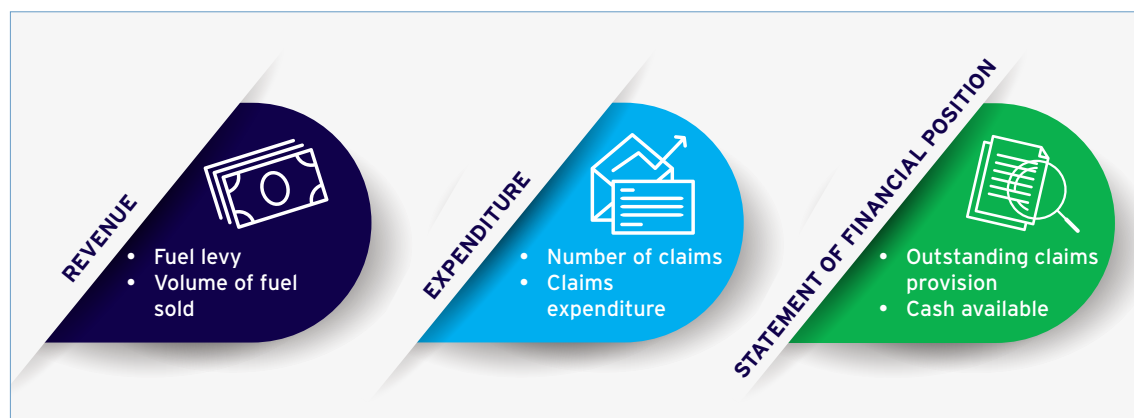
The RAF is not involved in the collection of the fuel levy. This is administered by the South African Revenue Service (SARS), which then pays it to the RAF in accordance with the provisions of the Customs and Excise Act 1964 (Act No. 91 of 1964) and the RAF Act.

The two main variables that determine the RAF's income are the volume of petrol and diesel sold per year 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 RAF's expenditure is primarily directed toward compensating road accident victims. The volume and severity of accidents determine the volume and average value of claims made against the RAF. The RAF also incurs third-party costs (for example, legal and medical cost, as well as administration costs).

The RAF's liquidity is determined by cash available after claims and other expenses over the reporting period are paid out. Liability largely comprises claims with payment not yet requested, and claims requested but not yet paid, that need to be settled and paid with their associated costs.

Figure 2: Key value drivers



9.2.2 IMPLEMENTATION OF STRATEGIC INITIATIVES

In January 2020, the Board adopted the RAF's 2020-2025 Strategic Plan that aims to see the RAF operate sustainably and settle claims within 120 days using a product-based approach. The strategy was underpinned by the following strategic initiatives:

- reducing operational and administrative costs;
- reviewing the operating model to improve efficiencies to replace the current litigation model, which has proven to incur significant legal costs;
- decreasing the claim settlement period and validation time of claims to reduce by 75% at the

end of 2020-2025 strategic period;

- implementing the asset-liability matching strategies and payments in annuities;
- improving medical management outcomes that led to the introduction of the RAF medical tariffs, developing treatment protocols and implementing the pre-authorisation and case management framework;
- enhancing the claims administration process and introducing an integrated claims management system (ICMS); and
- reviewing the current guiding legislation to introduce efficiencies.

Since the strategy was implemented five years ago, the RAF has made significant strides in addressing its legacy challenges. The adopted operational model focused on optimising claims administration by improving the investigation and settlements of claims. This has resulted into faster settlements and avoiding unnecessary litigation.

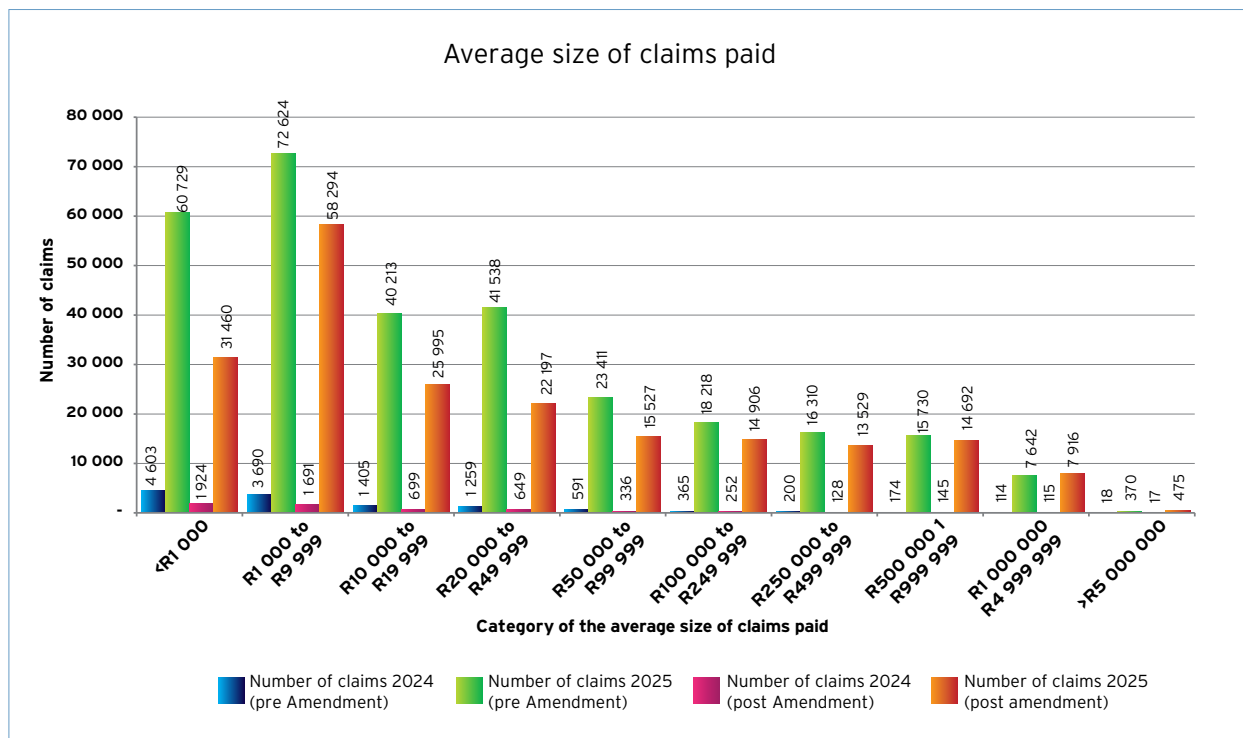
9.2.3 OPERATING ENVIRONMENT

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

Claims analysis

Of the total claims finalised during the reporting period, many payments were at values more than R1 000 and less than R10 000, as detailed in the graph below. This resulted from the RAF's adoption of an accelerated approach to directly paying service providers—such as hospitals—among others.

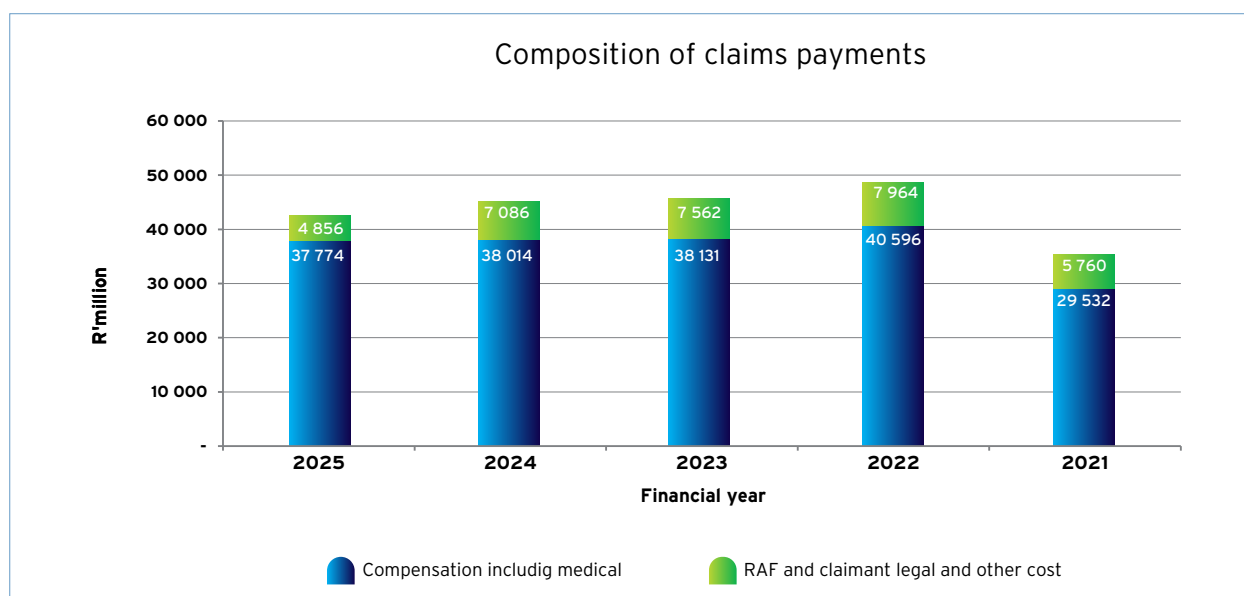
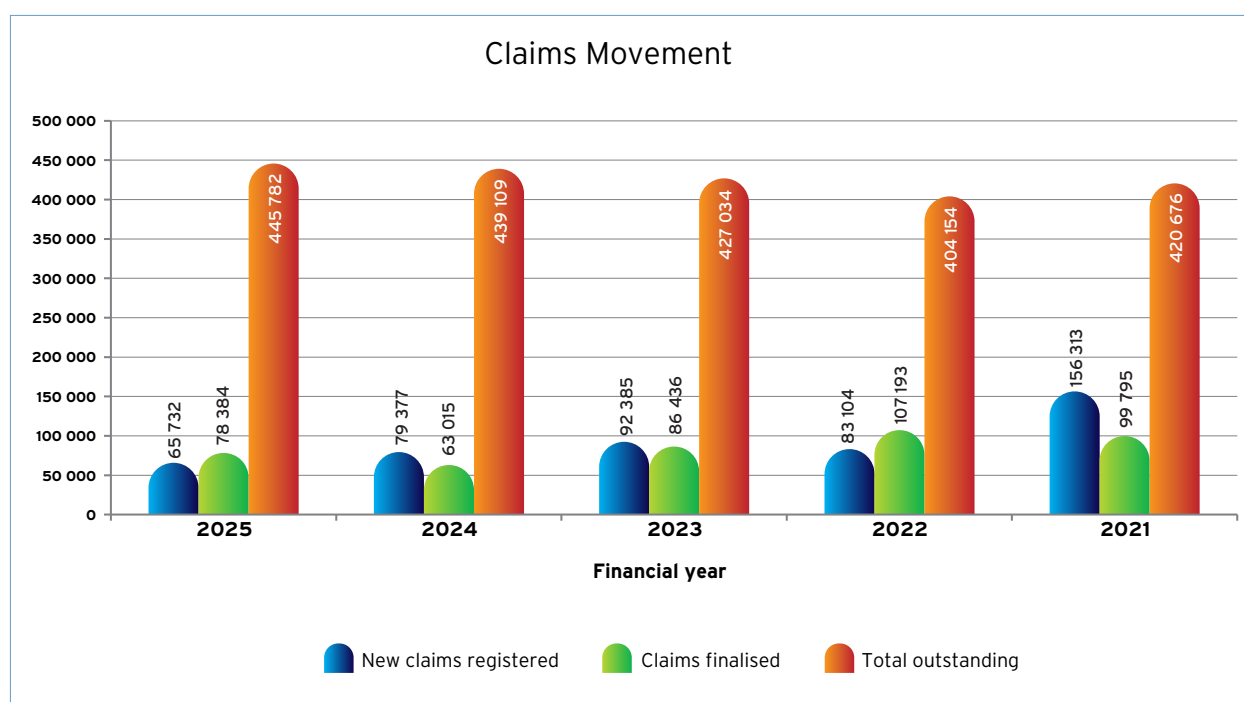
Graph 1: Average size of claims paid



Claim settlement costs

Total claims expenditure of R42.6 billion during the reporting period highlights the impact of the Strategic Plan's emphasis on efficient claims administration. Legal and other costs in 2019 and 2020 averaged around R9.7 billion, versus total expenditure of R39.5 billion, meaning that 25% of total claim payments went to legal and other costs and only 75% was paid to actual beneficiaries. Since the implementation of the transformation strategy, the ratio increased to 88.6% paid to motor vehicle accident beneficiaries and claims related costs constituting 11.4% of total claims expenditure in 2025. As illustrated in the table below.

Financial Year	Compensation & Medical (R'million)	Total Claims Paid (R'million)	Cost to process a claim (R'million)	Cost to process a claim in %	Compensation as a % of Total Claims paid
2022/23	R38 131	R45 694	R7 563	16,55%	83,45%
2023/24	R38 014	R45 100	R7 086	15,71%	84,29%
2024/25	R37 774	R42 630	R4 856	11,39%	88,61%

Graph 2: Composition of claim payments**Graph 3:** Claims registered/finalised/outstanding

Claims registration and backlog

The number of new claims registered per year is stabilising at under 100,000 from 2022. This suggests that the 2020-2025 Strategic Plan was effective in controlling the entry of new claims. Although the finalisation rate in comparison to registration decreased from 147% in 2023/24FY to 129% in 2024/25FY, it is still the highest, compared to 94% in the 2022/23 fiscal year. The backlog

(Total Outstanding claims) showed inconsistent management from 2021 to 2025. It saw its only reduction in 2022 when claims finalised (107 193) significantly exceeded New Claims registered (83 104), dropping the backlog to 404 154. However, the backlog grew in 2023 and 2024 and reached the period's highest level in 2025 at 445 782. This indicates that the overall finalisation efforts

were not effective to overcome the accumulated backlog and achieve sustained reduction.

Outstanding claims are further broken down into supplier, non-supplier, direct and represented claims, as well as claims submitted before and after the Road Accident Fund Amendment Act (2005) came into effect in 2008, as indicated in the table below:

	No Compensation			Compensation paid Legal costs awaited	Total awaiting compensation or legal cost payment
	Open	Reopened	Subtotal		
Outstanding claims as at 31 March 2024					
Personal claims					
	261 899	1 937	263 836	95 733	359 569
Direct claims	33 943	119	34 062	9 357	43 419
Represented claims	227 956	1 818	229 774	86 376	316 150
Supplier claims					
	51 782	214	51 996	27 544	79 540
Direct claims	39 199	126	39 325	18 742	58 067
Represented claims	12 583	88	12 671	8 802	21 473
Total	313 681	2 151	315 832	123 277	439 109
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
Supplier claims					
	21 150	361	21 511	-7 390	14 121
Direct claims	17 628	321	17 949	-6 288	11 661
Represented claims	3 522	40	3 562	-1 102	2 460
Total	305 159	2 903	308 062	75 615	383 677
Outstanding claims as at 31 March 2025					
Personal claims					
	253 617	1 870	255 487	96 634	352 121
Direct claims	25 263	195	25 458	7 620	33 078
Represented claims	228 354	1 675	230 029	89 014	319 043
Supplier claims					
	72 932	575	73 507	20 154	93 661
Direct claims	56 827	447	57 274	12 454	69 728
Represented claims	16 105	128	16 233	7 700	23 933
Total	326 549	2 445	328 994	116 788	445 782

Movements of claims during the year in the table above is made up of Intra movement in status and Adjustment of RNYP claims.

Definitions

1. All claim payments

All claims settled, requested and paid by the RAF.

2. Personal claim

A claim submitted by any person, the 'third party', for any loss or damage that person has suffered because of any bodily injury to them, or the death of, or any bodily injury to any other person.

3. Supplier claim

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

4. General damages

Compensation paid by the RAF for loss of amenities of life, pain and suffering, disability and disfigurement.

5. Loss of earnings

Past and future loss of earnings incurred by the accident victim/s as a result of a motor vehicle accident.

6. Loss of support

Past and future loss of support incurred by the accident victim's family as a result of a motor vehicle accident.

7. Medical compensation

Past and future medical costs incurred by the accident victim as a result of a motor vehicle accident.

8. Funeral costs

The cost of interment or cremation of the accident victim/s arising from a motor vehicle accident.

9. RAF's legal and other costs

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.

10. Claimants' legal and other costs

Expenses paid to accident victims' attorneys and experts for their assistance in lodging a claim with the RAF.

Claims categories and averages

Individual claims requested for payments/settlements per claims category:

Claim pay-/settlements per heads of damage							
Claim pay-/settlements	Ref	Units (Rounded)	31-Mar-25	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21
All claims	1	R'million	46 700	45 600	46 400	43 400	35 500
Average value per claim		Rand	348 100	286 825	261 721	254 531	235 141
Total individual claim pay-/settlements		Number	134 044	159 122	177 247	170 331	151 176
Personal claims	2	R'million	46 000	44 800	45 400	42 500	34 200
Average value per claim		Rand	517 866	406 400	346 149	330 249	396 218
Total individual claim pay-/settlements		Number	88 855	110 299	131 024	128 545	86 502
Supplier claims	3	R'million	700	800	1 000	900	1 300
Average value per claim		Rand	14 291	16 684	22 405	21 602	19 698
Total individual claim pay-/settlements		Number	45 189	48 823	46 223	41 786	64 674
General damages	4	R'million	10 900	12 700	11 700	10 500	7 700
Average value per claim		Rand	583 682	565 055	531 803	508 147	516 097
Total individual claim pay-/settlements		Number	18 753	22 391	21 908	20 653	14 972
Loss of earnings	5	R'million	25 000	21 600	22 000	20 700	18 400
Average value per claim		Rand	1 224 523	1 110 815	1 050 476	969 098	1 084 369
Total individual claim pay-/settlements		Number	20 432	19 486	20 957	21 315	16 943
Loss of support	6	R'million	2 400	2 600	2 700	2 200	2 000
Average value per claim		Rand	666 280	632 671	644 348	589 333	639 006
Total individual claim pay-/settlements		Number	3 536	4 199	4 255	3 728	3 182
Medical compensation	7	R'million	1 600	1 700	2 100	2 100	2 400
Average value per claim		Rand	30 078	27 985	39 030	40 093	32 546
Total individual claim pay-/settlements		Number	52 068	58 456	53 677	52 243	73 970
Funeral costs	8	R'million	45	47	48	42	33
Average value per claim		Rand	14 963	15 380	16 579	17 453	17 448
Total individual claim pay-/settlements		Number	3 029	3 026	2 894	2 389	1 877
RAF's legal and other costs	9	R'million	600	1 600	2 600	2 600	1 400
Average value per claim		Rand	22 860	27 985	30 512	30 641	25 820
Total individual claim pay-/settlements		Number	26 619	58 456	83 522	83 273	53 245
Claimants' legal and other costs	10	R'million	6 100	5 400	5 300	5 300	3 600
Average value per claim		Rand	188 865	182 983	178 258	192 214	192 098
Total individual claim pay-/settlements		Number	32 402	28 254	29 680	27 670	18 740

The payments requested of R46 700 billion above, measures payments requested/settled between 1 Apr 2024 to 31 Mar 2025.

General Damages

The analysis of this category shows a sustained increase in claim severity despite fluctuations in volume. The Average Value per Claim reached its peak in 2025, demonstrating a continuous upward trend in the cost of settlement since the low in 2022. This growing severity suggests that judicial or claimant expectations for pain and suffering awards are rising, as the average cost is increasing, despite both the Total Payments and the number of Claims Paid dropping compared to 2024. The management must now focus on mitigating the accelerating cost of individual claims to control overall expenditure.

Loss of Earnings

Loss of earning category is the largest financial burden with the total payments peaking in 2025. The primary financial challenge is the escalating severity of individual claims, not the volume of cases. This is evidenced by the average claim value surging to a peak in 2025, which represents a 10.2% increase over the previous year and significantly exceeds the 2021 average.

Loss of Support

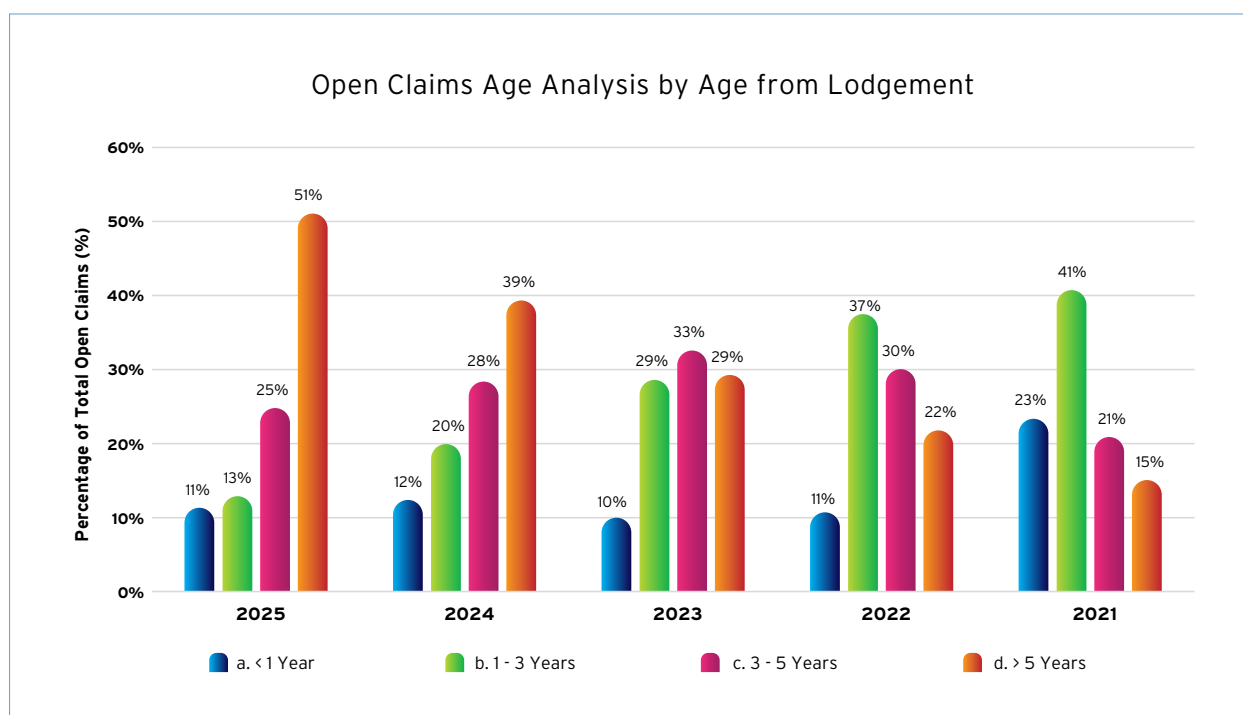
The analysis of this category confirms its status as the smallest financial burden and lowest volume category over the period. While total payments and claims volume peaked in 2023, the cost severity of individual settlements has since accelerated. The Average Value

per Claim reached its highest point at R666 280 in 2025, showing a clear increase in severity from the low of R589 333 in 2022. This rise in average value indicates that, despite a decrease in Claims Paid from the 2023 peak of 4 255, and a decline in Total Payments from the 2023 peak of R2,700 million, the financial risk associated with each successfully settled Loss of Support claim is now at its maximum level.

Age analysis of claims

Claims aged less than one year averaged 11% since the introduction of the RAF 1 form. This illustrates that the strategy to expedite the settlement of claims is bearing fruit. Claims older than 3-5 years remain a major challenge due to insufficient information.

Graph 4: Age analysis of claims (percentage)



9.3 STATEMENT OF FINANCIAL POSITION

Financial analysis

The RAF's summarised financial and operational results for the past four financial years, including the period under review.

Statement of Financial Position	31 March 2025 R'million	31 March 2024 R'million	31 March 2023 R'million	31 March 2022 R'million	31 March 2021 R'million
Assets					
Current Assets					
Cash and cash equivalents	2 123	815	630	868	4 684
Receivables from non-exchange transactions	11 290	10 709	10 736	10 978	10 315
Receivables from exchange transactions	0	50	30	27	21
Other financial assets	380	286	232	214	423
Consumable stock	5	6	5	5	5
	13 798	11 866	11 632	12 092	15 448
Non-current Assets					
Property, plant and equipment	159	169	172	191	174
Intangible assets	193	159	74	31	41
	352	328	246	222	215
Total Assets	14 150	12 194	11 878	12 314	15 663
Liabilities					
Current liabilities					
Short term employee benefit liabilities	328	295	75	301	332
Other financial liabilities	249	147	135	111	51
Claims liabilities	40 421	36 149	34 194	25 965	29 572
Other provision	823	964	1 233	1 272	1 482
Operating lease liability	0	3	3	0	0
	41 821	37 558	35 640	27 649	31 437
Non-current liabilities					
Employee benefit obligation	30	35	58	58	56
Operating lease liability	11	1	3	6	4
	41	36	61	64	60
Total liabilities	41 862	37 594	35 702	27 713	31 497
Net liabilities	(27 712)	(25 400)	(23 823)	(15 399)	(15 834)
Reserves					
Revaluation reserve	136	126	113	109	102
Accumulated deficit	(27 848)	(25 526)	(23 936)	(15 508)	(15 936)
Total Net Liabilities	(27 712)	(25 400)	(23 823)	(15 399)	(15 834)

9.4 STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance	31 March 2025 R'million	31 March 2024 R'million	31 March 2023 R'million	31 March 2022 R'million	31 March 2021 R'million
Revenue					
Revenue from Exchange Transactions					
- Investment revenue and other income	683	702	286	223	160
Revenue from Non-exchange Transactions					
- Net fuel levies	50 071	48 610	48 472	47 932	42 089
Total Revenue	50 754	49 312	48 758	48 155	42 249
Expenditure:					
- Claims paid	(42 630)	(45 100)	(45 694)	(48 560)	(35 292)
- Depreciation and amortisation	(67)	(46)	(46)	(45)	(50)
- Employee costs	(2 468)	(2 437)	(2 248)	(2 073)	(1 941)
- Finance costs	(153)	(275)	(298)	(119)	(62)
- Impairment loss on statutory receivables	(1 991)	0	0	0	0
- Reinsurance premiums	(5)	(4)	(4)	(5)	(4)
- Loss on disposal of assets and liabilities	(3)	(1)	0	0	(1)
- General expenses	(1 486)	(1 085)	(668)	(531)	(530)
Total Expenditure	(48 803)	(48 948)	(48 958)	(51 333)	(37 880)
(Deficit)/Surplus before net increase in claims liabilities	1 951	364	(200)	(3 179)	4 369
Net decrease/(increase) in claims liabilities	(4 272)	(1 955)	(8 229)	3 607	(2 586)
Surplus/(Deficit) for the Year	(2 321)	(1 591)	(8 429)	428	1 783

9.5 CASH FLOW STATEMENT

	31 March 2025 R'million	31 March 2024 R'million	31 March 2023 R'million	31 March 2022 R'million	31 March 2021 R'million
Net cash flow from operating activities	1 393	301	(173)	(3 771)	3 346
Cash flow from investing activities	(85)	(116)	(65)	(45)	(13)
(Decrease)/Increase in cash and cash equivalents	1 308	185	(238)	(3 816)	3 333
Cash and cash equivalents at the beginning of the year	815	630	868	4 684	1 351
Cash and cash equivalents at the end of the year	2 123	815	630	868	4 684

9.6 FINANCIAL RATIOS

Financial Ratios	Ref.	Units	31 March 2025	31 March 2024	31 March 2023	31 March 2022	31 March 2021
Profitability							
(Deficit)/surplus to revenue	1	%	(5%)	(3%)	(17%)	1%	4%
Operating (deficit)/surplus to revenue	2	%	4%	1%	0%	(7%)	10%
Return on average total assets	3	%	(18%)	(13%)	(70%)	3%	13%
Cost-to-income ratio	4	%	21%	22%	22%	22%	20%
Liquidity							
Cash-to-claims-cover ratio	5	Months	0.60	0.22	0.17	0.21	1.59
Current ratio	6	Ratio	0.33	0.32	0.33	0.44	0.49
Net working capital	7	R'm	(28 022)	(25 692)	(24 008)	(15 557)	(15 989)
Solvency							
Total assets to total liabilities	8	%	34%	32%	33%	44%	50%

Refer to 9.8 below for detailed analysis of Profitability, Liquidity and Solvency of the Fund

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 total assets

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

4. Cost-to-income ratio

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

5. 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).

6. Current ratio

Total current assets divided by total current liabilities.

7. Net working capital

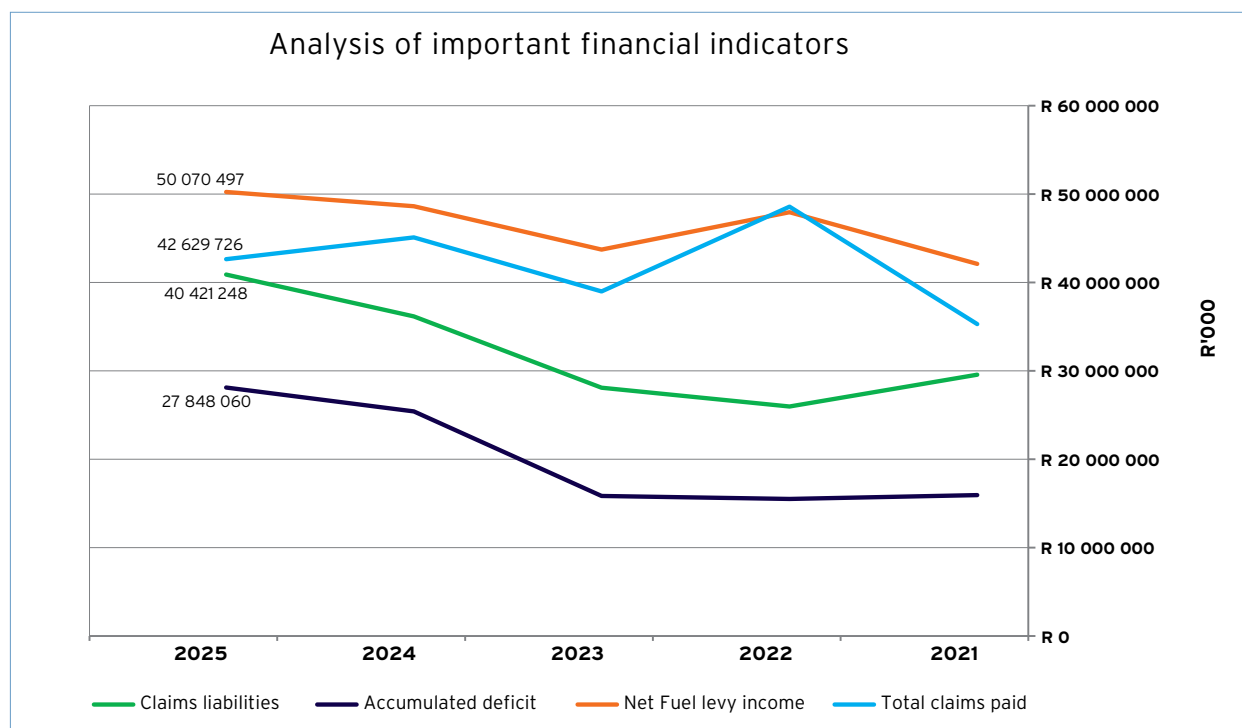
Current assets minus current liabilities.

8. Total assets to total liabilities

Total assets as a percentage of total liabilities.

9.7 FINANCIAL POSITION

Graph 5: The widening gap between income and deficit



9.8 FINANCIAL HEALTH

Profitability

The RAF recorded a deficit of R2.32 million for the 2024/25 financial year (2023/24: deficit of R1.59 billion) (Graph 6). The overall deficit is largely due to the impairment loss on statutory receivables resulting from SARS withholding R1.9 billion worth of fuel levies related to Eskom's diesel rebate claim. This withholding also had an impact on payment of claims, as more claims could have been settled had the funds been received. The RAF has not received an increase in the fuel levy over the past five years, whereas inflation increased to an average of 3.84% during 2024/25 financial year, compared to 5.5% in 2023/24 financial year.

There's been an increase in cash and cash equivalents as at 31 March 2025 to R2.12 billion from R815 million by the end of the previous financial year. This is due to the late receipt of the fuel levy on the 28th March 2025 as opposed to the usual date around the 20th

every month. Had the funds been released as usual, they would have been used to settle claims and not have remained as cash on hand at year end. Cash and cash equivalents have, however, drastically decreased from R4.68 billion in 2020/21 to R2.12 billion by the end of 2024/25.

Solvency and capitalisation

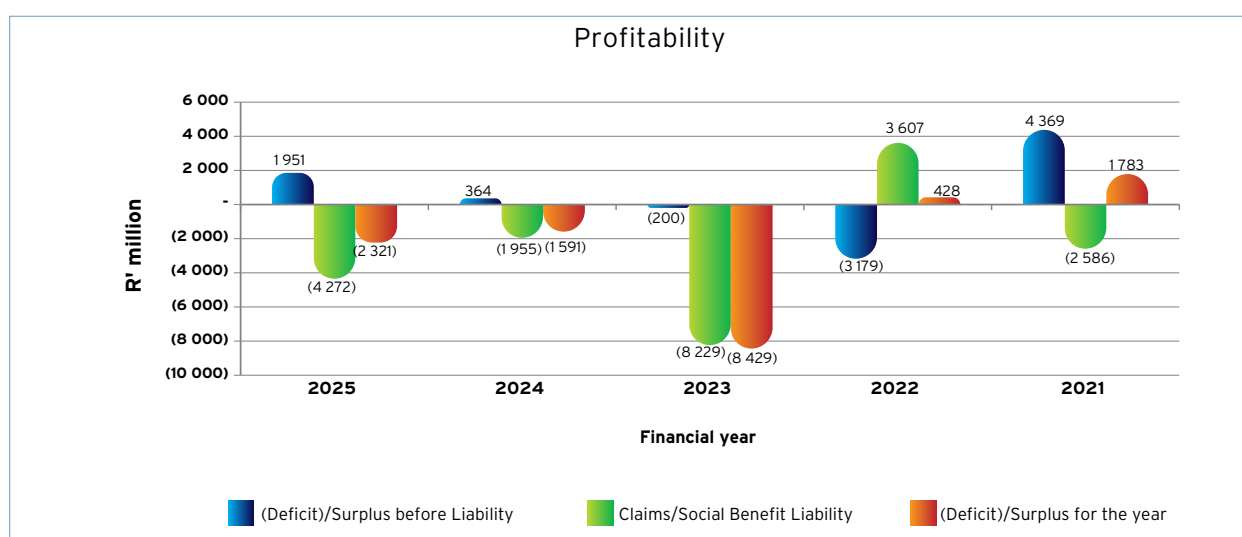
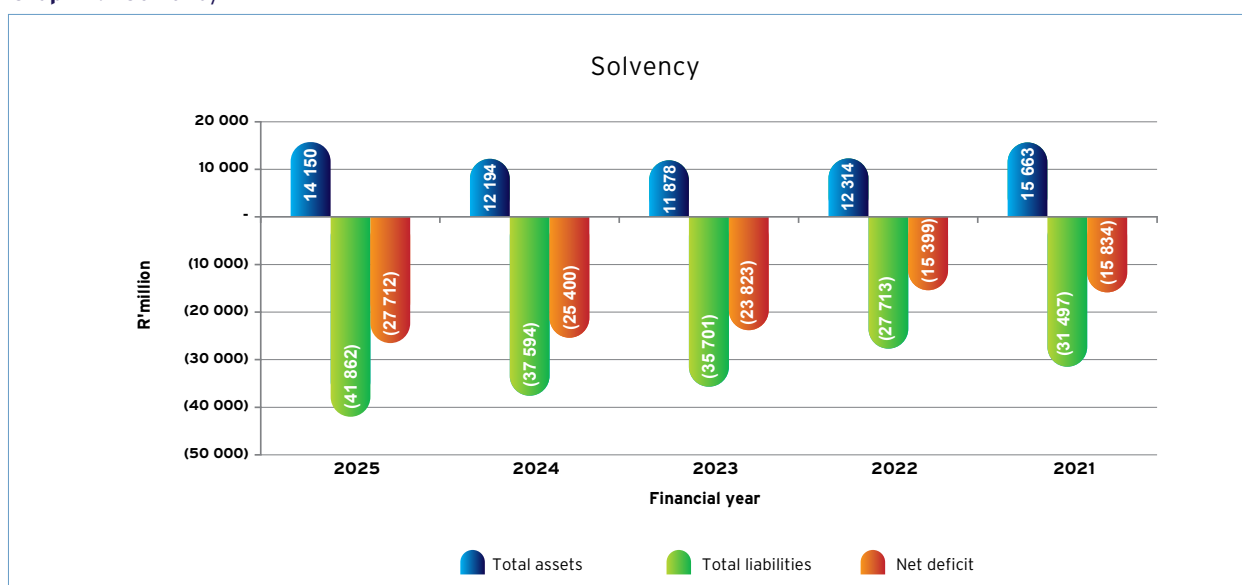
The RAF remains under-capitalised, with liabilities exceeding assets by R27.7 billion (2023/24: R25.4 billion) (Graph 7). This is evident in the perilous solvency ratio of 0.34:1 (current ratio 0.33:1), meaning the RAF holds only 34 cents in assets for every R1 of its liabilities. The core driver of this widening gap is the increase in Claims Liabilities, which grew to R40,421 million in 2025. The current compensation system, with an estimated R40 billion unfunded claims liability, is definitively unsustainable.

The RAF fuel levy remained at 218 cents per litre in the 2024/25 financial year. As the levy is disproportionate compared to its liabilities, the RAF implemented

measures to address cash demands through the execution of a well-founded cash management strategy that form part of the implemented measures to address cash demands through the execution of a well-founded cash management strategy that forms part of the broader Strategic Plan. The strategy aims to sustain payments to all its creditors, however, as was done during the previous financial years, claims creditors had to wait for payments in accordance with payment schedules that were strictly enforced and adhered to by the RAF.

The implementation of an asset and liability strategy in the foreseeable future will provide affordable and equitable support for those affected by accidents. Once this strategy is implemented, 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 National Treasury, inclusive of annual inflationary adjustments, is clearly not feasible.

Graph 6: Profitability**Graph 7: Solvency**

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

- The total revenue increased by 3% to R50.8 billion compared to the previous period (2023/24: R49.3 billion), despite the fuel levy remaining constant at 218c/l in 2024/25 financial year, however this should not be viewed as a real increase taking into account the average inflation of 3.84% in 2025 financial year.
- Total operational expenditure (excluding claims liability) decreased to R48.8 billion, compared to R48.9 billion of the previous year. Claims expenditure (excluding claims liability) contributed to 87% (2023/24: 92%) of total expenditure, while employee and administrative costs accounted for 13% (5% and 8%, respectively) compared to 2023/24 of 8%.
- The significant increase in administration costs is due to R1.9 billion impairment loss on statutory receivables caused by SARS withholding portions of the Fuel levy in February and March 2025, as well as an increase in Marketing and Advertising costs, Technology and Digital costs i.e. cost relating to ICMS.

Liquidity and cash holdings

The RAF's liquidity position remains severely constrained, despite cash and cash equivalents increasing to R2.123 billion at year-end (up from R815 million in 2024).

This cash increase is attributable to a strict cash management strategy, but was also affected by the late

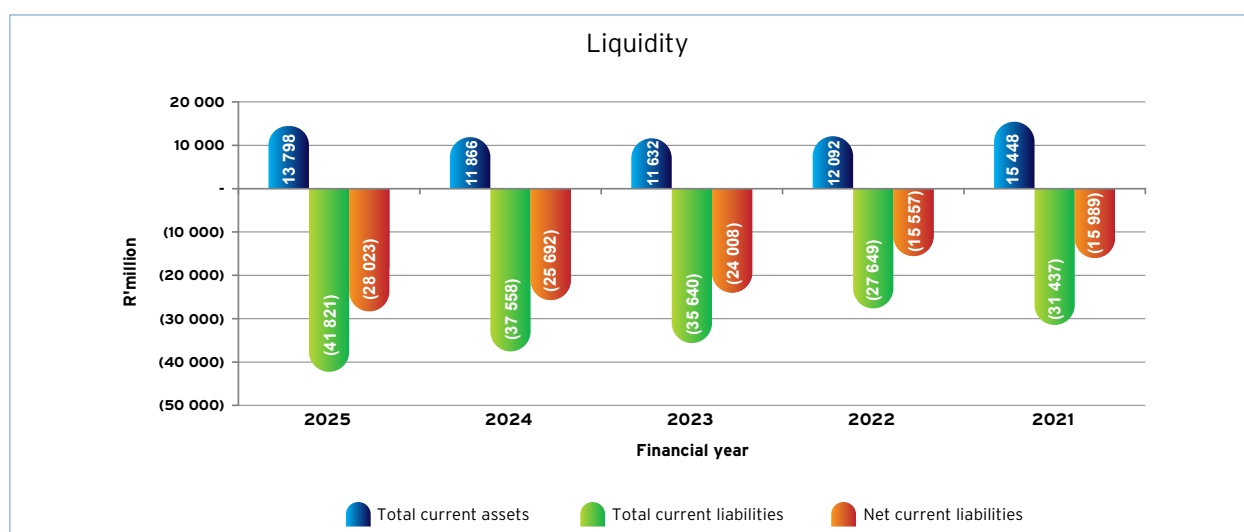
receipt of the March fuel levy, which would otherwise have been used to settle claims.

The Cash-to-claim Cover Ratio increased to 0.60 months (from 0.22 months in 2024), yet the current Ratio sits at a critically low 0.33:1. This illustrates that the RAF does not have sufficient cash or near-cash assets to cover its

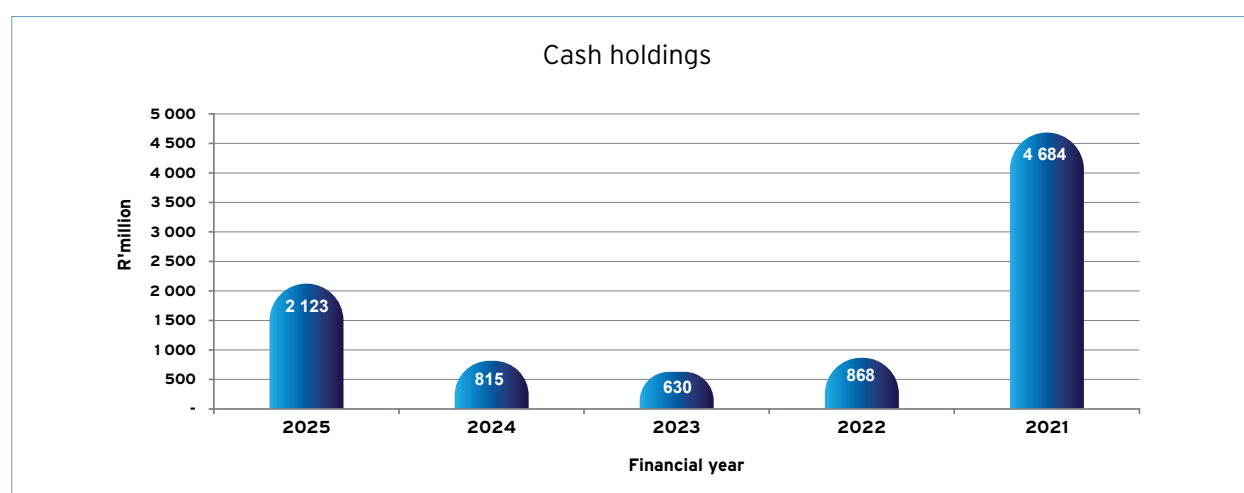
short-term liabilities, necessitating the adherence to strict payment schedules for creditors.

The cash balance partially reflects the RAF fuel levy that was received during March 2025. Being short-term in nature, it would only be applied to fund operations in the first month of the new financial year (April 2025, as shown in Graph 9).

Graph 8: Liquidity



Graph 9: Cash holdings



Cost of service delivery

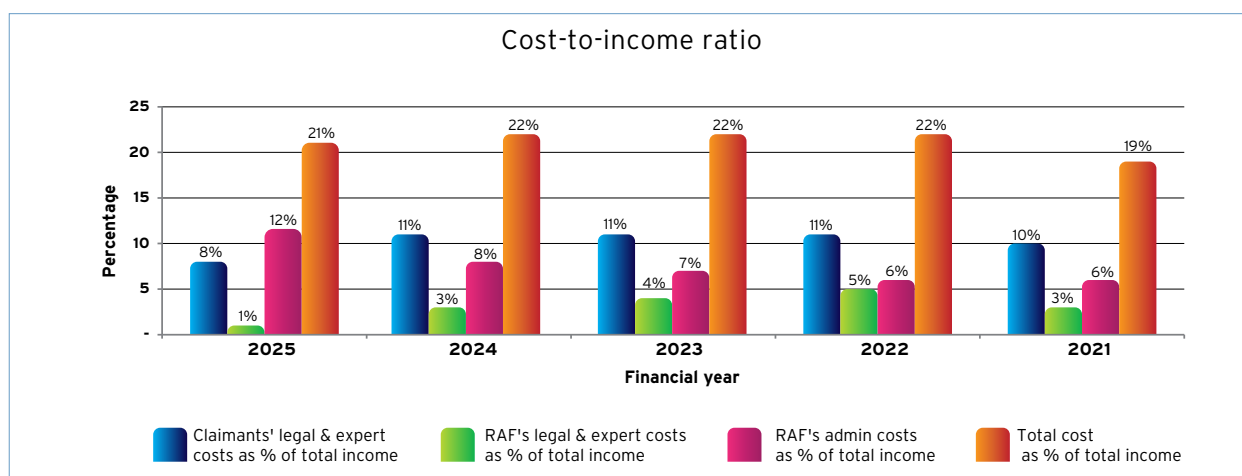
The cost-to-income ratio for the period under review was 21%, lower than the previous year of 22%. Administration costs increased to 12% compared to 8% of 2023/24. Legal and expert costs decreased from an average of 3.8% in the last four years to 1% in 2025 financial year, while claimants' legal and expert costs decreased to 8%

compared to 11% in the previous year, as reflected in Graph 10. Administration costs were contained in line with the RAF's focus on cost-reduction measures to improve efficiencies.

Cost savings, in addition to those that were advised by the National Treasury, remained a daily

imperative. Any funding not used for general expenditure was channelled to the settlement of claims. Initiatives were explored continually by the Operations Department to reduce costs or ensure a more efficient approach to the processing of claims.

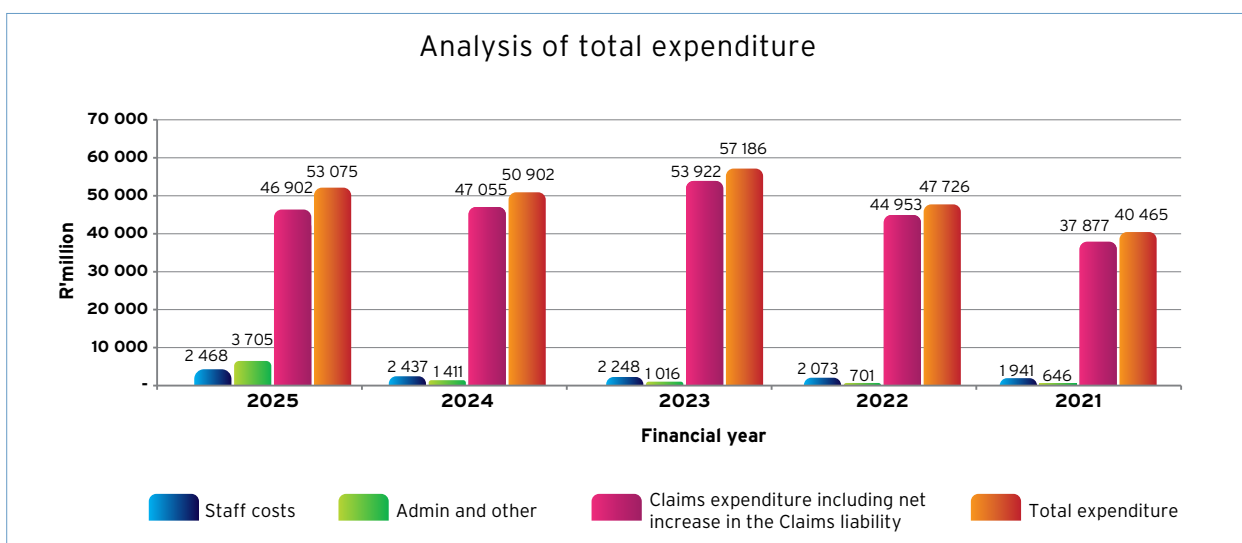
Graph 10: Cost-to-income ratio



Total expenditure

Total RAF expenditure (including claims liability) is higher than the previous year amounting to R53.1 billion (2023/24: R50.9 billion) (Graph 11).

Graph 11: Total expenditure



Employee costs

Employee costs as at 31 March 2025 were 1% higher at R2.47 billion compared to the previous reporting period (2023/24: R2.44 billion). The increase was as a result of annual salary increases as well as payment made to employees who took the severance package.

The RAF's permanent staff complement decreased by 3% to 2 405 from 2 468 in the previous year.

Administration and other costs

Total administration and other costs (including finance costs) at R3.70 billion increased by 162% compared to R1.41 billion in 2023/24 financial year. This is due to an increase in costs related to technology and digital costs, marketing cost and cost related to improving customer experience as well as the impairment loss on statutory receivables caused by SARS withholding portions of the Fuel levy in February and March.

Total claims expenditure and increase in claims liability

At R46.90 billion, total claims expenditure (inclusive of claims liability) for the reporting period was 0.3% lower compared to the corresponding period in the previous financial year (2023/24: R47.05 billion).

There was a 6% decrease, to R42.6 billion, in claims paid (excluding the net increase claims liability) compared with R45.1 billion in the previous year.

Claims processing and payment amounts

The total claims expenditure remained stable in 2025 at 0.33%, reflecting only a marginal decrease from 2024 figure of R47.05 billion. This near stability masks significant underlying shifts in the composition of the expenditure: claims paid decreased by 5.48% (R2.47 billion), falling to R42.63 billion in 2025, while the claims liability saw a sharp 11.82% increase, rising from

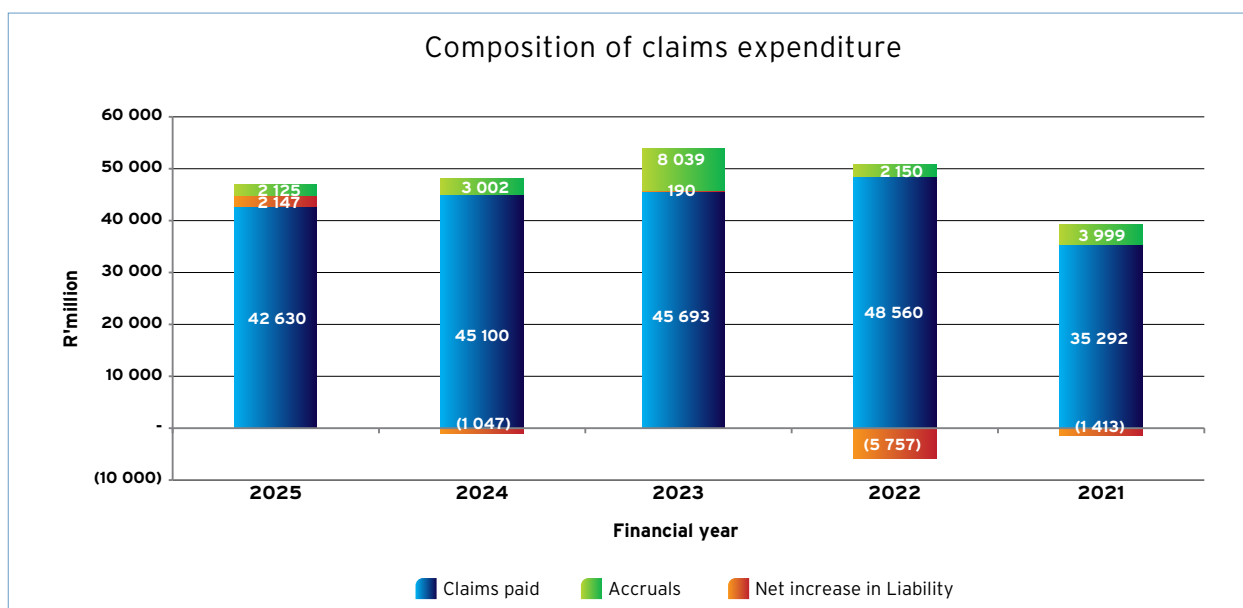
R36.15 billion (2024) to R40.42 billion in the 2025 financial year. The substantial increase in the estimated value of claims liability effectively offset the reduction in the claims paid, resulting in the final stable total expenditure figure.

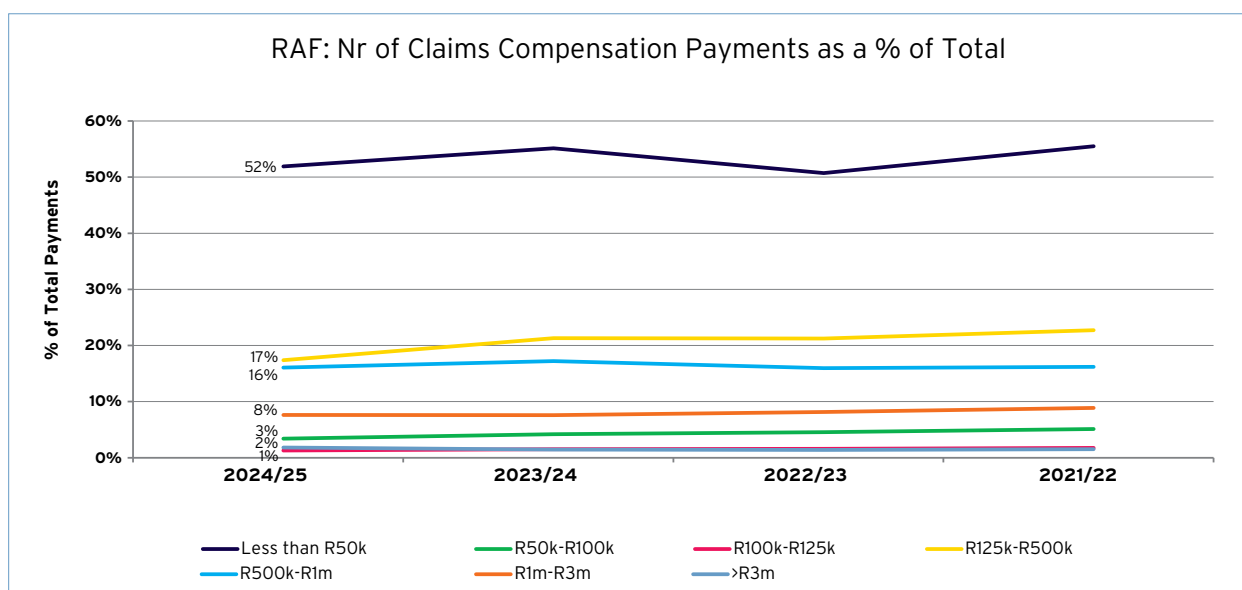
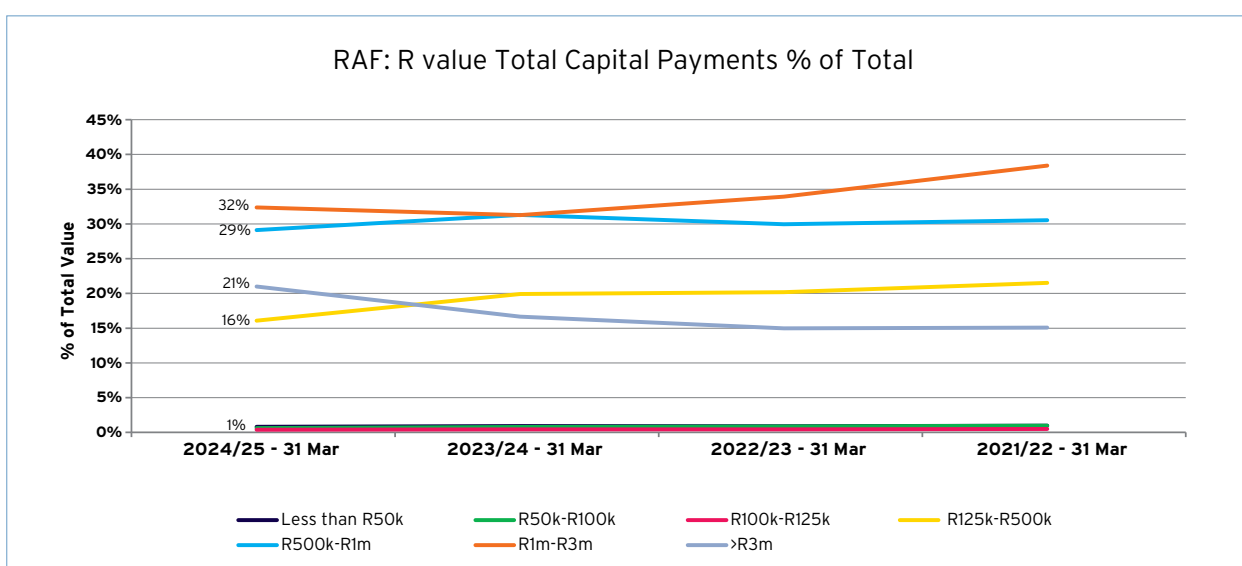
Change in composition of claims expenditure

The increase in claims liability during the 2024/25 financial year was mainly driven by a net increase of 25% in RNYP as well as 8% in offers not yet requested compared to the 2023/24 financial year. The total value of claims liability for claims offers not yet requested and RNYP was R40.4 billion (2023/24: R36.1 billion).

At an individual claim level, almost 52% of the total number of capital payments was for claims of less than R50 000. However, this represented only 1% of overall spending on claims, as shown in graphs 13 and 14.

Graph 12: Composition of claims expenditure



Graph 13: Number of capital claims as a percentage of compensation payments**Graph 14:** Value of capital claim payments as a percentage of total payments

Composition of claims paid

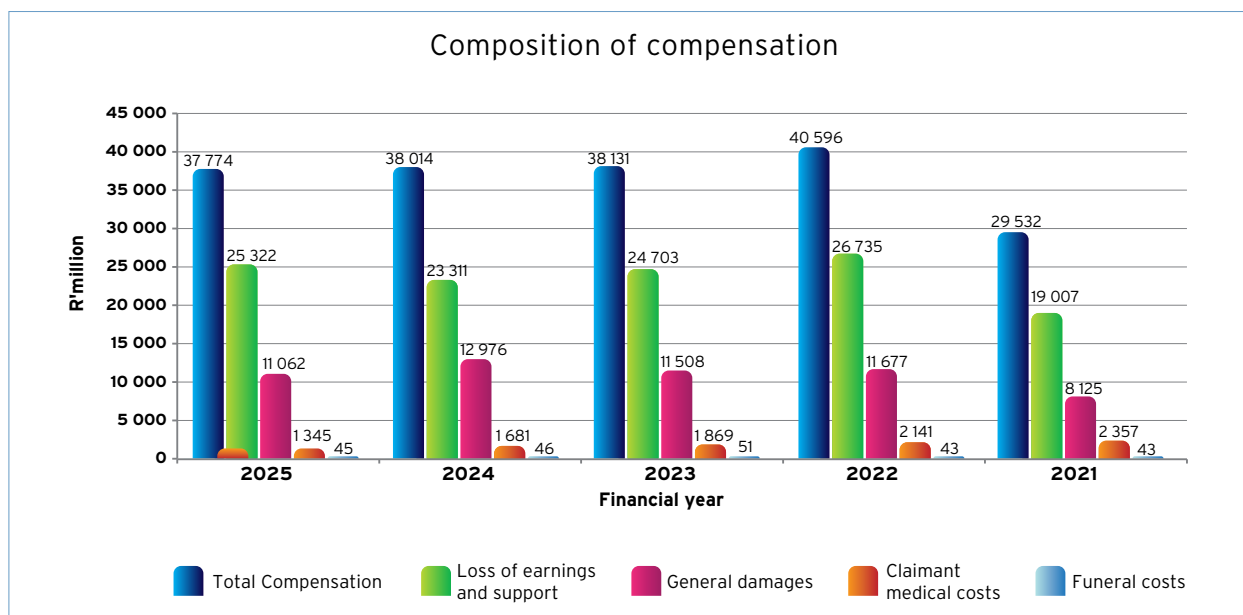
For accidents that occurred after the Road Accident Fund Amendment Act (2005) came into effect in August 2008, general damages are only paid if a serious injury has been sustained, in line with the Amendment Act's provisions. However, as detailed in Graph 15, a major component of claims paid is for general damages, as opposed to medical and funeral costs. From a total of R37.8 billion in compensation

paid during 2024/25, R11.0 billion was paid out towards general damages, compared with R13.0 billion in 2023/24. This represents 29% of total compensation paid, a decrease from the 34% paid in 2023/24.

Medical payments (including undertaking payments) amounted to R1.3 billion in 2024/25. This accounted for 3% of the total compensation paid, a 1% decrease from the previous year's 4% (R1.7 billion).

Payments for loss of earnings and loss of support, amounting to R25.3 billion in 2024/25, an increase from R23.3 billion in the previous year, represented 67% of the total compensation paid. Funeral costs amounted to R45 million in 2024/25, representing 0.1% of total compensation. The same percentage was recorded in 2023/24 but amounted to R46 million of the total compensation for the year.

Graph 15: Composition of compensation



Undertakings

The RAF administers undertakings in accordance with the Road Accident Fund Act (1996), as amended. Section 17 (4)(a) of the Act states that:

(4) Where a claim for compensation under subsection (1) -

- 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 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.

	2025	2024	2023	2022	2021
Total number of undertaking certificates issued	129 468	168 313	232 806	220 554	213 012
Number of active undertakings	6 058	6 511	13 192	12 272	11 395
Percentage of active undertakings of total undertakings	4.7%	3.9%	5.7%	5.6%	5.30%
Amount paid (R'000)	R669 956	R609 613	R673 277	R643 151	R734 718

The number of active undertakings in respect of which payments were made averaged 5% of all undertakings issued over a period of five financial years. This is in line with the nature of the instrument issued, since the recovery rate of most injuries arising from motor vehicle accidents is high and does not result in chronic illnesses. In keeping with the need to provide support to road accident victims, the total number of active undertakings is viewed positively.

Payments in respect of all undertakings issued in 2024/25 amounted to R670 million.

Foreign claims

Claims by foreign visitors to South Africa accounted for a large proportion of high-value claims before the Amended Act was promulgated. This was because in most cases,

their countries of origin had strong currencies and offered unlimited benefits regarding loss of earnings.

Amendments to the Act, however, sought to deal with this by capping loss-of-earnings and loss-of-support payments to foreign nationals at R160 000 per claim per year. After the capped payments were adjusted for inflation on a quarterly basis since August 2008, the cap was R372 824 per claim per year as at 30 April 2025. During the reporting period, a total of 2 602 foreign-claim capital payments were made to the value of R547 million, compared with 4 911 in the previous year that amounted to R844 million.

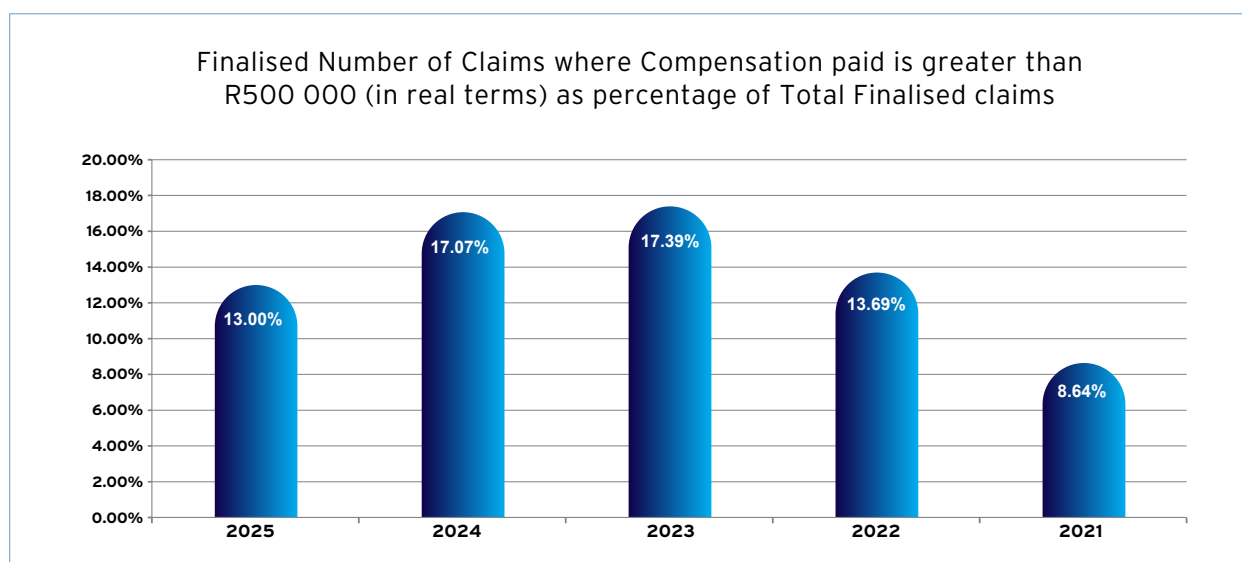
As at 31 March 2025, the net RNYP balance for foreign related claims amounted to R2.31 billion, with 11 604 transactions, compared to 5 062 amounting to R1.70 billion during the

same period in the previous year. Furthermore, a total of 26 RNYP transactions were in excess of R5 million with a total value of R174 million, compared to 13 valued at R97 million as at 31 March 2024. It should also be noted that there are 513 Offers Not Yet Requested of an amount of R724 million as at 31 March 2025.

High-value claims

The number of high-value claims (claims where compensation paid is greater than R500 000) as a percentage of total claims finalised, decreased during the year under review, from 17.1% in 2023/24 to 13%. Although not insignificant, this category of compensation makes up a relatively small portion of the total claims paid, as shown in Graph 16.

Graph 16: Claims greater than R500 000 compensated as a percentage of total claims finalised



9.8.1 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Policy development

- The enactment of the Protection of Personal Information Act (2013) resulted in major changes to many RAF policies and greatly affects the way it processes personal information.
- The RAF periodically reviews its compliance with any legislation, standard or best practice in relation to developments and/or changes in these areas and updates its practices accordingly.

Legislative changes

There were no legislative changes in the previous financial year, however the Act was amended in 2005 by the Road Accident Fund Amendment Act (2005), which came into effect on 1 August 2008. Soon after promulgation, several claimants challenged the constitutionality of section 18 of the Amendment Act, especially the R25 000 passenger claims limit. In response to this, Parliament promulgated the Road Accident Fund (Transitional Provisions) Act (2012), which came into effect on 13 February 2013.

Claimants whose claims arose before the Road Accident Fund Act (1996) was amended, and whose claims were limited by the R25 000 passenger limitation section in the amended act – which were neither prescribed nor finalised – were given an option under the Transitional Act. Within a prescribed period, they could elect to have their

claim determined under the Road Accident Fund Act (1996) before it was amended, or to have the claim determined in accordance with a transitional regime provided for in the Transitional Act. This brought about three different legislative frameworks – the original Act, the Amendment Act and the Transitional Act – for the RAF to administer.

9.8.2 PROGRESS MADE TOWARDS ACHIEVING INSTITUTIONAL IMPACT AND OUTCOMES

The end of the 2020-25 strategic journey marks the end of one of the radical transformation journeys the scheme has embarked on. To put this in context it is worth reflecting on the nine commissions of enquiry and five legislative variations this scheme has undergone in the early years.

From 1942-1986 the Compulsory Motor Vehicle Insurance was established. The scheme was funded by the vehicle owners who were mandated to purchase insurance from state-selected companies. However, over time, this model proved unsustainable. Financial strains and inefficiencies led to the liquidation of several insurance companies, exposing critical gaps in the system.

The Motor Vehicle Accidents Act of 1986 replaced insurance premiums with a fuel levy, fundamentally altering funding for road accident claims. The Act also introduced an agency system, where insurance companies acted as intermediaries for the Fund. The agency system proved to be highly ineffective and

saw the beginning of the claims backlog and legal costs.

In 1996 the RAF Act of 1996 replaced the agency system by placing back the administration and processing of claims directly with the RAF.

The RAF, in its form at the time, brought about financial unsustainability challenges; the claims backlog ballooned and administrative costs spiralled to R10.2 billion in 2019.

The magnitude of the task of turning around the RAF as rightly captured by Judge Fisher in a judgement delivered on 29 July 2024 (ADV M VAN ANTWERPEN obo SCHOLTZ JC Vs ROAD ACCIDENT FUND), *“from the history, long and past and more recent, it is clear that it cannot be in dispute that the current Board, as many of its predecessors, inherited a Fund which was insolvent. Bertelsmann J in Ketsekele v Road Accident Fund remarked that whomsoever should manage RAF is “saddled with an inheritas damnosa”- a cursed inheritance that would be doomed to failure”*.

The Minister of Transport appointed the RAF Board on 05 December 2019, which he charged with the task to restore the RAF into a financially sustainable path. Amongst other critical and urgent interventions was to focus on the following measures:

- new RAF business operating model;
- a new integrated claims management system;
- claims settlement within 120 days;
- reduction of legal costs, and
- revision of the organisational structure.

The 2024–2025 Annual Performance Report marks the conclusion of the RAF's 2020–2025 Strategic Plan – a transformative journey undertaken to stabilise an organisation that, at the time, was on the brink of financial and operational collapse. The severity of the crisis required bold and radical strategic interventions to avert catastrophe. Compounding the challenge was an unfavourable external environment: South Africa had entered a period of constrained economic growth, and additional bailouts for state-owned entities were unlikely to receive support. It is important to note that, unlike in previous years when fuel levy increases were routinely granted, the RAF's strategy during this period was implemented without the support of a government bailout or an increase in the fuel levy – an unprecedented development in the Fund's history.

Key to attaining the financial sustainability outcome was settling of claims within 120 days. More than 10% of new claims registered were settled within 120 days in the last two financial years. Although it is still a long way from settling all its claims within 120 days, the overall

turnaround time has shown good signs of improvement.

The main impediment to achieving the reduction of the old claims target was that 90% of claims in the backlog were lodged without the minimum requirements to investigate and settle claims timeously. The introduction of minimum document requirements resulted in the introduction of a new RAF 1 form will go a long way in addressing this challenge.

Significant progress as summarised below has been made in the last five years to turn the Fund around, despite not receiving fuel levy increase for five consecutive years.

New RAF business operating model

EXCO approved the Business Operating Model and recommended it for Board approval in 2020/21. This led to the introduction of:

Pre-assessment model and the gazetting of the minimum document requirement

The table below reflects the compliance status distribution of the claims that have been pre-assessed since the implementation of the

new RAF 1 Form. A total of 75 990 (72%) of claims were identified as non-compliant (or previously flagged as partially compliant), while from all the claims that have been assessed 28% (29 049) were identified as fully compliant with the minimum requirements to allow for registration, investigation and timeous settlement of claims.

Without the introduction of the pre-assessment model and minimum document requirement in July 2022 75 990 (72%) of these claims would have contributed to the claims backlog with no adequate supporting documentation to investigate and settle claims.

Registration of compliant claims since July 2022 has led to the processing of more than 10% of new claims registered within 120 days. Acceptances still remain a challenge with the attorneys still not willing to accept offers within 120 days. This is evident with the continuing trend of submitting one compliant product, then followed by other products mostly after the 120 days has elapsed, these products are most often lodged with summons with the aim of claiming for costs.

Region	Fully Compliant	Non Compliant	Total	% Compliant
Cape Town	3 254	8 417	11 671	28%
Durban	5 166	10 167	15 333	34%
East London	8 118	8 722	16 840	48%
Johannesburg	1 783	17 920	19 703	9%
Menlyn	10 728	30 764	41 492	26%
Grand Total	29 049	75 990	105 039	28%
% of Total	28%	72%	100%	

Medical management

Medical compensation is an integral part of RAF benefits, particularly in respect of undertakings and claims requiring long-term care. In the past, the Fund was exposed to escalating medical charges, inconsistent assessment practices, and limited oversight of medico-legal opinions.

While the external Medical Experts continues to be utilised, the RAF has strengthened its internal Medical Management function to exercise closer control over medical evidence, future care planning, and the costs of treatment.

The implementation of tariffs and treatment protocols has stabilised the cost per medical expert report and reduced exposure to escalating professional fees. While the average cost under the previous model rose steeply above medical inflation, the new approach has kept unit costs materially lower and far more predictable.

An internal actuarial valuation study has identified potential accumulated savings estimated between R3 billion and R11 billion over the past five years. This is indicative that medical management has been one of the most effective reforms, delivering billions in savings while maintaining access to independent medical expertise. Unlike other panels where services were fully insourced, medical experts continue to operate externally, but under much stricter internal governance - ensuring the Fund pays fair, benchmarked rates and that care is delivered in line with treatment protocols.

Key reforms have included:

Development of Treatment Protocols

Introduced and endorsed by EXCO in FY2020/21 and implemented in FY2023, treatment protocols

ensure that all new undertakings are issued with a defined injury specific basket of care. This standardisation improves consistency of treatment, reduces duplication, and aligns RAF obligations with appropriate medical practice.

Enhanced Bill Review and Oversight

Strengthened internal medical management capacity has introduced tighter controls in the review of medical bills and the engagement of medical experts, ensuring that charges are assessed fairly and consistently before payment.

Reduction of administrative costs through the in-sourcing model

Historically, the Fund relied heavily on external panels of actuaries, assessors, attorneys, and medical experts to provide professional services in support of claims administration. While this approach ensured access to specialist expertise, it became increasingly unsustainable. Costs escalated sharply, workflows were fragmented, and the model was misaligned with the Fund's strategic objective of becoming financially sustainable and operationally efficient.

The RAF realised both financial and operational benefits through the implementation of the new business model, by insourcing claims related administrative costs i.e. actuarial, assessor, and legal services. These initiatives were introduced to address unsustainable costs under the previous panel-based model, improve accountability, and align the Fund's operations with its long-term financial sustainability objectives.

An actuarial assessment was conducted to demonstrate the benefits that the reforms have delivered across all professional categories, while also strengthening institutional resilience and service delivery. The

assessment was underpinned by multiple internal RAF data sources, supported by external consistency checks, to ensure both granularity and credibility of results. The framework used provides a transparent and auditable basis for demonstrating financial value, ensuring that results can be reconciled to source data and withstand external review.

Under the previous operating model, the RAF made extensive use of a Panel of Actuaries to prepare actuarial quantification reports in support of claims, panel of assessors to evaluate medical costs, general damages, and other loss components and panel of attorneys to defend claims in court.

These panel of actuaries were appointed on a fee-for-service basis typically charging in excess of R11 000 per actuarial report. This model proved increasingly costly as claims volumes rose, particularly in relation to Loss of Earnings (LoE) and Loss of Support (LoS) matters. The internal model enabled actuarial reports to be produced at an average cost of approximately R6 000 per report, while simultaneously improving consistency, turnaround times, and integration with the Fund's legal and claims processes.

From April 2022, the Fund progressively reduced its reliance on the panel by appointing State Attorneys to represent the RAF. Under the previous business model, average case costs escalated year-on-year, rising sharply from below R90 000 per claim in 2020/21 to above R120 000 per claim by 2023/24. Although there was a marginal decline in 2024/25, the overall trajectory reflected sustained cost pressure under the outsourced model. By contrast, under the new business model, average costs have remained materially lower and more stable, ranging between R80 000

and R95 000 per claim over the same period.

The average cost per report under the panel of assessor model was materially higher than the internal cost of providing the same service. Internalisation stabilised the cost base, eliminating the escalation previously seen under the outsourced model.

Based on the internal actuarial assessment conducted, when aggregated across all four reform areas i.e. medical, actuarial, attorneys and assessors the total savings are compelling. Over the 5 year period the new business model delivered cumulative savings ranging from R2.1 billion and R50 billion.

However, there still remains capacity challenges particularly in the State Attorney Model that resulted in the State Attorneys not being able to adequately defend litigated matters. Furthermore, attempts to settle litigated claims were not enough to significantly reduce high volumes of litigated matters on the court roll. The introduction of the mediation process will further require more administrative capacity from the RAF.

New Integrated Claims Management System (ICMS)

The RAF embarked on the project to integrate and automate the Claims Value Chain. The RAF entered into partnership with PWC to integrate and digitise the claims process. Guidewire, Updraft and IDP modules will provide the RAF with a claims management solution that enables the end-to-end claims process.

Release 1 was successfully rolled out in the 2024/25 financial year, with the following milestones achieved:

- user Acceptance Testing completed for the core solution (Guidewire MSP and Updraft LCRP).
- IDP System Integration Testing Completed.
- executive support and agreement provided for go live.
- Guidewire MSP and Updraft Legal Claims Management Platform was successfully deployed to production.
- pre-assessed open claims and Vendor Master data was successfully migrated to production.
- Menlyn and Johannesburg regions have been working off the new Bokamoso Solution since 30 September 2024.
- all other Regions (Inland and Coastal) have been working off the new Bokamoso Solution from 27 March 2025.
- Intelligent Document Processing (IDP) also went live in January 2025, which assists businesses automate tasks, improve data accuracy and streamline workflows.

Revision of the organisational structure

The conceptual model and functional structure were endorsed by the Board in the 2021 financial year as well as the SCM process, systems and resources that were approved by the CEO and recommended to the Board. Work study and organisational structures were developed in the 2022 financial year and the approved SCM process, systems and resources initiatives were also completed. Implementation of the organisational structure commenced in the 2023 financial year. Placements for level 13 and above were completed, placements

for bargaining unit were put on hold due to disputes with the labor union.

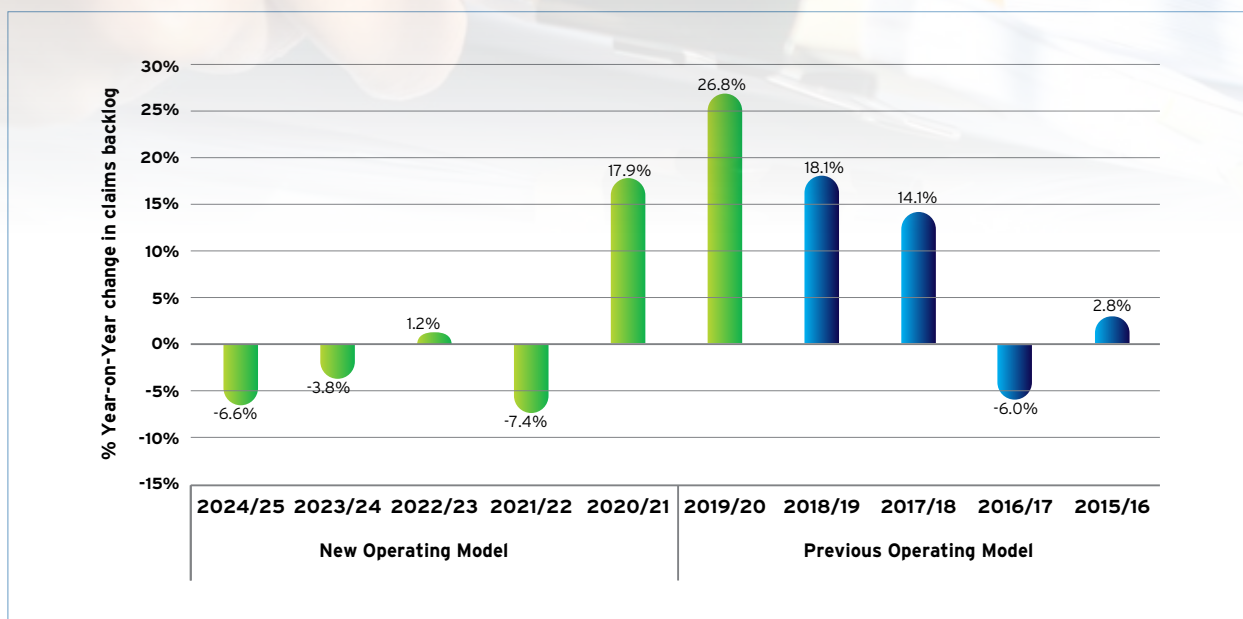
Other key highlights and challenges during the 2020-25 journey

Claims backlog

The claims backlog has been a major challenge. Most claims were poorly handled and, in some cases, overinflated offers were made. However, the most significant challenge was the insufficient information on these claims that made it impossible for the RAF to settle, resulting in high volumes of summonses against the Fund. This cycle of receiving invalid claims, resulting in summonses, extended claim settlement periods and continued increases in claims liability, was finally resolved by the introduction of the RAF Minimum Requirements, which took effect in July 2022 through the introduction of the new RAF 1 Form. This is evidenced by the fact that, at the inception of the RAF 1 Form, only 3% of all claims that underwent the required pre-assessment for Minimum Requirements were found to be compliant. However, the introduction of the new RAF 1 form brought about unforeseen challenges such as the insurgence of summonses, court orders and writs of execution from the objected unregistered claims.

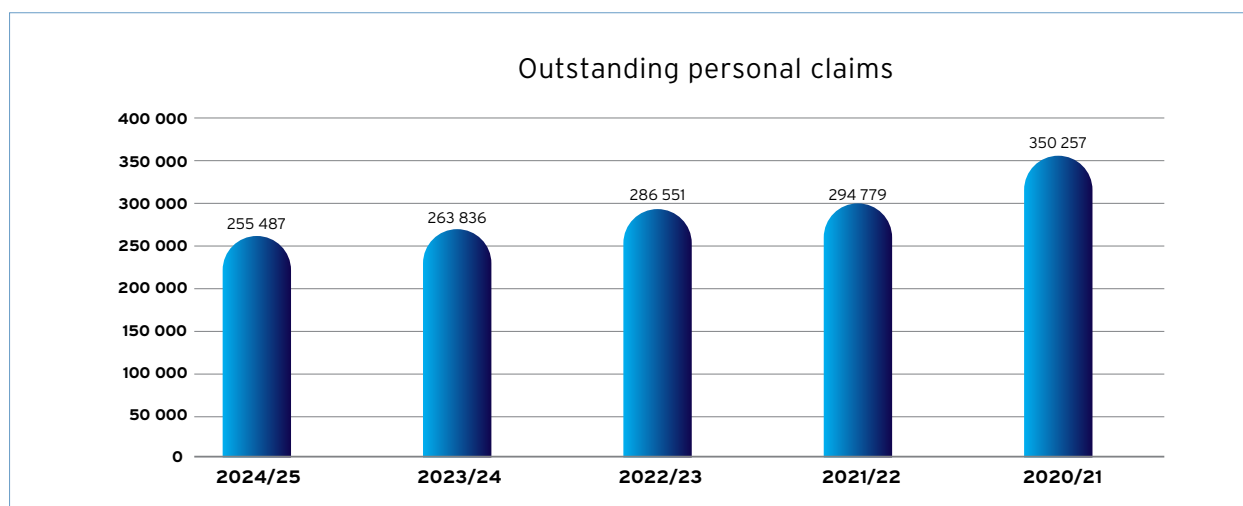
Although it remains a challenge, the year-on-year growth in the claims backlog has been gradually reducing in the new operating model compared to the percentage growth in the previous operating model referred to in the illustration below.

Graph 17: Outstanding claims growth rate



It is, however, worth noting that the personal claims backlog has seen a decline in the last five years. There is a 7.43% average decrease in personal claims backlog as illustrated below. Furthermore, average turnaround times for all claims younger than three years has improved to 322 days since the introduction of the RAF 1 Form in July 2022. This is a 77% reduction from the average days of 1 400 days targeted in the 2015–2020 strategy.

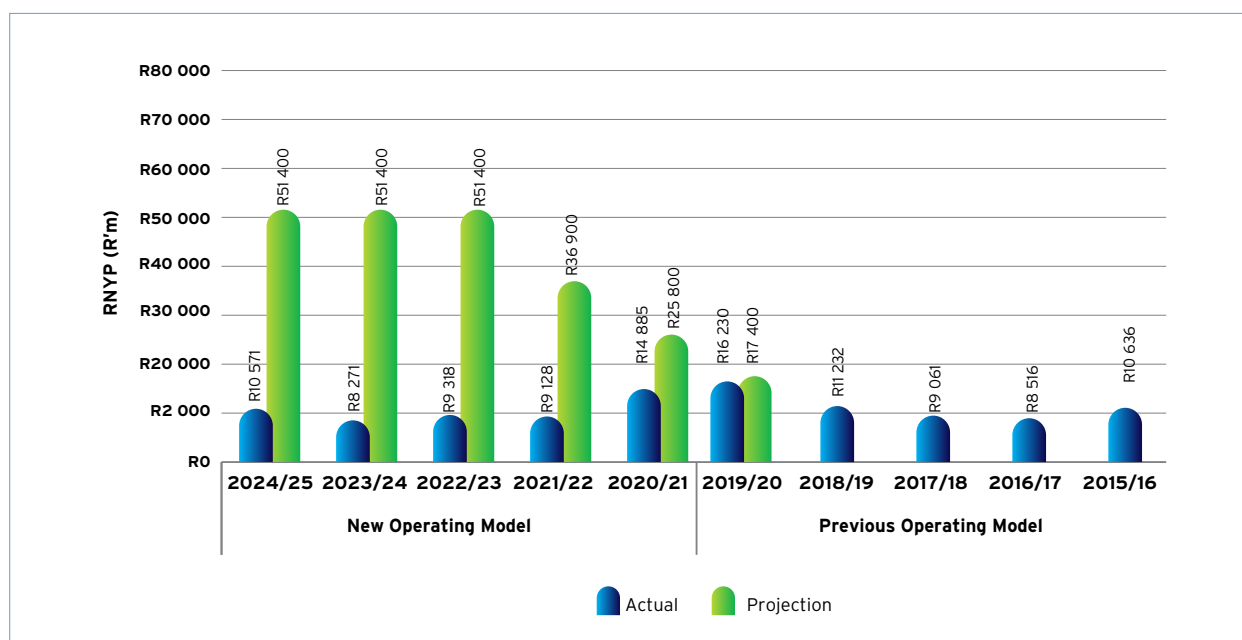
Graph 18:



Tracking of the short-term liability - RNYP over the five-year journey

Since the implementation of the new operating model in the 2020/21 financial year, the RAF has successfully halted and reversed growth in short-term liabilities, reflecting a remarkable improvement in managing the amounts owed to claimants on settled claims, despite historical upward trends. Below is the illustration of forecasted RNYP growth versus the actual RNYP to date.

Graph 19:



The “Year of the Claimant” initiatives in the 2024 financial year

To address the challenges of accessibility to RAF services and information, the RAF launched a contact centre aimed at providing a platform for RAF claimants to have access to their claims information without having to solely rely on their legal representatives. One of the key programmes implemented through the contact centre was the “know your rights campaign”, which afforded claimants the opportunity to verify the payments made by the RAF to their legal representatives. Since

the inception of the contact centre a number of platforms, i.e. social media platforms (Facebook and X, email, inbound and outbound platforms) were leveraged to enhance customer relationship management.

Notwithstanding the progress made, challenges still remain. The payment in lump sum that resulted in the asset liability mismatch remains a big contributor to the RAF’s liability. Whereas the RAF is a pay-as-you-go scheme, receiving its fuel levy income monthly, it is unreasonably forced to pay its claims in lump sums. One should note that the RAF is one of the only social security schemes

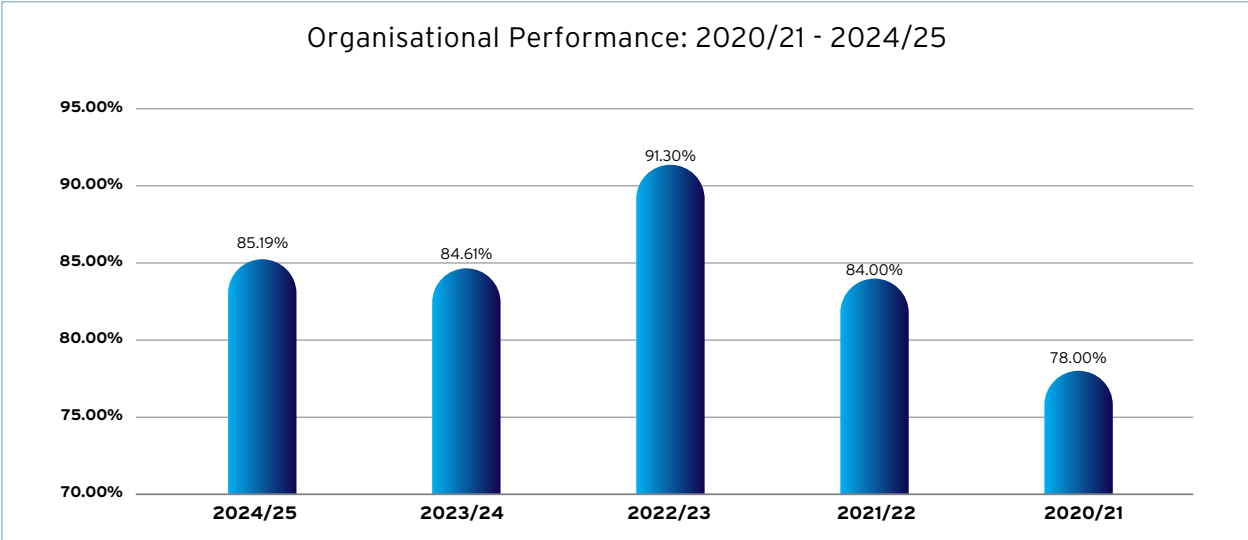
that is made to pay compensation in lump sum.

The legislative amendments to, among others, enable the RAF to pay in annuity payments for certain products, loss of income, loss of support and general damages, is 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.

Organisational performance

The RAF also significantly improved its organisational performance from 78% in 2020/21 financial year to 85% in the 2024/25 financial year.

Graph 20: Organisational performance



9.8.3 STRATEGIC OUTCOME 1 - A TRANSFORMED AND SUSTAINABLE RAF

Strategic outcome description

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

Output indicators

- % of all new personal claims settled within 120 days
- % of all new personal claims validated and verified within 60 days
- % reduction of three-year-old open claims
- % reduction of legal costs
- Pre-authorisation framework implemented
- % of new undertakings issued with basket of care (injury specific)
- Case Management Framework implemented
- % reduction of medical cost
- Number of projects to improve trauma care and rehabilitation

centres for road accident victims implemented

- Number of road safety programmes implemented
- Asset and Liability Strategy implemented
- % total compensation paid to claimants

9.8.4 STRATEGIC OUTCOME 2 - SYSTEM MODERNISATION

Strategic outcome description

Improve the efficiency of claim settlement, which will reduce costs and assist with a transformed and sustainable RAF. The goal of the project is to automate and improve business processes, i.e., digitisation and implementation of an integrated web-enabled claims management system that will simplify the claiming processes. Thus, the Fund will have real-time reporting for informed business decision-making and also reduce the risks of fraud and corruption.

Output indicators

- ICMS rolled out

9.8.5 STRATEGIC OUTCOME 3 - IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT

Strategic outcome description

Ensure compliance to standards and improve governance and accountability.

Output indicators

- % responses to Parliament questions
- % resolution of reported incidents of fraud and corruption
- Report on the status and operations of the Ethics Committee
- % 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
- % compliance to 30-day supplier payment requirements
- % of organisational structure implemented

- Outcomes of Skills Audit Report implemented
- % ESD spent/committed on women-owned enterprises

9.8.6 STRATEGIC OUTCOME 4 - IMPROVED CLAIMANT FOCUS

Strategic outcome 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.

Output indicators

- % of Stakeholder Management Strategy initiatives implemented
- % of First Contact Resolution (FCR) of claims enquiries
- Customer Servicing Model (CSM) initiatives Implemented

9.8.7 PERFORMANCE INFORMATION BY OBJECTIVE

Strategic outcome 1 - A transformed and sustainable RAF

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

Contribution to key strategic outcomes

This strategic objective is aimed at reducing the average time taken to settle and finalise claims and avoid lengthy litigation processes and costs related to legal services. It also intends to rehabilitate road accident victims with the aim of reintegrating them into society.

Comment on all deviations

Out of twelve (12) planned initiatives, two (2) were not achieved, namely:

- % of all new personal claims settled within 120 days
- % Reduction of three-year-old open claims

Strategy to overcome areas of underperformance

- The target was not met after being met for the past 2 consecutive years. It is worth noting that the national average offer rate improved from 13.85% in 2024 FY to 20% in 2025 FY.

Acceptances still remain a challenge with the attorneys still not willing to accept offers within 120 days. This is evident with the continuing trend of submitting 1 compliant product,

then followed by other products mostly after the 120 days has elapsed, these products are most often lodged with summons with the aim of claiming for costs.

- A concerted effort will be placed in the 2025/26 financial year to targeted settlement drive e.g. block settlements and mediation.

Notwithstanding the low turnout of the "know your right campaign", the RAF further launched an outbound claims backlog campaign. This is aimed at further identifying potentially dormant claims. Since inception less than 50% of the 30 644 call attempts were answered. The following were mainly the reasons for non - finalisation of claims:

- Claimant not interested in the claim, mainly due to SMR costs.
- Claimant/attorney not aware of the claim.
- Attorney no longer practicing.
- The Settlement Strategy
- The recently initiated Mediation Process

The following tables present a performance overview for the 12 targets of strategic outcome 1.

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Claims processed within 120 days	% of all new personal claims settled within 120 days	10.63% of all new personal claims settled within 120 days against the 5% target.	11.02% of all new personal claims settled within 120 days against the 10% target	15% of all new personal claims settled within 120 days	10.83% of all new personal claims settled within 120 days	Annual target not achieved. Below target by 4.17%.	Acceptances remain a challenge with the attorneys still not willing to accept offers within 120 days. This is evident with the continuing trend of submitting one compliant product and then following with other products mostly after the 120 days have elapsed. These products are most often lodged with summons with the aim of claiming for costs. It is worth noting that the national average offer rate improved from 13.85% in the 2024 financial year to 20% in the 2025 financial year.	Not Applicable

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Claims validated and verified within 60 days	% of all new personal claims validated and verified within 60 days	93.74% of Claims VV & VO with 60 days against 55% target.	98.26% of Claims VV & VO processed within 60 days against 80% target	95% of all new personal claims validated and verified within 60 days	98.49% of Claims VV & VO processed within 60 days	Annual target achieved. Actual achievement is 3.49% above target.	The implementation of the pre-assessment process has had a positive impact on achieving the target. Registration of only compliant claims, i.e., claims with all minimum required supporting documents, has contributed to the improvement in the overall turnaround times of claims processing.	Not Applicable



STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Reduction of three-year-old open claims	% reduction of three-year-old open claims	16.77% reduction of three year old open claims against the 20% target	16.9% reduction of three year old open claims against the 20% target	25% reduction of three year old open claims	12.80% reduction of three year old open claims	Annual target not achieved. Below target by 12.2%.	Majority of the claims older than 5 years lack sufficient documentation to investigate and finalise a claims. Notwithstanding the low turnout of the "Know Your Rights Campaign", the RAF further launched an outbound claims Backlog Campaign. This was aimed at further identifying potentially dormant claims. Since inception, less than 50% of the 30 644 call attempts were answered. The following were mainly the reasons for non-finalisation of claims: • claimant not interested in the claim, mainly due to SMR costs. • claimant/attorney not aware of the claim. • attorney no longer practising A concerted effort will be placed in the 2025/26 financial year to a targeted settlement drive, e.g. block settlements and mediation.	Not Applicable

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Reduction of legal costs	% reduction of legal costs	60.17% reduction of legal costs against target of 35%	58.61% reduction of legal costs against 55% target	80% reduction of legal costs	80.10% reduction of legal costs	Annual target achieved. Target exceeded by 0.10%.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Improved Medical Management	Pre-authorisation Framework implemented	New indicator	Level 1 pre-authorisation is implemented by the medical bill reviewers	Level 2 Pre-authorisation Framework implemented	Level 2 pre-authorisation framework implemented	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Improved Medical Management	% of new undertakings issued with basket of care (injury specific)	New indicator	93.6% issued with basket of care (injury specific) against 80% target	95% of new undertakings issued with basket of care (injury specific)	98.63% new undertakings issued with basket of care (injury specific)	Annual target achieved. Target exceeded by 3.63%.	Introduction of the treatment protocols has assisted the RAF in ensuring that all injuries are issued with injury specific undertakings.	Not Applicable
Improved Medical Management	Case Management Framework implemented	New indicator	Case management framework is finalised and approved	Phase 1 of Case Management Framework Implemented	Phase 1 Case Management Framework implemented	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Improved Medical Management	% reduction of medical costs	23.65% reduction of medical costs against 10% target	13.77% reduction of medical costs against 10% medical target	10% reduction of medical costs	15.24% reduction of medical costs	Annual target achieved. Target exceeded by 5.24%	The introduction of medical tariffs, treatment protocols as well as injury-specific undertakings has seen the RAF realise medical cost savings.	Not Applicable

STRATEGIC OUTCOME: A TRANSFORMED AND SUSTAINABLE RAF								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Improved Medical Management	Number of projects to improve trauma care and rehabilitation centres for road accident victims Implemented	New indicator	50%, i.e. two of the four planned trauma care unit and rehabilitation centre initiatives completed in the current financial year	3 projects to improve trauma care and rehabilitation centres for road accident victims implemented	All three approved projects to improve trauma care and rehabilitation centres for road accident victims implemented	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Road Safety Programmes implemented	Number of Road Safety Programmes implemented	New indicator	• 3 road safety programmes implemented	3 Road Safety Programmes implemented	All three road safety programmes implemented	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Improved Financial sustainability	Asset and Liability Strategy implemented	Asset and Liability Strategy developed and approved	Asset and Liability Strategy initiatives implemented	Asset and Liability Strategy initiatives implemented	All approved Asset and Liability Strategy initiatives implemented	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.	Not Applicable
Compensation paid to claimants	% of total compensation paid to claimants	New indicator	New indicator	75% of total compensation paid to claimants	88.16% of total compensation paid to claimants	Annual target achieved. Target exceeded by 13.16%	The 2020-2025 strategy is underpinned in ensuring that a large portion of the fuel levy benefits the claimant. The administrative cost-saving measures put in place in the past five years are yielding results.	Added output indicator that reflects actual compensation made to the RAF's beneficiaries, i.e. claimants.

*** Claims settled in this instance refer to operational settlement where an offer has been accepted using the product-based approach, i.e. per head of damage.*

Changes to planned targets

No changes to planned targets, an additional output indicator was added, i.e. % of total compensation paid to claimants.

Strategic outcome 2 - System modernisation

Improve the efficiency of claim settlements to reduce costs and assist with a transformed and sustainable RAF. The goal is to automate and improve business processes, digitisation and implement an integrated web-enabled claims management system that will simplify claiming processes. This will allow the Fund to have real-time reporting for informed business decision-making and reduce the risks of fraud and corruption.

Contribution to key strategic outcomes

The strategic objective is to optimise ICT to enable the automation of business processes, ensure data integrity and protection and 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 financial year are dependent on the transformation of the ICT environment to function optimally and gain competitive advantage.

Changes to planned targets

Planned 2024/25 annual target revised from Release 2 to Release 1. This is due to the delays in rolling out Release 1 in the 2023/24 financial year. The outstanding 2023/24 financial year deliverables were carried forward to the 2024/25 financial year.

The following table presents a performance overview for the target of strategic outcome 2.

Actual achievement reported in relation to the performance information reflected in the originally tabled Annual Performance Plan until date of re-tabling.

STRATEGIC OUTCOME: SYSTEM MODERNISATION							
Output	Output Indicator	Actual Achievement 2022/2023	Actual Achievement 2023/2024	Planned Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2023/2024	Comment on deviations until date of re-tabling in January 2025
Integrated Claims Management System (ICMS)	ICMS rolled out	Phase 2 of the Integrated Claims Management System was implemented. Phase 2 ICMS initiatives completed by 31 March 2023	The annual target was not achieved. Release 1 of ICMS has not been rolled out.	Release 2 of ICMS rolled out	Release 2 deliverables were re-scoped to the 2025/26 Financial Year.	Annual target not achieved	Release 2 of ICMS not rolled out, this is due to the non achievement of roll out of Release 1 target in 2023/24 FY. Milestones that were not completed in that financial year were re-scoped to the 2024/25. Planning for Release 2 commenced in the quarter 4 of 2024/25 financial year

Actual achievement reported in relation to the performance information reflected in the re-tabled APP.

STRATEGIC OUTCOME: SYSTEM MODERNISATION								
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Target
Integrated Claims Management System (ICMS)	ICMS rolled out	Phase 2 of the ICMS was implemented. Phase 2 ICMS initiatives completed by 31 March 2023	The annual target was not achieved. Release 1 of the ICMS has not been rolled out	Release 1 of the ICMS rolled out	Release 1 of the ICMS rolled out	Annual target achieved.	No deviation as the planned target was achieved within the set timeframes.	N/A

Strategic outcome 3: Improved governance and strengthened control environment

Ensure compliance to standards and improve governance and accountability.

Contribution to key strategic outcomes

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

Comment on deviations

Out of the eleven (11) planned targets for this outcome, two (2) were not achieved, namely

- Regulatory Audit Outcome by the AGSA
- 100% compliance with 30-day supplier payment requirements

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.

- b) 100% compliance to 30-day supplier payment requirements, 93,33% of supplier invoices were paid within the designated timeframe of 30 days, resulting in a failure to meet the target by 6.67%. The processes for payment of supplier invoices are streamlined to ensure no invoices are delayed for processing, in the following financial year. There is regular monitoring of invoices received and paid.

Changes to planned targets

There were no changes to planned targets.

The following tables present a performance overview for the targets of strategic outcome 3.

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT							
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations
Adequate responses to Parliament questions	% responses to Parliament questions	100% responses to Parliament Questions	100% responses to Parliament Questions	100% responses to Parliamentary Questions	100% response to Parliamentary Questions	Annual target achieved. 100% of Parliament Questions were responded to in the 2023/2024 financial year.	No deviation as the planned target achieved within the set timeframes.
Resolution of reported incidents of fraud and corruption	% resolution of reported incidents of fraud and corruption	91.65% resolution of reported incidents of fraud and corruption against the 85% target	86.41% resolution of reported incidents of fraud and corruption against the target of 85%	85% resolution of reported incidents of fraud and corruption	93.33% resolution of reported incidents of fraud and corruption	Annual target achieved. Actual achievement 8.33% above target.	No deviation as the planned target was achieved within the set timeframes.
Functionality of ethics structures and adequate capacity	Report on the status and operations of the Ethics Committee submitted to the DoT	Report on the status and operation of the Ethics Committee submitted to DoT	Report on the status and operation of the Ethics Committee submitted to DoT	Report on the status and operations of the Ethics Committee submitted to the DoT	Report on the status and operation of the Ethics Committee submitted to DoT	Annual target achieved.	No deviation as the planned target was achieved within the set timeframes.
Action plan to address audit findings implemented	% of action plans to address audit findings implemented	73.08% of action plans to address audit findings implemented against the target of 65%	95.77% of action plans to address audit findings implemented against the target of 75%	80%	93.75% (15 findings) resolved (completed) 6.25% (1 finding) in progress	Annual target achieved. Actual achievement 13.75% above target.	Close monitoring of all findings was elevated to EXCO monitoring to ensure all findings were closed within the agreed action date.

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT							
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations
Unqualified Audit Report	Regulatory Audit Outcome by the AGSA	Disclaimer Audit Opinion Report. The AGSA 2020/21 report is a subject of court litigation.	Adverse audit opinion	Unqualified Audit Report	Adverse audit opinion	Annual target not achieved.	Disagreement with the AGSA regarding the change in accounting policy
Reduction of fruitless and wasteful expenditure	Report on cases of fruitless and wasteful expenditure	Report on fruitless and wasteful expenditure submitted to the DoT	Annual Report on steps taken on financial misconduct submitted to the DoT	Report on cases of fruitless and wasteful expenditure	Reports on cases of fruitless and wasteful expenditure submitted to the DoT.	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.
Reduction of irregular expenditure	Report on cases of irregular expenditure	Report on irregular expenditure submitted to the DoT	Annual Report on steps taken on financial misconduct submitted to the DoT	Report on cases of irregular expenditure	Bi-annual and Annual Reports on cases of irregular expenditure submitted to the DoT.	Annual target achieved.	No deviation as the planned target achieved within the set timeframes.
Compliance to 30-day supplier payment requirements	% compliance to 30-day supplier payment requirements	A report on the steps taken to ensure compliance with the 30-day payment requirement was signed off by the responsible executive and submitted to the DoT on 31 March 2023	93% compliance to 30 days supplier payment requirements against the target of 100%	100% compliance to 30-day supplier payment requirements	93.33% compliance to 30 days supplier payment requirements	Annual target not achieved. Below target by 6.67%.	Most of the delays are mainly due to legal invoice which are lengthy in nature, as attorneys bill per item of cost incurred and different rates are allowable per item. Prior to approval, these invoices must be perused in detail. This process takes more than the allowed 3 days for Business Units to approve invoices for payment due to the volume of invoices received. Business Units also need to ensure that the items that are being billed, refer to matters that are on-going and that the costs reflected on the invoice have been incurred for the RAF's purposes.

STRATEGIC OUTCOME: IMPROVED GOVERNANCE AND STRENGTHENED CONTROL ENVIRONMENT							
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations
Organisational structure implemented	% of organisational structure initiatives implemented	100% implementation of the approved organisational structure. All the seven planned initiatives have been completed	Target not measured for assessment	80% implementation of the approved organisational structure implemented	100% of initiatives implemented.	Target achieved	Implementation of the structure was successfully implemented within the support functions.
Outcome of the Skills Audit Report implemented	Outcome of the Skills Audit Report implemented	Report indicating Year 1 outcomes implemented, signed off by 31 March 2023.	All approved year 2 Skills Audit Report outcomes, initiatives implemented	Year 3 Implementation of the Skills Audit Report Outcomes as per the training plan.	All approved year 3 Skills Audit Report outcomes, initiatives implemented, as per the training plan.	Target achieved	No deviation as the planned target was achieved within the set timeframes.
Enterprise Supplier Development (ESD) committed on women-owned enterprises	% ESD committed on women-owned enterprises	40.84% spent of ESD spent on women-owned enterprises. against 30% target	50% of the ESD budget is spent on women-owned enterprises against 35% target	40% ESD committed on women-owned enterprises	60% ESD committed on women-owned enterprises	Annual target achieved. Target exceeded by 20%.	RAF's dedication to ensuring its alignment with government priorities to address youth unemployment and ensure women's empowerment.

Strategic outcome 4: Improved claimant focus

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 key strategic outcomes

Ensuring that the RAF's services are accessible through various channels. This is intended to improve service delivery by increasing the Fund's reach to all motor vehicle accident victims.

Comment on deviations

All planned targets were achieved.

Strategy to overcome areas of underperformance

Not applicable.

Changes to planned targets

There were no changes to planned targets.

The following table presents a performance overview for the targets of strategic outcome 4.

STRATEGIC OUTCOME: IMPROVED CLAIMANT FOCUS							
Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reason for deviations
Stakeholder Management Strategy Initiatives implemented	% of Stakeholder Management Strategy initiatives implemented	All planned initiatives were implemented. by 31 March 2023.	100% stakeholder initiatives as per the approved operational plan implemented against 85% target.	95%	100% of stakeholder management initiatives implemented.	Target exceeded by 5%	Concerted effort was placed in ensuring all key stakeholders are engaged as outlined in the five-year stakeholder management strategy.
Improved responsiveness to claimants	% of First Contact Resolution (FCR) of claimant enquiries	New target	Customer Relationship Management Solution established.	80%	85.61% FCR of claimant enquiries	Target exceeded by 5.61%	The additional social media platforms introduced in 2025 contributed to the achievement of the target.
Customer Servicing Model (CSM) initiatives implemented	Customer servicing model initiatives implemented	New target	All planned annual initiatives are completed.	Customer servicing model initiatives implemented	All approved CSM initiatives were implemented.	Target achieved	No deviation as the planned target was achieved within the set timeframes.

9.9 REVENUE COLLECTION

Sources of revenue	2024/2025			2023/2024		
	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	50 647 277	50 070 497	576 780	48 974 319	48 610 265	364 054
Investment revenue	69 176	680 365	(611 189)	240 332	697 066	(456 734)
Other income	-	2 795	(2 795)	-	5 011	(5 011)
Loss/Gains on disposal of assets and liabilities	-	-	-	-	-	-
Total	50 716 453	50 753 657	(37 204)	49 214 641	49 312 342	(97 691)

Total revenue

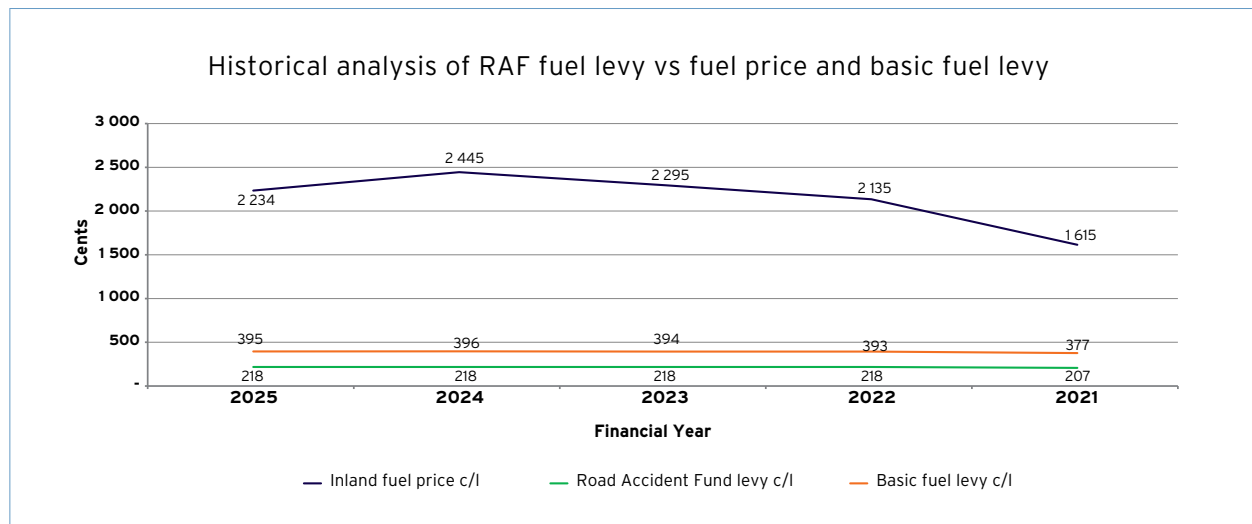
RAF fuel levy

The RAF Fuel Levy income increased by R1.5 billion or 3% to R50 billion from the previous financial year. Net fuel levies accounted for 98.65% of the total revenue. The diesel refunds recouped from gross fuel levies decreased by 25% totalling R3.17 billion compared to R4.25 billion in the previous financial year. Although the nominal net fuel levy revenue appears to have increased by 2.9% (from R49 billion to R50 billion) between 2024FY and 2025FY, the actual increase in real terms is only 2.8% (from R42.4 billion to R43.6 billion). This is because the fuel levy rate has remained fixed at 218 cents per litre for the past four years. While the rate looks constant in nominal terms, once adjusted for inflation its real value has fallen by 0.4%.

Income from the RAF fuel levy is impacted by the volume of fuels (petrol and diesel) consumed, which saw a year-on-year increase.

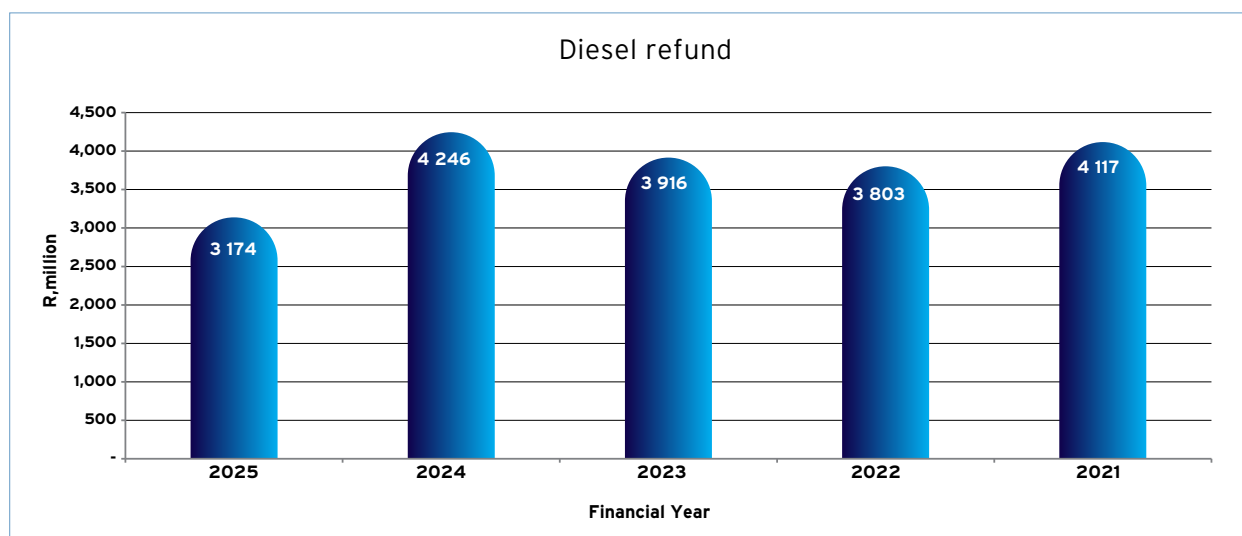
At recent fuel price levels, the RAF fuel levy (currently at 218 c/l) represents almost 10% of the total price at the pump.

Graph 21: Historical analysis of the RAF fuel levy vs fuel price and basic fuel levy



Diesel refund

The refund on diesel provided to certain industrial sectors of the economy, such as agriculture and forestry, electricity generation, and offshore, rail and harbour services, decreased by 25% from R4.25 billion in 2023/24 to R3.17 billion in 2024/25. The refund for the year under review represents 6% of the gross RAF fuel levy (8% in 2023/24).

Graph 22: Refund on diesel**Investment revenue**

Investment revenue decreased by 2%, from R697 million in 2023/24 to R680 million in 2024/25. The average yield on cash investments for the financial year was 7.5% in 2024/25 compared to 8.2% in the previous year.

Cash holdings as at 31 March 2025 were R2.12 billion compared with R815 million at the end of 2023/24.

Reinsurance income

To cover catastrophic accidents, the RAF entered into reinsurance treaties with major reinsurers. There were no reinsurance claims recovered from these companies during the

year under review, same as 2023/24. The RAF's reinsurance recoveries are derived from a portion of 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 Road Accident Fund Act (1996), reinsurance recoveries are expected to continue to reflect a decrease from zero growth in 2 years.





9.10 CAPITAL INVESTMENT

Progress made on implementing the asset management plan	Implementation of the plan is complete, and the asset register 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	Cape Towne	None
	Johannesburg	None
Pretoria maintenance of electrical, generator, plumbing and security systems	Cape Town	None
	Johannesburg	None
	Head Office, Centurion	1. Major service and maintenance work was completed on all head office generators and UPS units 2. Small UPS PSS units installed in main server room. 3. Awaiting approval for new UPS installation
	East London	None
Installation of new uninterruptible power supply (UPS) units		
Infrastructure projects in progress and expected completion date	Pretoria	1. Existing maintenance service-level agreement for electrical, standby generator, UPS and plumbing 2. Existing UPS installed in 2020 3. No capital projects expected due to possible relocation
Plans to close or downgrade any current facilities	Cape Town	None
	Johannesburg	None
	East London	None
Progress made on infrastructure maintenance	Cape Town	All main maintenance projects (e.g. for air-conditioning systems) were done by the lessor and completed in time
	Johannesburg	Infrastructure maintenance provided by respective lessors
	East London	Roof sheeting and exterior painting
	Menlyn, Pretoria	All maintenance projects completed on time
Related developments that are expected to impact the RAF's current expenditure	Budget spent within forecast	
	Cape Town	Agree

Details as to how asset holdings have changed over the period under review, including disposals, scrapping and loss due to theft	During 2023/24, assets with a carrying value of R976 000 were disposed of and written off	
	Cape Town	The region has submitted several Mean Time to Downtime (MTD) requests, but none have been approved to date. This presents a challenge, as the region continues to store non- functional assets at a significant cost. Some assets were disposed of through auctions; however, those not bought back remain in storage, adding to the financial burden.
	Durban	Procured portable air-conditioning units valued at R135 560 in 2023/24
	Total acquisition for the year (2025): Fixed assets - R3 672 000 Intangible assets - R80 755 000 Prior year acquisition (2024): Fixed assets - R6 358 000 Intangible assets - R109 322 000 Current year disposal (2025): Fixed assets - R13 979 000 Intangible assets - R33 926 000 Prior year disposal (2024): Fixed assets - R29 441 000 Intangible assets - R55 000	
Measures taken to ensure that the RAF's fixed asset registers remain up to date during the period under review	The following procedures, processes and mechanisms were in place to ensure the integrity of the RAF's fixed asset registers: • Fixed asset management policy • Fixed asset management standard operating procedure • Management directives issued where necessary • Annual audits were performed by the AGSA • Biannual verification exercises performed during September and March of the reporting period • Implemented segregated asset management functions for recording and maintaining the fixed asset register • Clearly defined asset management roles established for the Facilities Management and ICT Departments • Dedicated resources employed to ensure fixed assets are recorded accurately and completely • Reconciliation of the fixed asset register to financial records performed monthly	
Major maintenance projects undertaken during 2023/24	Cape Town	None
	Johannesburg	None
	East London	None
	Menlyn, Pretoria	None
Progress made in addressing the maintenance backlog during the year under review	No maintenance backlog in 2023/24	
	Cape Town	No backlog
	Johannesburg	No backlog
	Head Office, Centurion	All maintenance projects completed on time
	East London	None

Infrastructure projects	2024/2025			2023/2024		
	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	2 644	3 672	(1 028)	37 864	6 358	31 506
Intangibles	152 899	80 755	72 144	172 848	109 322	63 526
Total	155 543	84 427	71 116	210 712	115 680	95 032



PART C

GOVERNANCE

10. 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 regarding public entities is applied through the precepts the PFMA and run in tandem with the principles contained in King IV.

Parliament and the executive and accounting authorities of the public entity are responsible for corporate governance.

11. PORTFOLIO COMMITTEES

Parliament exercises an oversight role of the RAF by interrogating its AFS and other relevant documents that must be tabled, and evaluates 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 RAF's mandate and corporate strategy. It reviews financial and non-financial information, such as efficiency measures. In doing so, it reviews the non-financial information contained in this Annual Report. The committee is also concerned with how the RAF contributes broadly to service delivery and enhancing economic growth.

SCOPA oversees the financial performance and accountability of the RAF in terms of the PFMA. As such, it reviews the AFS and audit reports of the external auditor.

12. EXECUTIVE AUTHORITY

Parliament oversees the RAF's 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 and is concerned with the financial viability and risks of the RAF. The minister is also responsible for policymaking and monitoring policy implementation to ensure that the RAF delivers on its mandate.

In terms of the Financial Supervision of the Road Accident Fund Act (1993), the Prudential Authority (PA) performs a supervisory role over the RAF's financial position.

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 Road Accident Fund Act (1996), as amended, makes provisions for the executive authority to appoint and dismiss members of the Board of Directors. The Minister of Transport also appoints the chief executive officer (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 individuals or bodies who have an interest in the operations of the RAF to nominate candidates who comply with the criteria mentioned in subsection 10 1(b) of the Act, as amended. The minister then publishes a list of the nominations received, which includes the names of the relevant nominators. The name and expertise of the newly appointed (or reappointed) Board members are then gazetted.

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

The 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 National Treasury regulations 26.1 and 30.2.1, within 30 days of the end of a quarter.

Figure 3: Executive authority reporting structure



13. ACCOUNTING AUTHORITY/BOARD

13.1 INTRODUCTION

In line with subsection 49(1) of the PFMA, every public entity must have an accounting authority. 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 the 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 legislature 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 RAF Board acts as its accounting authority, exercising overall authority and control over its financial position, operation and management. It is accountable to the executive authority for the performance of the RAF. It provides a fundamental base to apply the most appropriate principles of corporate governance.

The processes and practices of the Board are underpinned by the principles of transparency, integrity and accountability. An inclusive approach is followed, which 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.

13.2 ROLE OF THE BOARD

- (1) In line with section 11 of the Road Accident Fund Act (1996), the Board shall, subject to the powers of the Minister of Transport, exercise overall authority and control over the financial position, operation and management of the Fund, and may, among other things:

make recommendations to the Minister in respect of -

- (i) the Fund's annual budget;
- (ii) any amendment of the Act;
- (iii) the entering into an agreement with any institution referred to in section 9 of the Act; and
- (iv) any regulation to be made under the Act

- (a) terminate the appointment of any agent and determine the conditions on which such appointment is effected or terminated;
- (b) approve the appointment, determination of conditions of employment and dismissal by the CEO of staff of the Fund at management level;
- (c) approve internal rules and directions in respect of the Fund's management;

- (d) approve loans made or granted by the Fund;
- (e) approve donations for research regarding any matter of injuries sustained in motor vehicle accidents;
- (f) determine guidelines in relation to investments; and
- (g) delegate or assign to the CEO and any member of staff any power or duty of the Board as it may deem fit. However, it 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 RAF 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, the Board is expected to act in the RAF's best interests.

Taking into consideration the prescripts of King IV and National Treasury, the Board's role furthermore comprises the following:

- Monitoring the efficiency and effectiveness of management and supporting it in implementing Board strategies and policies.

- Manages potential conflicts of interest.
- Developing a clear definition of levels of materiality.
- Attending annual meetings.
- Ensuring that the AFS are prepared.
- Appraising the performance of the Board collectively and individually.
- Ensuring effective Board induction and maintaining integrity, responsibility and accountability.

The Board is responsible for determining the RAF's overall direction. The RAF is guided

by its 2020-2025 Strategic Plan and APP, both of which were approved by the executive authority.

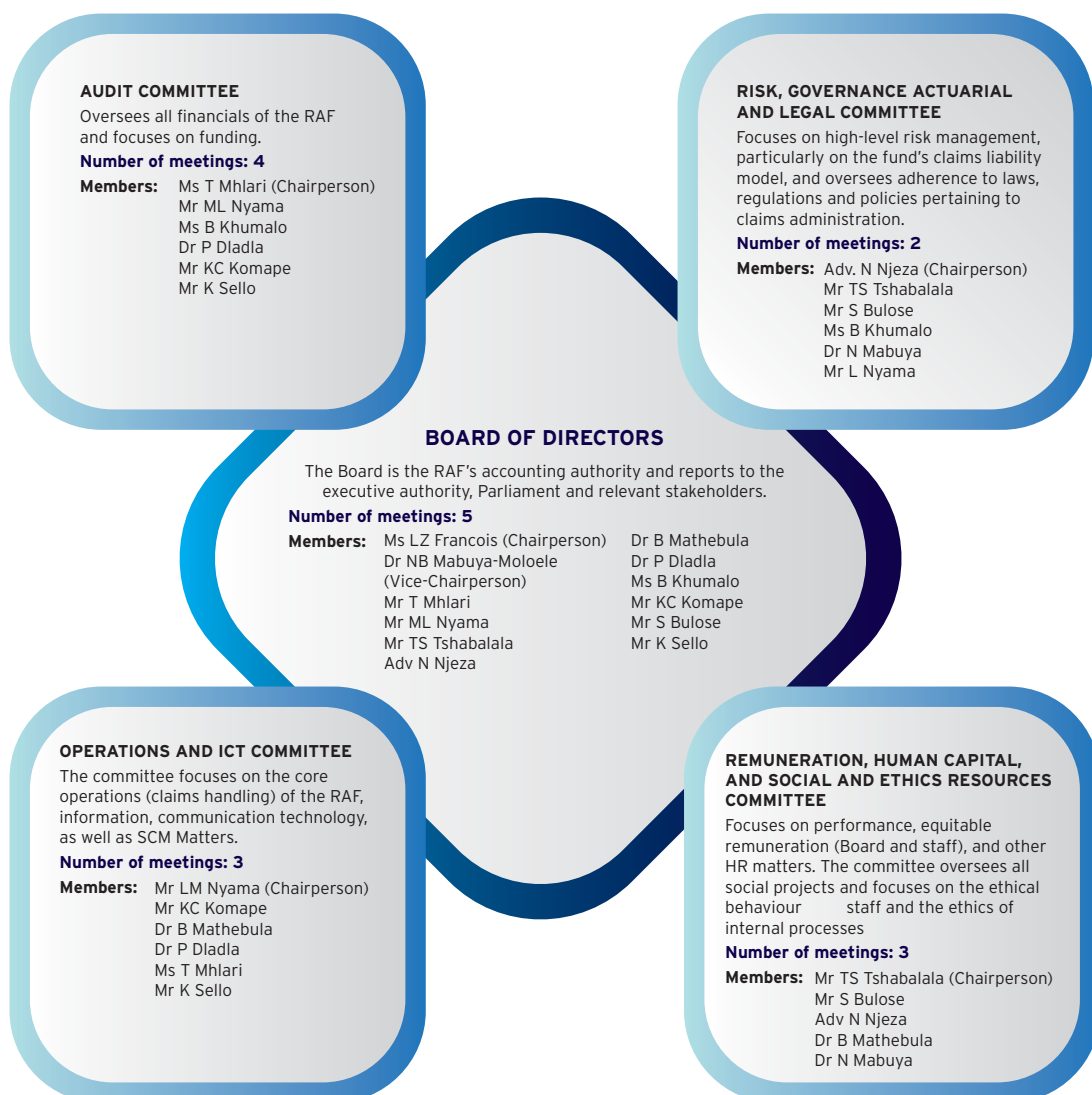
The Board revises the Delegation of Powers and Functions Policy, which defines the delegation of powers, duties and functions of management every five years.

The 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.

13.3 BOARD CHARTER (1 APRIL 2024–9 SEPTEMBER 2024)



13.4 BOARD CHARTER (10 SEPTEMBER 2024–31 MARCH 2025)



Board members' details: 1 April 2024-31 March 2025

Name	Title	Date appointed	Qualifications	Area(s) of expertise	Board directorships	Board committees	Meetings attended
Ms LZ Francois	Non-executive Board member Chairperson of the Board from 1 October 2023	4 December 2019 Reappointed 1 October 2023	BCom; Postgraduate Certificate: Accounting; GIA (SA); MBA; CRMA; Fellow of the Institute of Internal Auditors of SA (FIIASA) and Certified Director (SA)	Accounting, Auditing, Enterprise Risk Management, Corporate Governance and Business Process Management	Legal Aid South Africa	N/A	13
Dr NB Mabuya-Moloele	Non-executive Board member Vice Chairperson of the Board from 1 October 2023	Reappointed 4 December 2019 Reappointed 1 October 2023	MBBCh; 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	N/A	12
Ms T Mhlari	Non-executive Board member	Appointed 1 October 2023	BCom Financial Accounting (Cum Laude); BCom in Accounting (Honours); and a Higher Diploma in Tax Law	Accounting, financial management, tax reviews, assurance and internal controls	South African Institute of Chartered Accountants Independent Regulatory Board for Auditors	Chairperson: Audit Committee Operations, Information and Technology Committee	5 of 13
M LM Nyama	Non-executive Board member	Reappointed 4 December 2019 Reappointed 1 October 2023	BSc Actuarial and Financial Maths BSc (Hons) Financial Engineering Master Investments (Thesis not defended)	Short-term insurance pricing, underwriting, product development, investments, retirement schemes, risk management and data analytics	Member of Actuarial Society of South Africa Member of Institute of Directors SA	Chairperson: Operations, Information and Technology Committee Audit Committee	11 of 13

Name	Title	Date appointed	Qualifications	Area(s) of expertise	Board directorships	Board committees	Meetings attended
Mr TS Tshabalala	Non-executive Board member	Reappointed 4 December 2019 Reappointed 1 October 2023	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	Economic development of persons with disabilities extending to employment, skills development, entrepreneurship projects	Board member: Disabled Employment Concerns Trust (DEC)	Chairperson: Remuneration and Human Resources Committee Risk Governance and Actuarial Committee	13 of 13
Adv. N Njeza	Non-executive Board member	Appointed 29 July 2023 Reappointed 1 October 2023	National Diploma in Internal Auditing, LLB, Postgraduate Degree in Health Economics, and currently a candidate for a Master's in Public Health in 2024 Certificate in Corporate and Ethics Governance	Internal auditing, financial management, Law/legal compliance, risk and governance, health economics	N/A	Chairperson: Risk, Governance and Actuarial Committee Remuneration and Human Resources Committee	12 of 13
Ms BS Khumalo	Non-executive Board member	Appointed 1 October 2023	BBA; Postgraduate Diploma in Management Practices and an MBA candidate for 2024 Certificate in Investment and Portfolio Management Management Development Programme	Financial services professional, investment and asset management	N/A	Audit Committee Risk Governance, Actuarial and Legal Committee	13 of 13
Dr P Dladla	Non-executive Board member	Appointed 1 October 2023	PhD (Economics)	Academia, insurance, risk management, finance	N/A	Audit Committee Operations, Information and Technology Committee	12 of 13
Mr SB Bulose	Non-executive Board member	Appointed 1 October 2023	MCom; DBA (in progress)	Leadership, management and administration, art, governance	N/A	Risk Governance, Actuarial and Legal Committee Remuneration and Human Resources Committee	13 of 13

Name	Title	Date appointed	Qualifications	Area(s) of expertise	Board directorships	Board committees	Meetings attended
Mr KJ Sello	Non-executive Board member	Appointed 13 December 2023	General and Technician Accountant, Certified Information Systems Auditor (CISA), Certified in Risk and Information Systems Control Auditor (CRISC) ACCA (Association of Chartered Certified Accountants), ISACA (Information Systems Audit and Control Association), Institute of Internal Auditors (SA) (General Internal Auditor)	Finance, Capital Markets, Strategy & Business Development, Assurance & Auditing, Information and communications technology (ICT), Projects, Governance, Risk, and Compliance	N/A	Operations, Information and Technology Committee Audit Committee	13 of 13
Mr KC Komape	Non-executive Board member	Appointed 1 October 2023	Degree in Communication Science, Diploma in Road Transport Management, and an Advanced Diploma in Transportation Management	Project Management, business planning, revenue development and change management	N/A	Audit Committee Operations, Information and Technology Committee	12 of 13
Dr PB Mathebula	Non-executive Board member	Appointed 1 October 2023	MBChB; Fellowship in Surgery (FCS) and a master's in surgery (MMed)	Burns management and critical care		Operations, Information and Technology Committee Remuneration and Human Resources Committee	13 of 13

13.5 BOARD AND COMMITTEES

The RAF Board is fully constituted and supported by various committees that perform oversight of management's tactical operations.

RAF Board

1 April 2024-31 March 2025

Name	Title	Meetings attended
Ms LZ Francois	Chairperson	13 of 13
Dr NB Mabuya-Moloele	Vice Chairperson	12 of 13
Mr TS Tshabalala	Member	13 of 13
Ms T Mhlari	Member	5 of 13
Mr ML Nyama	Member	11 of 13
Ms B Khumalo	Member	13 of 13
Dr P Dladla	Member	12 of 13
Mr KC Komape	Member	12 of 13
Adv. N Njeza	Member	12 of 13
Ms BP Mathebula	Member	13 of 13
Mr S Bulose	Member	13 of 13
Mr KJ Sello	Member	13 of 13

Audit committee

As the accounting authority, the RAF Board has established an audit committee in compliance with the PFMA and National Treasury regulations issued in terms of the Act. The committee consists of four non-executive Board members.

Membership: Audit committee

1 April 2024-9 September 2024

Name	Title	Number of meetings attended
Ms T Mhlari	Chairperson	4 of 4
Ms B Khumalo	Member	4 of 4
Dr P Dladla	Member	4 of 4
Mr KC Komape	Member	4 of 4
Mr K Sello	Member	4 of 4

10 September 2024-31 March 2025

Name	Title	Meetings attended
Mr ML Nyama	Chairperson	4 of 4
Ms B Khumalo	Member	4 of 4
Dr P Dladla	Member	4 of 4
Mr KC Komape	Member	4 of 4
Mr K Sello	Member	4 of 4

The chairperson is appointed by the Board and is an independent, non-executive member of the Board. The current audit committee comprises independent members entirely. The chairperson of the Board is not eligible to be a member of the audit committee.

The committee meets at least four times, mostly quarterly, per year. However, it may meet more frequently when necessary. The committee may invite the CEO, chief financial officer (CFO), chief audit executive and external auditors, or any other person, to attend meetings. The committee meets with Internal Audit and representatives of the AGSA at least quarterly to ensure that there are no unresolved issues.

In accordance with recommendations contained in King IV, the Board acknowledges that the audit committee should consist entirely of independent non-executive Board members. These members should also have the necessary financial literacy skills and experience to execute their duties effectively. The members elected collectively represent the required skills base.

Overall function of the audit committee

In accordance with the prescripts set out in the PFMA, Treasury regulations and King IV and its state-owned enterprise supplement, the committee must assist the Board in discharging its responsibilities to safeguard the RAF's assets. It is also responsible for:

- operating adequate and effective systems and control processes;
- preparing fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards; and
- overseeing the Internal Audit function and appointment of the CEO.

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

In terms of section 14 of the Road Accident Fund Act (1996), as amended:

- (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 AGSA appointed in terms of section 2 of the Auditor-General Act (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-year audit. Generally, the composition of the external audit team changes every five years.

Among other matters, the audit committee 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.

Operations, information and technology committee

Membership: Operations, information and Technology Committee (OPSIT)

1 April 2024-9 September 2024

Name	Title	Meetings attended
Dr P Dladla	Chairperson	3 of 3
Mr K Komape	Member	2 of 3
Mr L Nyama	Member	3 of 3
Dr B Mathebula	Member	2 of 3
Ms T Mhlari	Member	3 of 3
Mr K Sello	Member	3 of 3

10 September 2024-31 March 2025

Name	Title	Meetings attended
Dr P Dladla	Chairperson	4 of 4
Mr K Komape	Member	4 of 4
Dr B Mathebula	Member	3 of 4
Dr N Mabuya	Member	4 of 4
Mr K Sello	Member	4 of 4

The functions of the committee include but are not limited to:

- developing user-friendly policies on all aspects of claims administration, including undertakings in terms of the Road Accident Fund Act (1996) and any other matter referred to it by the Board;
- making recommendations to the Board for the appointment of professional panels;
- assisting the CEO in developing strategies to improve service delivery and ensuring that the activities of the Operations business unit are streamlined;
- 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 their financial implications;
- supporting transformation, including at the physical, HR and financial levels;
- 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 and 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; and
- ensuring that information assets are managed effectively.

Remuneration, HR and Social and Ethics Committee

The RAF Board established the remuneration, HR and social and ethics committee after its appointment in October 2023. The committee was established as a combination of the former remuneration and HR, and social and social ethics committees. The committee comprises of at least three board members, elected at the board meeting. Members of the committee may serve on two other committees. The Director-General of Transport's representative may attend committee meetings as an invitee.

The chairperson is appointed by the Board and is an independent, non-executive director. The following people or bodies may attend meetings as required, but they may not vote: CEO, chief human capital officer, Board secretariat, chief strategy officer, general managers of ethics and stakeholder management, other members of senior management and assurance providers. Board members who are not members of this committee may attend the meetings but may not vote.

The committee must hold at least 2 meetings per year and arrange a sufficient number of meetings to carry out its duties as per its terms of reference. Additional meetings may be scheduled as requested by a member, the CEO or the Board. The chairperson of the committee should be consulted in this regard.

Membership: Remuneration, HR and Social and Ethics Committee

1 April 2024-9 September 2024

Name	Title	Meetings attended
Mr TS Tshabalala	Chairperson	3 of 3
Mr S Bulose	Member	3 of 3
Adv. N Njeza	Member	2 of 3
Dr Bongeka Mathebula	Member	3 of 3
Dr N Mabuya	Member	2 of 3

10 September 2024-31 March 2025

Name	Title	Meetings attended
Mr TS Tshabalala	Chairperson	3 of 3
Mr S Bulose	Member	3 of 3
Adv. N Njeza	Member	3 of 3
Dr Bongeka Mathebula	Member	3 of 3
Dr N Mabuya	Member	1 of 3

The remuneration, HR and social and ethics committee is primarily responsible for overseeing remuneration and recommends a remuneration policy to the Board for approval. The policy articulates and gives effect to the RAF's direction on fair, responsible and transparent remuneration. The committee also recommends specific remuneration packages for executive management, including but not limited to, basic salaries, annual bonuses, performance-based incentives and other benefits.

The committee recommends a performance management and development policy that governs the performance principles applicable to all employees and determines any criteria necessary to measure the performance of executives in carrying out their functions and responsibilities. It reviews, at least annually, executive management's performance agreements and the salaries of staff members at all levels. The committee recommends human capital policies to the Board,

considers legislation related to employment equity and practice, as well as the how the RAF performs in relation to the prescripts of the Broad-Based Black Economic Empowerment Act (2003).

The committee monitors and/or coordinates the RAF's standing and activities undertaken to ensure that it works against corruption in all its forms, including extortion and bribery. It also monitors the RAF's promotion of equality and preventative measures in place to prevent unfair discrimination, its employment relations, including its contribution towards developing its employees and its effective management of ethics.

Risk, Governance, Actuarial and Legal Committee

The risk, governance, actuarial and legal committee was established in line with the PFMA and National Treasury Regulations issued in terms of the Act. However, the establishment of the 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 other things. The committee provides oversight on corporate litigation, advises the Board on legislative and regulatory changes and the impact of these changes on the RAF and reviews category A policies on legal services.

The committee consists of 3 non-executive Board members. The Director-General of Transport's representative may 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 committee's 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 following people and bodies may attend committee meetings, as required, but they may not vote: CEO, chief strategy and transformation officer, chief internal audit officer, chief investment officer, the heads of risk and legal, the statutory and internal actuaries, the head of forensics, other members of senior management. Board members who are not members of the committee may attend committee meetings but may not vote.

Membership: Risk, Governance, Actuarial and Legal Committee

1 April 2024-9 September 2024

Name	Title	Meetings attended
Adv. N Njeza	Chairperson	2 of 2
Mr S Bulose	Member	1 of 2
Ms B Khumalo	Member	2 of 2
Mr TS Tshabalala	Member	2 of 2
Dr N Mabuya	Member	1 of 2
Mr L Nyama	Member	1 of 2

10 September 2024-31 March 2025

Name	Title	Meetings attended
Adv. N Njeza	Chairperson	3 of 4
Mr S Bulose	Member	4 of 4
Ms B Khumalo	Member	4 of 4
Mr TS Tshabalala	Member	4 of 4
Mr L Nyama	Member	4 of 4

Risk management is an integral part of the RAF's operations. For the period under review, the committee was satisfied that risks were managed within the risk appetite set by the Board. It was also satisfied that sufficient monitoring, reporting and controls existed to ensure that risks were managed effectively.

The responsibilities of the risk, governance, actuarial and legal 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, exposure, trends and concentrations;
- reviewing risk policies, including any significant changes to them;
- overseeing optimal capital management and ensuring that the RAF maintains an appropriate level of capital in line with regulatory requirements;
- overseeing risk governance and the forensic investigation department;
- ensuring that an actuarial control function is established and that its quality 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 AFS to verify the appropriateness of the actuarial methods and assumptions;

- providing oversight on corporate litigation;
- advising the Board on legislative changes;
- advising on and assessing the impact of changes to legislation, regulations and delegations relevant to the RAF; and
- reviewing category A policies on legal services.

13.6 BOARD SECRETARY

The Board secretary's roles and responsibilities include but are not limited to:

- providing a central source of guidance and support to the Board on matters of good governance;
- assisting with 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 the preparation and circulation of minutes of Board and board committee meetings;
- assisting with the evaluation of the Board, its committees and individual board members; and
- providing assurance that the RAF has lodged all returns, as required by the PFMA.

13.7 BOARD MEMBERS AND EXECUTIVE MANAGEMENT REMUNERATION

Non-executive Board members

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

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

Executive remuneration

2025	Salary R'000	Leave pay R'000	Performance bonus R'000	Pension contributions R'000	Medical contributions R'000	Travel allowance R'000	Acting allowance R'000	Termination benefits R'000	Total R'000
Collins Phutjane Letsoalo (CEO)	7 066	-	2 773	-	-	-	-	-	9 839
Bernice Potgieter (CFO)	3 379	-	906	242	102	-	-	-	4 629
Phathutshedzo Lukhwareni (CSTO)	2 145	-	879	248	88	1 064	-	-	4 424
Francina Mampe Kumalo (CGO)	2 148	-	801	309	115	643	-	-	4 016
Daniel Phora (CIAO)	2 558	-	527	149	-	-	-	-	3 234
Samson Sefotle Modiba (Acting CIO)	1 643	-	447	58	32	444	422	-	3 046
Ian Granville Barriel (Acting CCSO resigned 31 March 2024)	-	-	-	-	-	-	-	456	456
Mpho Manyasha (Acting CCSO from 03 April 2024)	1 965	-	411	114	-	-	418	-	2 908
Total	20 904	-	6 744	1 120	337	2 151	840	456	32 552

2024	Salary R'000	Leave pay R'000	Performance bonus R'000	Pension contributions R'000	Medical contributions R'000	Travel allowance R'000	Acting allowance R'000	Termination benefits R'000	Total R'000
Collins Phutjane Letsoalo (CEO)	6 604	-	2 820	-	-	-	-	-	9 423
Bernice Potgieter (CFO)	3 156	-	801	226	98	-	-	-	4 280
Phathutshedzo Lukhwareni (CSTO)	1 957	-	790	278	85	-	994	-	4 104
Francina Mampe Kumalo (CGO)	2 005	-	478	288	111	-	601	-	3 483
Daniel Phora (CIAO appointed 16 May 2023)	2 084	-	-	134	-	-	-	-	2 218
Samson Sefotle Modiba (Acting CIO)	1 867	-	404	134	32	341	-	-	2 778
Fikiswa Faith Nombulelo Fikeni (Acting CIAO from 05 July 2021 to 15 May 2023)	169	-	-	12	4	28	-	-	214
Ian Granville Barriel (Acting CCSO resigned 31 March 2024)	2 107	149	485	273	58	383	-	-	3 455
Total	19 948	149	5 778	1 347	388	752	1 595	-	29 956

Non-executive Board Members

2025	Members' fees R'000	Total R'000
Ms ZL Francois - Chairperson	1 023	1 023
Dr N Mabuya - Vice-Chairperson	784	784
Mr LM Nyama - Chair Committee	750	750
Mr TS Tshabalala - Chair Committee	750	750
Adv. N Njeza - Chair Committee	750	750
Ms T Mhlari - Chair Committee (resigned 31 August 2024)	312	312
Dr P Dladla - Chair Committee (from 10 September 2024 and Member until 09 September 2024)	720	720
Mr KC Komape - Member	682	682
Ms BB Khumalo - Member	682	682
Dr PB Mathebula - Member	682	682
Mr SB Bulose - Member	682	682
Mr K Sello - Member	682	682
	8 499	8 499

2024	Members' fees R'000	Total R'000
Ms TN Msibi - Chairperson (term expired 30 September 2023)	512	512
Ms ZL Francois - Chairperson (from 01 October 2023 and Chair Committee until 30 September 2023)	893	893
Dr N Mabuya - Vice-Chairperson (reappointed 01 October 2023)	789	789
Dr MC Peenze - Member (resigned 01 June 2023)	125	125
Mr H Daniels - Chair Committee (term expired 30 September 2023)	377	377
Mr LM Nyama - Chair Committee (reappointed 01 October 2023)	752	752
Mr KM Mothobi - Member (term expired 30 September 2023)	376	376
Mr TS Tshabalala - Chair Committee (from 01 October 2023 and Member until 30 September 2023)	719	719
Adv. N Njeza - Chair Committee (appointed 25 July 2023)	502	502
Ms T Mhlari - Chair Committee (appointed 01 October 2023)	377	377
Dr P Dladla - Member (appointed 01 October 2023)	345	345
Mr KC Komape - Member (appointed 01 October 2023)	348	348
Ms BB Khumalo - Member (appointed 01 October 2023)	344	344
Dr PB Mathebula - Member (appointed 01 October 2023)	343	343
Mr SB Bulose - Member (appointed 01 October 2023)	345	345
Mr K Sello - Member (appointed 12 December 2023)	208	208
	7 357	7 357

14. INTERNAL CONTROL

14.1 RISK MANAGEMENT

Introduction to Risk Management

The Enterprise Risk Management Department (ERM Department), functioning under the Chief Governance Officer (CGO) at the RAF, has been established in adherence to the provisions outlined in the Road Accident Fund Act, the Public Finance Management Act (PFMA), Treasury Regulations, the King IV Report on Corporate Governance, the COSO Risk Management Model, ISO 31000 Risk Management Standards and the Public-Sector Risk Management Framework.

As part of our commitment to risk management, the ERM Department has formulated an Annual Risk Management Plan, which serves as a comprehensive framework for implementing, monitoring and maintaining effective risk management practices. This plan is integral to ensuring that the RAF meets the objectives set forth in the Risk Management Policy Framework.

RAF's risks are defined as any threat or event that is currently occurring or that has a reasonable chance of occurring in the future, which could undermine/impact the organisation's pursuit of its goals and objectives.

Throughout the financial year, the RAF has diligently identified and assessed key risks and opportunities pertinent to our operations. This process includes evaluating the likelihood of each risk or opportunity occurring and analysing the potential impact if realised. Based on these assessments, the RAF has initiated appropriate mitigation measures and strategic planning. This identification

process encompasses a range of elements, including strategic objectives, strategies, policies, targets and key performance indicators.

We remain committed to the ongoing monitoring of all identified risks and opportunities, ensuring that the effectiveness of our mitigation efforts is regularly evaluated and refined. This proactive approach underscores our dedication to fostering a robust risk management culture within the organisation, ultimately driving the RAF toward achieving its mission and enhancing stakeholder confidence.

Mandate

The ERM Department, operating under the Chief Governance Officer (CGO), is dedicated to supporting the RAF's strategic objectives as outlined in the Road Accident Fund Act, its Amendments, Corporate Strategy and Annual Performance Plan (APP). This is accomplished through fostering a risk-aware culture that emphasises risk intelligence and enhances overall risk management practices.

The department's responsibilities include coordinating and facilitating risk identification, risk assessment (which encompasses quantification and measurement), risk mitigation, risk reporting, risk monitoring and fraud prevention. The ERM Department does not take on management's responsibilities for identifying, assessing, or managing risks.

The ERM Department views itself as an objective assurance provider, strategic enabler, expert advisor, and value-adding entity. Its key activities focus on assurance and consulting in several areas: (a) Ethics Management, (b) Compliance Management, (c) Risk Management, (d) Business Continuity Management (BCM), (e) Privacy (including POPIA, PAIA, and (f) Data Governance.

Risk governance oversight

The Board is the ultimate Chief Risk Officer (CRO) of the RAF and is accountable for the RAF's overall governance of risk "in line with paragraph 22(1) of the National Treasury's Public Sector Risk Management Framework.

In addition - and in line with paragraph 25(1) of the National Treasury's Public Sector Risk Management Framework - the primary responsibility of the Head of Risk, as a senior official is, to bring specialist expertise to assist with embedding risk management and leveraging its benefits to enhance performance", including facilitation of risk assessment for material risks and evaluation of the strategy for managing this risk.

According to the Public Finance Management Act (PFMA) section 51(1)(a)(i), it is required that effective, efficient and transparent systems for financial and risk management, as well as internal control, are established. Furthermore, Principle 11 of the King IV Code emphasises that the governing body should oversee risk management to support the organisation's strategic objectives. This highlights the Board's role in ensuring that risk management processes are embedded in decision-making and aligned with the RAF's strategic direction.

In this context, risk governance responsibilities are articulated in the Board Charter and the Risk Management Policy Framework. The Board, through the Risk Governance, Actuarial and Legal Committee (RGAL), ensures that appropriate risk management programmes are in place and monitors their implementation on a quarterly basis.

Risk philosophy at the RAF

The risk management framework aims to support the RAF's strategic objectives in relation to (a) a transformed and sustainable RAF, (b) digital transformation, (c) improved governance and controls and (d) improved claimant focus. Risk management provides a process of proactively identifying risk issues and events, which if not well managed, can adversely impact the achievement of business objectives.

Implementing a robust risk management process allows the RAF to foresee areas that might affect its goals, enabling the application of controls aligned with its risk appetite. This proactive stance not only strengthens the overall control environment but also promotes improved governance throughout the organisation.

The RAF emphasises that risk management is a collective responsibility, encouraging all employees to incorporate it into their daily

activities. By integrating risk management into operations, the organisation can transform risks into opportunities, safeguard against unexpected losses, enhance investment returns and maintain reliability in service delivery. Informed decision-making is essential, as it helps reduce fraud and corruption, minimise wasteful expenditures, optimise resource use and ensure compliance with relevant laws and regulations.

Risk maturity at the RAF

The ERM Department's vision is to drive the RAF to be a "risk-intelligent/matured" organisation in the next three to four years. This exercise gauges the level of risk management practices in the organisation.

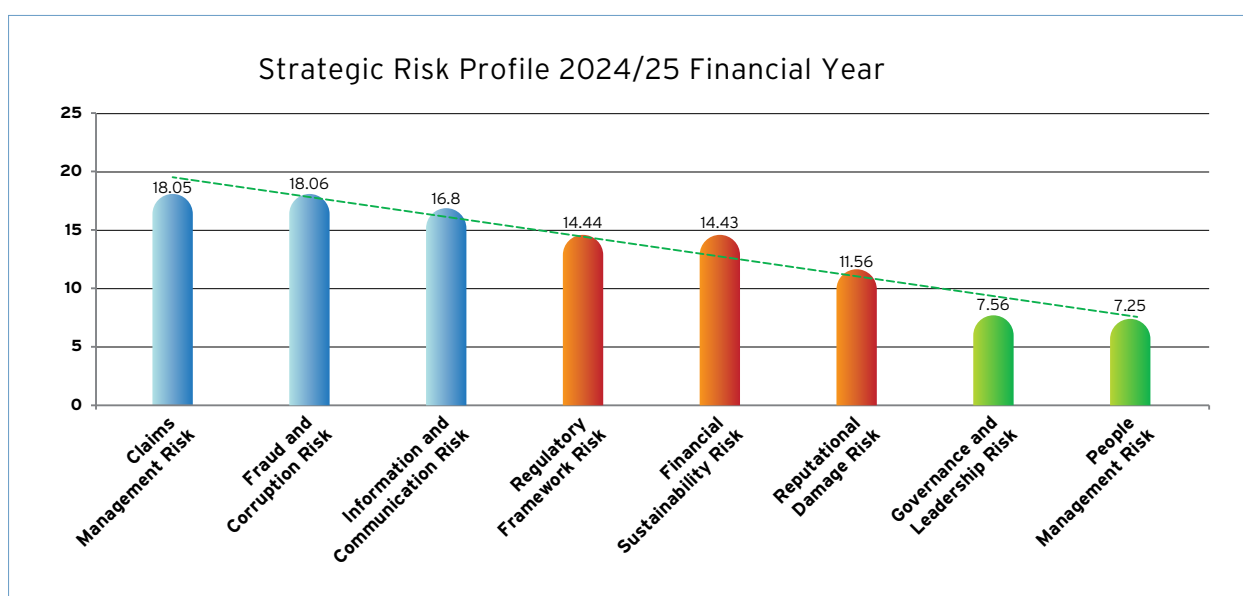
An independent risk maturity assessment, utilising a hybrid of ISO 31000, the Public-Sector Risk Management Framework and other risk management maturity models, was conducted in the 2022/2023

financial year. The RAF is scheduled for a self-assessment and an independent maturity assessment in the 2025/2026 financial year.

To promote a strong risk management culture within the organisation, the gaps and areas for improvement identified in the maturity assessments will be integrated into the risk management strategy or risk maturity roadmap, enabling the organisation to achieve the desired maturity level.

Corporate strategic risk profile

During the reporting period, the Board and the Executive Committee (EXCO) conducted an annual risk assessment to identify potential risks and opportunities related to the 2020/2025 corporate strategy and the 2024/2025 annual performance plan. The assessment identified the following eight strategic risk exposures, listed in order of significance in the table below:



The profile reflects the outcome of ongoing monitoring of emerging and materialised risks (i.e. ongoing risk assessment at all levels), as well as the movement of key risk indicators (KRIs) linked to each strategic risk.

The analysis captures how these developments have influenced the overall risk trend, thereby supporting the strategic oversight and risk-informed decision-making.

Relevant risk mitigations for each strategic risk have been developed, monitored and reported to the Board, Audit, Risk, Governance, Actuarial and Legal (RGAL) Committees for independent oversight.

Conclusion

In terms of Principle 11.7 of the King IV Report on Corporate Governance, “The governing body should consider the need to receive periodic independent assurance on the effectiveness of risk management.”

Effective risk management is a keystone of effective corporate governance and the maintenance of a strong control environment. As such, in the 2024/2025 financial year, the Internal Audit Department conducted an independent assurance review to determine the effectiveness of risk management practices within the RAF.

Instilling and embedding a good risk management culture in the organisation is a journey. As such, the gaps and improvements identified in the risk maturity assessments will be incorporated into the risk management strategy or risk maturity roadmap, enabling the desired maturity level to be achieved. This roadmap or strategy will serve as a guiding document for all types of risks and the number of risks that the RAF is willing to accept, including practical interventions to enhance the culture.

14.2 ASSURANCE AND MONITORING

Overview of the Assurance and Monitoring Department

The Assurance and Monitoring Department, led by the Chief Governance Officer, consists of two main divisions: the Claims Assurance Division and the Combined Assurance and Internal Control Division. Both divisions operate under a corporate strategy and annual operational plans that have received approval from the Board. These divisions play a critical role in upholding financial integrity and reporting, ensuring regulatory

compliance and efficient operations and establishing effective control mechanisms designed to safeguard the organisation's assets while facilitating the attainment of strategic objectives.

Claims Assurance Division Overview

The Claims Assurance Division is responsible for ensuring the quality assurance of matters with active litigation (matters currently on trial) and matters without active litigation (litigated matters not on trial). All cases referred to the Claims Assurance Division are subjected to assessment for validity, completeness, occurrence, accuracy, and compliance with the RAF's Claims Management processes as well as relevant legislative requirements. The objective is to provide compensation to claimants that is just and equitable.

The division's efforts contribute significantly to the overall strategy of the RAF by mitigating potential risk exposures related to:

- Over-settlement of offers due to non-conformance with the applicable legislative requirements and approved processes for deciding merits and quantum.
- Misrepresentation and misstatement of heads of damages namely, general damages, LoE (Loss of Earnings), LoS (Loss of Support) and past medical expenses (PME) due to the inadequate implementation of legislative requirements and approved processes.
- Inadequate nexus of merits and quantum on offers.

The quality framework adopted by the division is aligned with internationally recognised standards ISO 9000 and ISO 9001, which serve as benchmarks for effective

quality management systems. This alignment guarantees adherence to established methodologies for documenting procedures, measuring performance and implementing continuous improvement cycles.

Combined Assurance and Internal Control Division

In terms of the King Code on Corporate Governance, Combined Assurance is defined as integrating and aligning assurance processes within an organisation to maximise risk, governance oversight and control efficiencies and optimise overall assurance for Executive Management, considering the organisation's risk appetite.

Risk serves as the foundation for Combined Assurance, with ISO 31000 defining risk as the effect of uncertainty on objectives. The RAF Combined Assurance (CA) model represents a structured approach to integrating risk assurance. This model supports strategic outcomes and related output indicators by ensuring that assurance is provided where relevant. As a principle, strategic outcomes are aligned with risk assurance efforts to ensure that assurance is targeted, efficient and insightful, thereby setting the foundation for effective assurance planning and reporting.

The Integrated Risk Assurance Plan for the 2024/2025 financial year focused on 41 key business processes and controls aligned with our strategic objectives. The Assurance Providers successfully completed 27/90% of the planned assurance activities. This progress demonstrates our commitment to enhancing risk management and ensuring the effectiveness of our operational controls. Moving forward, we aim to increase this completion rate and further strengthen our assurance framework.

14.3 INTERNAL AUDIT

Key activities and objectives of Internal Audit

The RAF's Internal Audit function forms an integral part of the organisation's corporate governance system. Its purpose is to provide independent, objective assurance and consulting services designed to add value and improve the RAF. Internal Audit assists the RAF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

Internal Audit assists management in identifying, evaluating and assessing significant organisational risks and provides reasonable assurance as to the adequacy and effectiveness of related internal controls. Where controls are found to be deficient or not operating as intended, recommendations for enhancement or improvement are provided. The risk-based Internal Audit Plan was

developed and implemented based on the RAF strategic risks.

Internal Audit function had an external quality review over its work in May 2021 which yielded the "Generally Conforms" quality rating.

The quality rating has been valid since then to date while preparations are underway for the next the external quality assurance cycle.

Audit work conducted

The Audit Committee approved the annual Internal Audit Plan and audits were conducted in line with the approved Internal Audit Plan. The audits conducted covered the following areas but were not limited to ICT, Operations (Claims) Finance, Supply Chain Management, Human Capital, Project Assurance (i.e. Claims system) of which some audits were integrated, which covered the review of both the manual and automated controls. The tracking was conducted on prior year audit findings in order to give assurance on the progress made by management in the implementation of action plans to enhance internal controls.

Internal Audit has conducted ad-hoc assignments requested by management and reviewed the Internal Audit governance document (i.e. IA Charter, Methodology) to align with the Global Internal Audit Standards.

Effectiveness of internal control

Internal Audit has evaluated the adequacy and effectiveness of internal controls through the audits that were conducted and there were control weaknesses that were identified and resulted in certain areas requiring improvement.

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 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. However, it has not reviewed the changes in accounting policies and practices.

15. 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 exists in a regulatory environment in which it must comply with all regulatory requirements.

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 regulatory requirements impacting specific business units and keeps them

abreast of any new or amended regulatory requirements. Continuous training and awareness initiatives are undertaken to embed a culture of compliance through effective training programmes and compliance awareness campaigns.

In terms of Section 51 (1) (h), the PFMA states that an Accounting Authority for a public entity must comply, and ensure compliance by the public entity, with the provisions of this Act and any other legislation applicable to the public entity. As tabulated in the paragraph on page 22 we comply with additional laws. Hereunder are the most relevant and applicable pieces of legislation to the RAF:

- Arbitration Act, 1965 (Act No. 42 of 1965)
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Constitution of the Republic of South Africa, 1996
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Immigration Act (as amended), 2002 (Act No. 13 of 2002)
- Legal Deposit Act 1997 (Act No. 54 of 1997)
- National Health Insurance Act 2023 (Act No. 20 of 2023)
- Nursing Act, 2005 (Act No. 33 of 2005)
- Public Protector Act, 1994 (Act No. 23 of 1994)
- Regulation of Interception of Communications and Provision of Communication-related Information Act, 2002 (Act No. 70 of 2002)
- 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)
- Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)

In terms of subsection 17(4A) (a) of the Road Accident Fund Act, 1996, the RAF is required to adjust the statutory limitation placed on the recovery of a claim for loss of income or support by a quarterly notice in the Government Gazette. Pursuant to this requirement, the following Board notices were gazetted in 2024/25:

- Board Notice 590 of 2024 was published on 26 April 2024, adjusting the statutory limit to R361 372, with effect from 30 April 2024.
- Board Notice 642 of 2024 was published on 26 July 2024, adjusting the statutory limit to R365 814, with effect from 31 July 2024.
- Board Notice 685 of 2024 was published on 1 November 2024, adjusting the statutory limit to R368 035, with effect from 31 October 2024.
- Board Notice 713 of 2025 was published on 31 January 2025, adjusting the statutory limit to R368 035, with effect from 31 January 2025.

16. FRAUD AND CORRUPTION

16.1 INTRODUCTION

Treasury Regulation 27.2.1 states that the accounting authority (Board) must ensure that a risk assessment is conducted regularly to identify emerging risks of the public entity. A risk management strategy, which must include a fraud prevention plan, must be used to direct Internal Audit efforts and priorities and determine the skills required of managers and staff to improve controls and manage these risks. The strategy must be clearly

communicated to all employees to ensure that the risk management strategy is effectively integrated into the public entity's language and culture.

Based on this requirement, the RAF curbs and eradicates malpractices through the use of a five-pronged approach to the anti-fraud and corruption strategy that entails:

- a) prevention: Implementing steps that mitigate the risk of fraud and corruption occurring;
- b) deterring: discouraging parties from engaging in fraud and corruption;
- c) detection: discovering fraud and corruption when it occurs;
- d) investigation: systematic establishment of the truth; and
- e) resolution: assist in applying corrective measures.

16.2 FRAUD PREVENTION PLANS AND PROGRESS MADE ON THEIR IMPLEMENTATION

The Forensic Investigation Department (FID) made progress in combating fraud, corruption and other criminal related activities within the RAF. Fraud detection strategies were implemented during the reporting period, which resulted in 474 claims, valued at R580 743 057 being repudiated.

Fraud prevention

The FID carried out 61 fraud awareness initiatives to educate employees and external stakeholders on identifying fraud and corruption within their spheres and how to report it. The overarching aim of these initiatives was to enhance the ethical culture within the RAF and externally.

To enhance accountability, the FID established a recommendation register that tracks the implementation of investigation recommendations, including control improvements. This register allows for monitoring progress and ensuring that recommended actions are effectively executed. Moreover, fraud risk assessments were initiated. These assessments are vital for identifying vulnerabilities within our operations and will play a crucial role in developing a fraud prevention strategy that is responsive to emerging threats.

Fraud detection

During the 2024/25 financial year, the FID executed key data analytics projects aimed at identifying potential fraud and enhancing risk management. These initiatives focused on detecting suspicious claim submissions and identify patterns that indicated potential manipulation of claims processing.

16.3 MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION AND HOW THESE OPERATE

A robust whistle-blowing programme is in place. A dedicated external service provider administers the fraud and ethics tip-off hotline. This enables employees and external stakeholders to report fraudulent activities and unethical behaviour securely and anonymously in line with the stipulations of the Protected Disclosures Act (2000). The RAF accepts walk-ins and emails from individuals who prefer not to remain anonymous when reporting fraud allegations. The fraud and ethics hotline operates 24 hours a day, 365 days a year in all official languages.

16.4 ACTION TAKEN ON REPORTED CASES

Investigations

Reported cases are investigated by the Investigations Unit. During the period under review, 1 805 cases were reported to the FID, of which 1986 were investigated and finalised. The RAF suffered actual loss of R18 620 311 from finalised cases where fraud was confirmed through an investigation and potential loss of R778 895 618. The RAF referred 176 cases to law enforcement agencies for criminal investigation. The referred cases have an actual loss value of R29 503 213 and a potential loss value of R180 584 013.

The South African Police Service (SAPS) made 11 arrests related to fraud and corruption in 2024/25 (four claimants, two attorneys, two service providers, one police officer, one medical supplier and one RAF employee.)

Additionally, nine suspects (eight claimants and one relative of claimant) were successfully convicted and sentenced.

17. MANAGING CONFLICT OF INTEREST

Introduction

The RAF's ethics vision is instilling and living the RAF Values by, amongst other things, implanting and embedding a culture of honesty, integrity, governance, transparency, excellence, commitment, stakeholder consultation, fair leadership and accountability through new and existing business processes.

Ethics refers to well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtue.

Formally, the Ethics Institute (EI) defines ethics as a system of accepted beliefs or "good practice" that control behaviour, especially based on morals or the study of what is morally right or wrong for the organisation; King IV refers to ethics as ethical values applied to decision-making, conduct and the relationship between the organisation and its stakeholders and broader society.

Status of Ethics

Based on the corporate plan and its objectives, the RAF will develop an Ethics Management Roadmap to outline key ethical pillars. This includes establishing ethical standards and committing to ethical leadership, creating ethics governance structures and implementing ethics training and awareness initiatives. Additionally, the roadmap will establish ethics reporting channels and mechanisms for measurement and monitoring. It will also focus on strengthening stakeholder inclusivity, ensuring meaningful ethics communication and fostering an inclusive organisational culture. The ultimate vision is for the RAF to achieve a recognised level of ethical maturity.

Current Ethics interventions

Guided by the Ethics Management Policy, the declarations of interest submitted by the Board and staff play a significant role in managing related risks, especially during the SCM acquisition and recruitment processes, amongst other things. The process is monitored manually and entails completing declaration

of interest forms provided by SCM to officials serving on the SCM committees (bid specification, bid evaluation and bid adjudication committees). Each member is expected to declare their interests before a meeting commences. When a declaration of interest is identified, the members/s are expected to recuse themselves completely from the acquisition process and be replaced by others who have no interest in the process under consideration.

Signed declarations are kept for record and audit purposes. The process is informed by RAF-approved SCM policies that are aligned with the National Treasury's Instruction Note 3 of 2021/2022 (i.e. SCM - Declaration of Interest: Amendment and Augmentation of Standard Bidding Document [SBD4]). The note stipulates 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 disclose that interest and withdraw from participating in any manner whatsoever in the process relating to that contract.

The Ethics Management Function continued to provide tailor-made education and awareness to SCM officials and potential service providers on two occasions for sessions running for three days each during the period under review. Quarterly SCM oversight on compliance with the procurement process was also conducted to verify the completeness of the SBD4 declaration of interest forms. This related specifically to analysing the completed declarations by all parties involved (SCM officials and other delegated officials serving on SCM committees and suppliers).

18. CODE OF CONDUCT

The Ethics Policy acts as the code of conduct for the RAF to promote an ethical culture within the organisation. It emanates from King IV and, broadly, from section 195 (1a) of the Constitution. The Board is committed to setting the tone regarding compliance with the code.

The Remuneration Committee oversees the implementation and execution of the ethics function and provides strategic direction.

In 2024/25, the Ethics Management Function continued to provide education and awareness to all RAF employees and relevant external stakeholders on organisational values, the Ethics Policy and standard operating procedures (SOPs). To promote a conducive working environment for all employees, the office, through its communication plan, continued to issue quarterly newsletters and internal communications on how employees should conduct themselves in an ethical manner. During the period under review, 98% of employees submitted their declaration of interest forms. The information they supplied was vetted against information from the Companies and Intellectual Property Commission. In addition, 94% of new employees were inducted into and 80% of employees across all task grades attended ethics training.

Contravening 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 or any applicable regulatory requirement – is considered serious and is dealt with in terms of the RAF's disciplinary policies and procedures.

19. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

This section provides a brief description and nature of issues related to health, safety and the RAF working environment.

During the reporting period, the RAF sourced a service provider to conduct the annual occupational health and safety (OHS) compliance audit. The purpose of the audit was to measure the level of compliance to the Occupational Health and Safety Act (1993) as amended. The audits were conducted at the RAF's head office and regional offices, as well as customer service centres.

Region	2023/24	2024/25	Number change*
Centurion	97,37	90%	-7.37%
Menlyn	94,07	81%	-13.07%
Johannesburg	97,56	87%	-10.56%
Cape Town	96,51	99%	2.49%
Durban	97,38	85%	-12.38%
East London	90,04	74%	-16.04%
Bloemfontein	97,38	90%	-7.38%
Kimberley	97,38	91%	-6.38%
Mahikeng	98,6	92%	-6.60%
Nelspruit	96,06	92%	-4.06%
Polokwane	96,34	88%	-8.34%
Gqeberha	90,58	83%	-7.58%

**Negative number changes indicate a decrease in the OHS score, while positive number changes indicate an increase.*

Occupational health and safety committee

The role of the Occupational Health and Safety Committee in managing health and safety was supported by RAF management nationally. The committees played a significant role in 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 programmes are important components of crisis response strategies. This is because employees need to know how to apply and follow the procedures to manage health and safety.

Accident and incident monitoring

No major incidents were reported in 2024/25. However, minor incidents were managed by the relevant OHS practitioners in the respective RAF offices and centres.

20. CORPORATE SOCIAL RESPONSIBILITY

In line with the National Treasury's Annual Report Guide for Schedule 3A and 3C Public Entities, the RAF – through its CSR component – funded the following programmes in the 2024/25 financial year to meet its social responsibility obligation. This spending was also aimed at ensuring compliance with the transport sector codes, as mandated by the Broad-Based Black Economic Empowerment Act (2003) under the Socio-Economic Development (SED) element in the related Codes of Good Practice.

All programmes were aligned with the objectives of the RAF's 2020-2025 Strategic Plan.

Grant/Donation	Description	Strategic partner
R90 000	Support towards Race4Carity initiative	Community Chest Charity Organisation
R320 000	Support towards the South African Annual Disability Summit and Career Expo	Mandeville Aquatics Disability Swimming
R66 000	Support towards Race4Carity initiative	Childline KwaZulu-Natal Charity Organisation
R1 000 000	Donation of relief hampers for families of mass road accident victims	The Imbumba Foundation
R900 000	Support towards employee volunteerism initiatives, Caregiver Manual Relaunch and Ad-hoc Initiatives	QuadPara Association of the Western Cape
R1 638 000	Funding towards the 2025 tertiary bursary support for students with special needs	Study Trust
R150 000	Support towards adaptive driving instructor training	Wheels of Change
R350 000	Support towards the Truck Driver Symposium	SaferStops Association
R5 099 228	Funding towards renovations, medical equipment for the Rehabilitation Centre and construction of a helipad at Mokopane Hospital	The South African Healthcare Foundation
R39 804 643	Funding towards the implementation of the RAF wellness project, for three buses	The Health Foundation of South Africa
R49 417 871	TOTAL	

21. SUPPORT FUNCTIONS

21.1 CORPORATE COMMUNICATIONS

Introduction

In the year under review, the Corporate Communications Division continued to execute its operational plan, aligning with the RAF's Strategic Plan and the Fund's broader transformation goals. The division remains dedicated to informing the public about the Fund's mandate, highlighting its accomplishments and building positive relationships with stakeholders. Through strategic communications, the division has worked to enhance the reputation of the RAF, foster public trust and ensure claimants are kept informed about services that support their needs.

The RAF's Corporate Communications Division comprises the following business units: Marketing and Branding, Media Relations,

Social and Digital Media and Internal Communication, which includes the Fund's Language Services and Road Safety.

Each unit has made significant contributions to the success of the RAF's communications efforts. Marketing and Branding, alongside Market Research, focused on increasing the visibility of the RAF's services through impactful campaigns, brand messaging and valuable insights that guided decision-making. Media Relations facilitated key media engagements and public communications to manage the RAF's reputation. Social and Digital Media advanced the Fund's online presence, engaging the public and enhancing brand transparency. Internal Communication ensured staff were informed, aligned and engaged, driving internal initiatives and improving employee communication, with Language Services providing essential translation and editing support for clear and inclusive communication. Road Safety played a pivotal role in promoting road safety awareness, contributing to campaigns aimed

at reducing road accidents and highlighting the Fund's efforts to prevent accidents before they happen.

Together, these units have worked cohesively to support the RAF in achieving its strategic objectives and enhancing its public perception.

Marketing

Research initiatives

During the 2024/25 financial year, a variety of research activities were completed, driving continuous improvements in business models, systems and processes. Below is a summary of the selected key research initiatives conducted, detailing objectives and main findings.

Other research topics explored in 2024:

- Comparative Analysis of the MVA Funds (2024)
- Employee Physical Security Survey (2024)
- CRM Switchboard Standardisation Survey (2024)

Trend research provides valuable insights that help the RAF stay ahead of the curve by anticipating consumer needs, staying relevant, identifying emerging opportunities, minimising risk and fostering innovation. Below is a list of the key trend research reports that were published and shared with the business:

- Top 5 Business Continuity Trends for 2025
- Top 5 Customer Experience Trends for 2025
- Contact Centre Trends 2024

These initiatives reflect the RAF's commitment to evidence-based decision-making and continuous improvement across key operational and strategic areas.

Marketing Campaigns

Intensive advertising initiatives were launched by the Marketing Unit throughout the financial year. Efforts continue to ensure that claimants and the public are well informed about the RAF's products and services as well as maintaining the organisation's reputation.

The main strategic objective is reaching out to the youth by emphasising the importance of using the e-hailing system to and from events, in line with the tagline: "Don't let your trip end with RIP." Our road safety message at primary and secondary schools is centred around pedestrian road safety awareness and warning against the abuse/use of drugs and alcohol by the youth.

The unit ensures RAF products, processes and procedures are equally promoted by placing RAF personnel with sufficient expertise during those strategic partnerships.

The financial year started with the launch of the RAF Radio dramas on African Language Stations (ALS). The drama series was a 13-episode series that tackled issues such as fraud against the RAF, product and service offering, the claim process as well as RAF office locations.

The RAF is consistently working to finalise claims for the betterment of claimants' lives. Thus, the Backlog Campaign was launched with the sole objective of attempting to finalise aged claims. Claimants were encouraged to come forward with outstanding documents so that their claims might be finalised. Media such as out of home, television, print and radio were utilised to communicate with claimants. The campaign was launched under the theme: "*Drive Your Claim Forward.*"

The Success Stories series follows the lives of ordinary people whose lives were devastated by motor vehicle accidents. This campaign delves deep into their journeys through the recovery process by taking them back to the dreadful days of their accidents. In these stories claimants relate how they have navigated life after their accidents and how the RAF assists them with their rehabilitation. Each episode in the series is 2 minutes long and aims to educate the public on the RAF's claim process, product benefits, how to make the most of an Undertaking Certificate, and much more. The episodes are aired on mainstream television, targeting high viewership channels such as SABC 1, 2, and 3, eTV, as well as DSTV channels.

The Road Safety Campaign tagline was a catchy "***Your Trip shouldn't End With RIP.***" It was the theme message for all road safety initiatives that were rolled out during the past

financial year. At the forefront was the Easter Campaign, which spoke to the high traffic volume season of the Easter period, reminding the public to take care on the roads given the high accident and death figures during this period. In keeping aligned with our principal, the Department of Transport, the RAF launched a campaign in line with October Transport Month.

The Annual Festive Season and Back-to-School Campaigns were also launched as per the norm. The campaigns, which are Road-Safety focused, sought to instil fear, with shock tactics as the idea of changing road user behaviour. The Festive Season Campaign received public criticism due to its gruesome nature, which depicted the reality of what is happening on the roads. For the RAF, the message was clear and direct: change your behaviour or lose your life.

In keeping with technological advancements, the RAF introduced additional methods of contact: the Chatbot, SMS line and WhatsApp line. The purpose of these channels of communication is to make it easier to reach the Fund in case of enquiries on existing claims or enquiries about lodging a new claim. This campaign was communicated on TV, using the In Content communication channel.

The Marketing Unit is constantly looking at opportunities to communicate to the public and different target groups. The sporting and running fraternities were not left behind. Stadium advertising at specific soccer matches was done, as well as advertising during one of the biggest races in the country, the Comrades Marathon. The unit's participation and contribution to media partnerships should also be noted.

Below is a list of promotions and activations that were implemented in the past financial year:

Activation	Objective	Outcome
Comrades Marathon	RAF Awareness and Road Safety	Activations at the Durban International Convention Centre and power zone
Rand Show	RAF Awareness and Road Safety	Activation at the Rand Show
Capricorn FM Heat Tour	RAF Awareness and Road Safety	Activations at tollgates and radio interviews
Presidential Imbizo	RAF Awareness and Government Service Delivery	Activations in Kuruman
Ministerial Awards during Matric Exams	CSR Support	RAF branding was flighted throughout the announcement, which was streamed live on SABC television
RAF Trauma Symposium	Medical Unit support	Activations in Ekurhuleni
Gauteng Entry Points Activations	Promoting RAF Awareness on Tourists Entering Gauteng	Activations in Gauteng (Garages and OR Tambo Airport)
Career Expo	L and D Unit support	Activations at Expo in University of Venda
ABSA Marathon	Road Safety	Activations at the designated power zone
Bokamoso Launch	Project Unit support	Activations in Johannesburg and Pretoria
Primary School Activations	Road Safety	Activations at schools in Gauteng
Secondary School Activations	Road Safety	Activations at schools in Gauteng
Music and Lifestyle Expo	RAF Awareness and Road Safety	Activations at the Sandton Expo
World Remembrance Day	Road Safety	Activations in Pretoria traffic school
Fraud Awareness	Forensic Unit support	Eco Glades, Menlyn, Johannesburg, East London, Durban and Cape Town
Bus Activations	RAF Awareness and CSR Support	Activations in Rustenburg
Ukhozi FM	RAF Awareness and Road Safety	Activations in Durban
Rise FM	RAF Awareness and Road Safety	Activations in Mpumalanga
Vuma FM	RAF Awareness and Road Safety	Activations in KZN
Ugu FM	RAF Awareness and Road Safety	Activations in Margate
Izwi Lomzansi FM	RAF Awareness and Road Safety	Activations in Durban
Metro FM awards	RAF Awareness and Road Safety	Activations at Mbombela
Gagasi FM Beach Festival	RAF Awareness and Road Safety	Activations in Durban
Shosholoza Sphephile Maskandi Festival	RAF awareness and road safety	Activations in Mthatha and Durban
KFM Vinyl Classics Festival	RAF Awareness and Road Safety	Activations in Cape Town
Alex FM	RAF Awareness and Road Safety	Activations in Alexandra
Employee Awards	HRM Unit support	Activations at Sandton Convention Centre
Jozi FM	RAF Awareness and Road Safety	Activations in Soweto
Soweto Marathon	RAF Awareness and Road Safety	Activations in Nasrec
94.7 FM Cycling and Exhibition	RAF Awareness and Road Safety	Activations in Gauteng
Amashova Cycling Tour	RAF Awareness and Road Safety	Activations in Durban

Support provided to the Fund's CSR initiatives:

Grant/Donation	Description	Strategic partnership
Ministerial Awards during Matric Exams	CSR Support	RAF branding was flighted throughout the handover, which was streamed live on SABC television
Disability Expo	CSR Support	Activations in Birchwood
Opening of the Emergency Wing in Mokopane Hospital	CSR Support	Activations in Mokopane
Opening of the Emergency Wing in Clairwood Hospital	CSR Support	Activations in Durban

Reputation Management

The RAF's Reputation Management efforts were extensive and strategically executed. The annual Advertising Value Equivalency (AVE) was R106 669 431, which included all mentions and coverage. The total AVE from free coverage generated by the Media and Public Relations (PR) Unit was R20.97 million (19,7%). This is the amount it would potentially cost the Fund if this free coverage was bought.

Media sentiments about the Fund comprised 868 positive clips, 456 negative, 1 539 neutral and 07 mixed.

Radio partnerships which included activations, live reads and interviews promoted Road Safety, the RAF brand and product benefits. We collaborated with METRO FM, Capricorn FM (x2), Vuma FM, Radio Turf, uKhozi FM, Inanda FM, Izwi Lomzansi FM (x2), Imbokodo FM, Lekoa FM, Ugu FM, YOU FM, Gagasi FM, Power FM, Alex FM (x2), Jozi FM, and Zibonele FM.

Essential messaging about RAF product benefits and the claim process remained a focal point throughout the year. Meanwhile, the successful execution of the Fund's fraud prevention and detection strategy elicited a positive response with publicity around the sentencing and arrest of fraudulent former employees and attorneys.

Internal Communication Unit

The Internal Communication Unit remained instrumental in supporting the RAF's organisational priorities throughout the 2024/25 financial year.

During the year under review, the unit provided strategic support for key initiatives including the RAF's transformation journey, ethics awareness, organisational structure review, stakeholder engagement, employee wellness activities, and internal compliance campaigns. Notable contributions included the design and facilitation of face-to-face engagement sessions to support the organisational structure review process, in collaboration with the People Management and Change Management teams. These engagements enhanced transparency by providing staff across all offices with opportunities to seek clarity and raise concerns.

The unit also supported the Claims Backlog Campaign and the launch of the CRM digital channels through targeted internal campaigns, reinforcing the Fund's commitment to service delivery improvement.

In support of the Ethics Management Function, the unit collaborated on various ethics awareness initiatives, promoting topics such as conflict-of-interest declarations and external remunerative work policies and facilitated the production of two editions of the *Ethikos* newsletter. Collaboration with the Forensics Department saw the introduction of the *Fraud Bulletin* and the roll-out of internal fraud awareness campaigns to educate staff on whistle-blowing and fraud prevention.

The unit further supported internal compliance by promoting the Protection of Personal Information Act (POPIA) and the Promotion of Access to Information Act (PAIA), contributing to greater organisational compliance and

information management awareness. The Privacy Unit's initiatives, including International Privacy Day, were actively supported through internal communication channels.

A focus on transformation was maintained throughout the year with internal communications for Project Bokamoso, including the launch and coastal roll-out preparations. The team also assisted with logistical, marketing, and photographic support for transformation-related events and engagements and continued to produce regular usage tips to familiarise staff with the new system.

In collaboration with People Management, the Internal Communication Unit published the second edition of *Living the RAF Values*, a digital storybook that showcases employees who embody the ICARE² Values. A series of values reinforcement videos was also shared in September 2024.

The RAF's internal language capability was enhanced with the appointment of Somakhawula Language Consultancy, providing translation services across all official languages as well as French and Portuguese. The Language Unit provided translation and interpreting support for key projects, including translating legal documentation and assisting with disciplinary hearings conducted in indigenous languages.

Overall, the Internal Communication Unit played a vital role in producing, designing, and disseminating internal campaigns, and supporting cross-functional initiatives that contributed to organisational culture, employee engagement, compliance, and transformation objectives during the 2024/25 financial year.



Social and Digital Media Initiatives

The Social and Digital Media (SDM) Unit provided vital support to both internal and external stakeholder initiatives, playing an instrumental role in amplifying marketing and organisational objectives across all RAF platforms during the 2024/2025 financial year. In addition to these efforts, the unit rolled out its own campaigns and introduced new, innovative solutions to enhance impact and audience engagement.

Throughout the year, the unit implemented a mix of paid and organic campaigns in line with the approved operational plan. These included the Back-to-School, Easter, Women's Month, Transport Month and Festive Season Campaigns. The SDM team employed a variety of platform-specific tactics to broaden campaign

reach. One of the major innovations introduced was influencer marketing, which allowed the Fund to connect with audiences not previously following RAF platforms.

A standout example was the Back-to-School Campaign, where the unit partnered with parent influencers to promote road safety during the busy school reopening period. The videos, shared on both the influencers' and RAF's TikTok and Instagram platforms, achieved a combined 803 000 views.

Another innovative platform introduced was the Moya App, a data-free instant messaging and social media service popular in South Africa due to high data costs. The SDM team integrated the RAF website into the app, allowing users to access key information without incurring data charges. As part of

the December campaign, videos were featured on the app, resulting in 44 026 clicks to the website and a total data usage of 122 221MB, an unprecedented level of single-platform engagement for the RAF.

In support of the Marketing Department's goal to adopt innovative communication tools, the SDM Unit launched the RAF Podcast, the organisation's first. Designed to share critical information about the Fund, the podcast covers a wide range of topics including the RAF's history, milestones, operational updates, strategic outlook, and claimant testimonials. With 12 episodes produced over 13 months, the podcast, hosted on YouTube, has gained over 600 000 combined views and serves as a long-term content resource for future campaigns and messaging.



RAF PODCAST - Our commitment to transparency and engagement, Head of Corporate Communications, McIntosh Polela

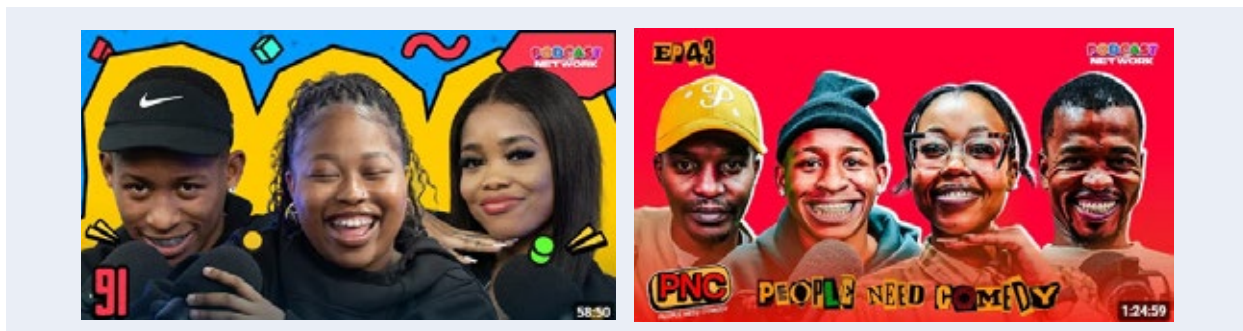


RAF PODCAST episode with Motshidisi Kutlapeye



RAF PODCAST episode Thato Tshikomb

In addition to producing the RAF's own podcast, the Fund was also featured through storyline integration on other platforms, including *Spreading Humours* and *People Need Comedy (PNC)*, providing new opportunities to reach diverse audiences:



The unit also supported media partnership collaborations during the financial year, including engagements with Power FM, Capricorn FM, Gagasi FM, Ugu FM, Umhlobo Wenene FM, Keith Ngesi Radio, Rise FM and more. This included event branding, and the creation of visual content shared across RAF platforms. The

team worked closely with the Media and PR Unit to ensure that media briefings were successfully streamed on YouTube and Facebook.

A key highlight was the Women's Month collaboration with Power FM, where the RAF's Chief Governance Officer, Ms Mampe Kumalo, hosted

a segment called *Power Lunch*. The SDM team assisted with topic development, key messaging, script drafting, countdown posters, streaming logistics, and content roll-out. This initiative yielded a total of 1 964 379 impressions across Facebook, X, Instagram, and LinkedIn.



On the internal Instagram page, the team supported key observances including:

- Global Ethics Day - content encouraged employees to uphold ethical standards and foster a speak-up culture, generating 38 likes from employees.
- Cybersecurity Awareness Month - engaging image and story posts promoted cyber safety, including video clips of an educational game introduced by the cybersecurity team.
- Fraud Awareness Month - messaging was shared across SDM platforms, reinforcing the RAF's commitment to combatting fraud.

On YouTube, the SDM Unit delivered strong performance metrics for the year:

- Over 5 million views
- 166 000+ watch hours
- More than 100 new subscribers
- Top-performing content: RAF Success Stories, the RAF Podcast, and CRM Campaign videos
- 4.6% average click-through rate
- Over 400 000 impressions

Road Safety

As part of implementing the Road Accident Fund's Strategic Plan (2020-2025), the new Operating Model, and in support of the National Road Safety Strategy, the RAF has identified road crash prevention as a

critical area of focus. To this end, the Fund continues to roll out initiatives aimed at preventing or reducing motor vehicle injuries and fatalities. These initiatives are grounded in a deeper understanding of the causes of road crashes and the development of effective prevention strategies, not only for the RAF's benefit, but for the broader transport sector implementing the National Road Safety Strategy.

Research indicates that targeted road safety education campaigns, informed by crash statistics, lead to positive behavioural change in society, thereby reducing serious injuries and fatalities. To maximise impact, the RAF adopts an evidence-based approach in its

crash prevention efforts, analysing crash statistics to identify high-risk locations and contributory factors. Data from both South Africa and abroad confirms that human behaviour is a major contributor to road fatalities and injuries. Notably, statistics show that approximately 40% of annual road crash victims are youth aged between 14 and 35. Consequently, the majority of the RAF's crash prevention efforts focus awareness programmes designed to influence attitudes and behaviours over time.

The RAF's commitment to crash prevention also aims to mitigate the rising cost of claims and contributes to achieving the Department of Transport's National Road Safety Strategy (2016), which sets a Cabinet-approved target of reducing road crashes by 50% by 2030. A 2016 study by the Road Traffic Management Corporation (RTMC) found that road crashes cost South Africa approximately 3.4% of GDP annually. Through its involvement, the RAF aims to help lessen the country's financial burden caused by road crashes.

The approved Road Safety Annual Performance Plan (APP) target for the current financial year is the implementation of crash prevention initiatives.

Road Safety Youth Project

In partnership with the Safer South Africa Foundation (SSAF), the RAF hosted Road Safety Youth Dialogues in four high-crash provinces: Eastern Cape, Gauteng, Limpopo, and KwaZulu-Natal. More than 2 500 youth participated in workshops held across approximately 20 locations within these provinces. During these sessions, young people were encouraged to conceptualise road safety projects that could help reduce crashes in their communities and also serve as a platform for their active involvement as road safety ambassadors.

Fifteen projects were approved and are now operational, involving 179 youth participants working as road safety ambassadors in their local areas. Each group is supported by a Community Development Coordinator who liaises with local stakeholders and the SSAF. The youth receive stipends aligned with approved Expanded Public Works Programme (EPWP) rates. The project will run from July 2024 to July 2025.

Implemented initiatives include:

- Serving as pointsmen and women to assist schoolchildren and the elderly in safely crossing busy roads during peak hours.
- Assisting stray animals without herdsmen to cross national roads such as the N2.

- Spraying stray animals (e.g. donkeys, cattle, horses) with reflective paint that adheres to fur for up to six months, reducing animal-related road crashes, particularly in rural areas.

Clearing vegetation along busy routes to improve visibility and creating safer pedestrian walkways.

Low-cost infrastructure interventions

To enhance the safety of schoolchildren, the RAF supports the implementation of low-cost infrastructure and speed-calming measures at schools nationwide. These include speed humps, pedestrian crossings, improved signage, culverts, and related infrastructure.

For the current financial year, approvals were granted for infrastructure projects in Mpumalanga, the Western Cape, and KwaZulu-Natal. Work has been completed in Mpumalanga and parts of KwaZulu-Natal, with implementation ongoing in the Western Cape.

This project is delivered in partnership with provincial road safety departments and the relevant road authorities. These authorities provide technical specifications, assign engineers to oversee project management, and issue completion certificates upon project finalisation.

Approved infrastructure per province:

The table below outlines the number and type of low-cost road safety infrastructure interventions approved for implementation in each province during the financial year:

PROVINCE	WESTERN CAPE	MPUMALANGA	KWAZULU-NATAL
Number of schools	10	10	3
Speed humps	20	20	10
Speed rumbles	20	20	6
Pedestrian crossings	10	10	3

All of the above infrastructure installations were accompanied by the requisite signage and road markings. This includes speed limit signs, pedestrian crossing warnings, children crossing signs, delineators, yield-to-pedestrian signage, speed hump warnings, and appropriate road surface markings such as pedestrian crossings, stop lines, dashed lines, barrier lines, and traffic islands.

Road Safety Education and Awareness Programmes:

- **Youth Driver Development Programme (YDDP):** A nation-wide initiative providing 360 unemployed youth with learners' licences, driving licences, and Professional Driving Permits (PrDPs). To date, 352 learners' licences and 234 driving licences have been issued.
- **Scholar Patrol Support:** In collaboration with provincial and municipal Departments of Transport, the RAF provided 600 uniforms to 50 schools and facilitated training for learners and teachers to enhance scholar safety.

- **Defensive Driver Training:** Twelve workshops were conducted for commercial (986 participants) and scholar transport drivers (604 participants) across the country. All participants received certificates and training materials.
- **Promoting Cyclist Safety:** In partnership with the Pedal Power Association, the RAF distributed over 1 500 reflective bibs – and in some cases, torches and bicycles – to vulnerable cyclists, including learners commuting to school.
- **RAF Road Safety Quiz:** Launched in November 2024 as an internal campaign to test RAF employees' road safety knowledge. The first round was held in December.

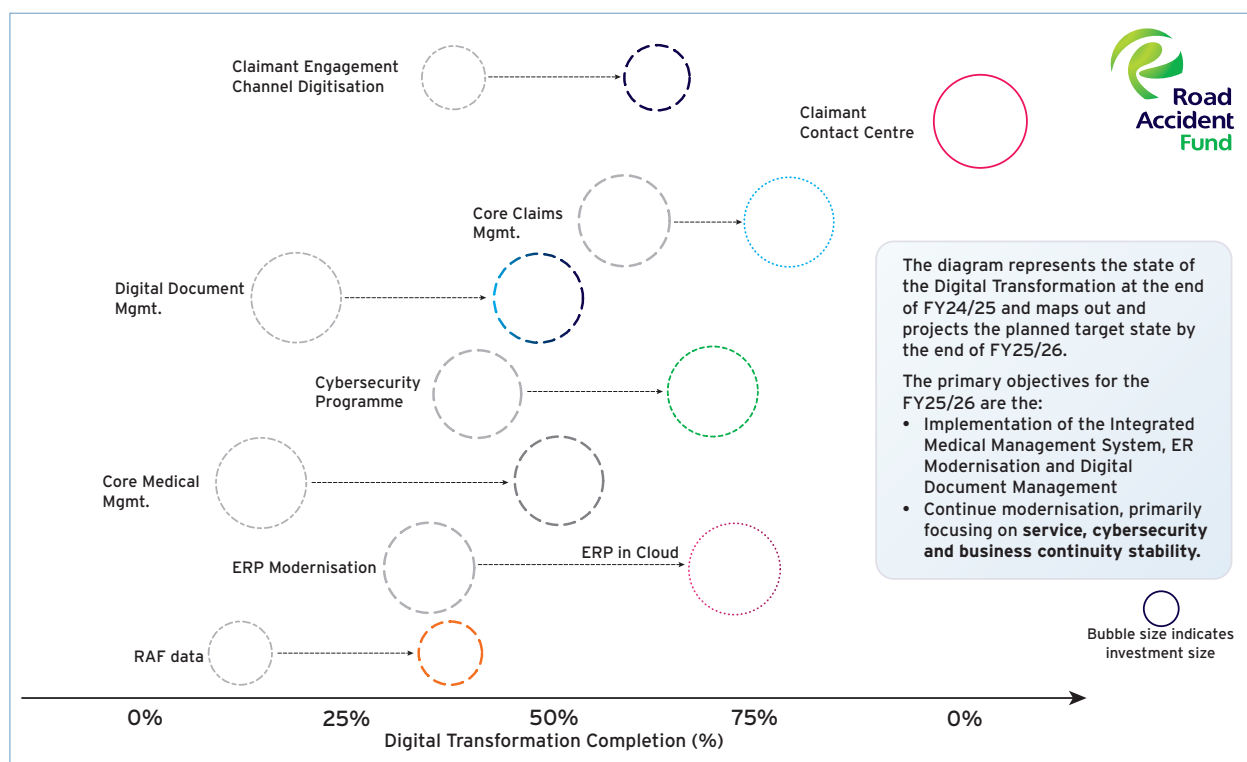
21.2 TECHNOLOGY AND DIGITAL

Delivery and performance

The end of the 2024/25 financial year saw the RAF achieve the monumental milestone of successfully concluding the Migration to the Cloud Programme, becoming the first government-related entity

to migrate to the cloud entirely while adhering to regulations, policies, and standards. This significant achievement demonstrates our laser-focused commitment to strategy execution and customer experience. The new financial year will see the RAF transition to an optimising and innovating phase on cloud workloads, ensuring applications are modern, secure, scalable, and well-aligned with our evolving business needs.

Cybersecurity programme execution is at an advanced stage, and the RAF continues to build a secure and future-proof organisation by acquiring the right tools to monitor and manage the environment. Security is now embedded in the project initiation stages to ensure assessments, the proper security protocols and configurations are catered for, and implementation as per security recommendations drives adoption of the "Secure-by-design" ethos.



Technology and Digital has made good progress in the strategic initiatives in the past financial year. This will continue into the new year to ensure the successful delivery of these commitments, as no notable risks have been identified so far.

ICT audits

Audits on ICT provide independent assurance that the RAF's technology environment is appropriately governed, secure, compliant, efficient, and aligned with business objectives, thus ensuring continuous improvement becomes a culture. As new weaknesses and risks are identified, the RAF manages them by strengthening our environmental processes and controls. During the year in review, there were 62 audit findings, and 51 were closed by the end of the financial year. This is a testament to the RAF's drive for continuous improvement and ensuring compliance and alignment with the business objectives, as every resolution of a finding contributes to a more robust and secure ICT environment, which is critical for the smooth operation of the RAF.

Looking ahead: strategic priorities enabling digital transformation

As part of our broader transformation agenda, the Road Accident Fund continues to invest strategically in foundational capabilities that will enable operational excellence, improved service delivery, and future-fit technology enablement.

Governance maturity

The technology governance structures are being refined, focusing on maturing them for effective alignment with the RAF strategic imperatives.

Data as a strategic asset

The RAF continues to invest strategically in data and analytics capabilities, from both human and technology perspectives. Recognising data as a critical enterprise asset, the focus is on standardising data structures across multiple systems and building a centralised data platform to establish a single source of truth for reporting that will enable this, which will allow a single source of truth for organisational reporting, enhancing accuracy, alignment, and faster decision-making across all business functions.

Enterprise Architecture capability

A critical enabler in this journey is the Enterprise Architecture (EA) function, which is currently being capacitated to serve as a strategic capability that guides the evolution of our entire technology landscape. EA is pivotal in organising our technology design to align with business priorities and ensure coherence across the transformation programme.

Through this capacitation, EA will establish standardised architecture domains - covering business, data, application and technology layers - supported by governance mechanisms that ensure architectural compliance and alignment with the Digital Government Architecture Guidelines as set out by the Development Bank of Southern Africa (DBSA) and other relevant public sector digital frameworks, reinforcing our commitment to public value, interoperability, and future sustainability.

Key architectural initiatives include:

- Consolidating fragmented systems to reduce technical debt and duplication allows us to reinvest in high-impact digital capabilities. This is a continuation of the digitalisation of the claims process with the Integrated Claims Management System.
- Designing with reuse and modularity, ensuring agility and scalability across services.
- Modernising application and infrastructure layers, shifting to optimised, secure cloud services and a roadmap for decommissioning legacy platforms such as Citrix. The RAF has already executed its cloud-first strategy by migrating 95% of the workload to the cloud; modernising the application layer is now the next logical step to ensure optimal services.

By embedding EA into our strategic and operational planning, we are ensuring technology alignment with business goals and creating a structured pathway for digital transformation that is scalable, resilient, and compliant with national directives.

21.3 STAKEHOLDER RELATIONS

As part of supporting the RAF's 2020-2025 Strategy, stakeholder engagements were conducted across the business stakeholder landscape. This was done in line with the prescripts of the King IV Report. The focus has always been to ensure that a holistic stakeholder approach is adopted and focuses on the needs, interests and expectations of material stakeholders. As a result, that led to improved governance. The APP has been the dictate towards stakeholder relationship management support to business and engagements for the 2024/2025 financial year, focused on:

- Advocating for customer-centric services and operations.
- Supporting business to understand RAF customer needs.
- Serving as an early warning system and providing feedback to business on stakeholder concerns, perceptions, needs and issues.
- Promoting the use of shared knowledge for improved RAF products and services.
- Managing stakeholder pressure through interventions and facilitation of resolutions to issues raised by stakeholders.
- Engaging stakeholders to review, renew and/or initiate new relationships in support of the RAF.
- Prioritising engagements to support medical management in the RAF.
- Regional and global engagements to the benefit of the RAF, RSA, and the SADC region.

The engagements provided business support both operationally and strategically. Well-coordinated engagements were held by Stakeholder Relations Management (SRM) and IGR at an international level through regular engagements in the SADC region through a multilateral partnership agreement, which includes the Namibia MVA Fund, the Eswatini MVA Fund, the Botswana MVA Fund, and the Road Accident Fund as signatories. The parties implemented a number of initiatives, including CEO Forum engagements,

medical conferences, and exchange initiatives for benchmark purposes.

At a domestic level, various engagements were facilitated to promote RAF service offerings to ensure that at the heart of the RAF business is the customer as the end-user of our services. This includes the launch of the CRM solution to address current customer complaints. Through this initiative, the RAF now has a single view of the claimants and can also trace how many times they engaged the Fund.

Other engagements were held to support CSR where an Accident and Emergency Unit was refurbished at Mokopane Hospital as well as the handover of a refurbished rehabilitation facility at Clairwood Hospital. This was aimed at improving public health medical facilities under the Department of Health to providing quality medical care to road accident victims, which has a direct benefit to the RAF regarding medical costs, which are extremely high in the private sector.

Additionally, engagements were facilitated to help the Medical Unit get buy-in and support as part of the return to tertiary hospitals in Gauteng, Free State and Northern Cape. To establish long-term partnerships and collaboration, memorandums of agreement were signed with the North West Department of Health, Mpumalanga, Unemployment Insurance Fund, and Ethekwini

Metropolitan Municipality. In the same vein, to promote public-private partnerships, another memorandum of agreement was signed with the Private Ambulance Associations of the KwaZulu-Natal and Gauteng provinces.

Customer experience (CX)

The RAF's focus is on the claimants. The Fund's customer experience journey mantra:

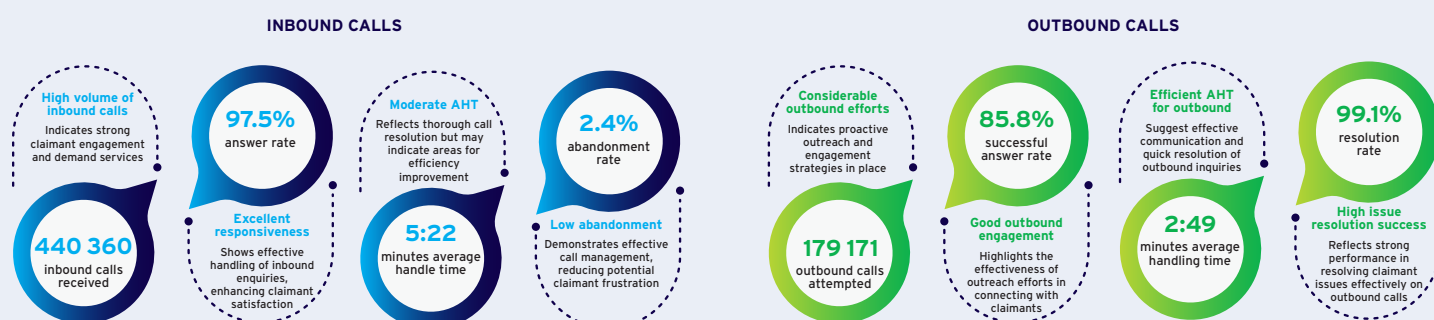
"From Chaos to Clarity", captures the essence of the journey to transform the organisation.

In line with our strategic outcome of **improved claimant-focus**, a **Customer Experience (CX)** Department whose mandate is to ensure that every claimant interaction with the RAF is **positive, impactful** and **aligned** with the organisation's core Values, was established.

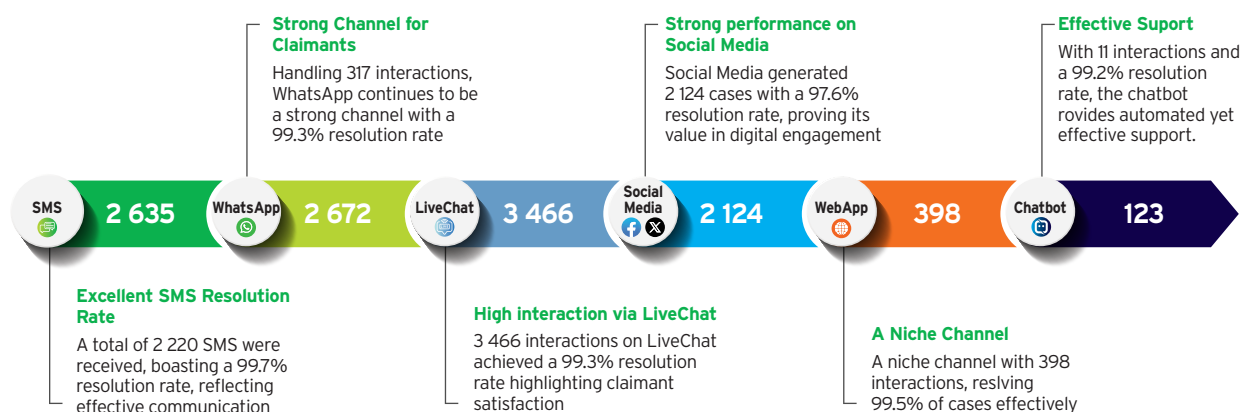
In addition, the CX Department is dedicated to understanding and anticipating claimant needs, resolving concerns with empathy and efficiency, and continuously enhancing RAF services to ensure a seamless and satisfying experience at every touchpoint.

Since the official launch of the RAF Contact Centre based in Midrand on **09 October 2023**, the focus has been on building a strong operation to serve as the backbone for service delivery.

The diagram below highlights overall effective assessment of the RAF Contact Centre with respect to **Inbound** and **Outbound** operations:



The diagram below highlights overall effective assessment of the RAF Contact Centre with respect to **Inbound** and **Outbound** operations:



In addition, with respect to the overall operational performance for the reporting period, the RAF Contact Centre recorded a total of **576 009** interactions with the claimants through the ticket management system as highlighted by the diagram below:



The Customer Satisfaction Rate of **91.7%** was recorded, which indicates that the Fund is making the desired impact towards inculcating a claimant-focused culture.

The overall improved operational efficiency of the RAF Contact Centre positioned the Fund to reaching the one million claimant interaction towards the end of the fourth quarter.

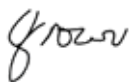
The launch of the RAF Contact Centre has proven to be the decisive strategic decision and indications are that the organisation is reclaiming its space as part of executing its constitutional mandate.

22. PERFORMANCE INFORMATION ON B-BBEE COMPLIANCE

The following information has been completed in accordance with the requirements of the Broad-Based Black Economic Empowerment Act (2013) and as determined by the Department of Trade, Industry and Competition.

Has the entity applied any relevant code of good practice (B-BBEE certificate levels 1-8) with regards to the following?		
Criteria	Response Yes/No	Discussion/Comments
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 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 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 when evaluating and awarding grants to ESD beneficiaries in line with the provisions and principles of the B-BBEE Codes of Good Practice and broader policy framework. The RAF's budget for 2024/25 to support Black-Owned enterprises is in line with the ESD imperative and amounted to R9.7 million. This was committed to support 27 beneficiaries.

Approved by:



Mr K Brown

Chairperson of the Board

Road Accident Fund

Date: 30 September 2025



PART D

PEOPLE MANAGEMENT

23. INTRODUCTION

The People Management Department is at the centre of the RAF's transformation journey. It aspires to lead by example as a service-oriented team that provides expert HR advice and support to foster a transformative and buoyant environment that is based on excellence and accountability.



The RAF's demand for transformative, strategic, and collaborative People Management services continues to grow. This is because it is committed to maximising individual potential, increasing organisational capacity and positioning the RAF as an employer of choice.

RAF employment equity

Employment equity targets are continuously monitored and reported, in line with the RAF's employment equity obligations through employment equity committees.

This forms part of the RAF's wider People Management transformation effort.



The table below reflects the RAF's Employment Equity Statistics

	Total	Percentage
RAF Employees	3 033	100%
People living with Disabilities	62	2.04%
White Male Employees	44	1.45%
Total EE Status Employees	2 989	98.55%

The total of **3 033** includes temporary employees, fixed-term contractors and interns. In this regard the following should be noted:

- Female representation within the RAF is at **58%** (1768/3033) compared to male representation which stands at **42%** (1265/3033).

- At management level, female representation is at **53%** (261/493), with the remainder represented males at **47%** (232/493). These levels are continuously monitored to ensure that the workforce remains representative.
- The representation of people living with disabilities is **2.04%**. This is below the target of 4.00% for the 2024/25 financial year. Various interventions are planned to address this under-representation.

23.1 PEOPLE MANAGEMENT PRIORITIES AND OUTCOMES

Priority	Outcomes for 2023/24
Employees with disabilities	2.04% (62) of the RAF's employees are people living with disabilities.
Policy development and review	There is an ongoing review of People Management policies, SOPs and key guidelines to promote diversity and transformation in the RAF. Policies are reviewed continuously to align with legislation and the RAF policy review standards. The following People Management policies and SOPs were reviewed during the reporting period: (1) Disability Management Policy and SOP (2) Dress Code Policy (3) Learning and Development Policy and SOP (4) Performance Management and Development Policy and SOP (5) Promotion Policy (6) Sexual Harassment and Bullying Policy (7) Regulation of Working Hours Policy and SOP (8) Remuneration, Reward and Benefits Policy and SOP (9) Transfer Relocation and Secondment Policy and SOP (10) Smoking, Alcohol and Substance Dependency Policy (11) Talent Management and Succession Planning Policy and SOP (12) Job Design and Evaluation Policy and SOP
Knowledge Management	The Knowledge Management team continued to support business units by ensuring that intellectual property is preserved by capturing, evaluating, retrieving, and sharing information.

23.2 ORGANISATIONAL EFFECTIVENESS

Organisational Effectiveness undertook strategic interventions in support of the RAF's objectives through building People Management capacity and capability, enhancing and cementing the RAF's high-performance culture and embedding a supportive, agile and functional organisational structure. This was bolstered by a robust and entrenched performance management system to ensure alignment between individual and organisational performance goals and objectives.

RAF Graduate Programme

Following the success of implementing the first RAF Graduate Programme in the RAF, a further eight (8) graduates were recruited and commenced their programmes on 01 February 2025.

The graduate programme supports the RAF's future business and skills requirements, with the aim to provide development opportunities, real work experience and ultimately, employment to young professionals.

Graduates were appointed in the following disciplines: Medical Advisory, Actuarial, Technology and Digital and Customer Experience.

The programme focuses on developing and honing technical, business and leadership skills, setting the stage for dynamic growth, thereby avoiding capability challenges within specific disciplines in future. The newly recruited graduates are set to complete their respective programmes by the end of 2026.

23.3 PERFORMANCE MANAGEMENT

The RAF considers Performance Management a primary tool for driving organisational performance. This is done through aligning individual objectives with organisational objectives and targets. The RAF has committed to a comprehensive and well-implemented performance management system to ensure that everyone in the organisation works towards attaining the RAF's strategic objectives, as defined in the 2024/25 APP.

The roll-out and implementation of a new cloud-based performance management system was a focus area for the Performance Management Unit in 2024/25. The SuccessFactors Performance and Goals module, powered by SAP, aims to facilitate and streamline performance management activities in line with the Standard Operating Procedure. The system provides an integrated platform to conduct and manage performance contracting and evaluations. In addition, it includes the assessment of how organisational values are upheld via the 360° Values Assessment.

Following the system implementation, roll-out and utilisation in the first semester, the People Management Department undertook a Performance and Goals System Survey to gather feedback from RAF staff on the Performance and Goals System, to understand how well employees perceived the system to be working, and to identify areas for continuous improvement.

23.4 STRATEGIC
WORKFORCE PLANNING

In support of the RAF’s strategic objective to establish a transformed and sustainable organisation, and subsequent finalisation of its structure and operating model, People Management (PM) identified the need for the development of a Strategic Workforce Plan (SWP).

To give effect to the development of a SWP, the development of a Strategic Workforce Planning Framework (SWPF) was developed and aligned to PM objectives as part of its strategic plan.

23.5 ORGANISATIONAL
DESIGN

Activities related to the RAF structure, job profiles, and grading are ongoing and continuous in order to align with the RAF mandate and strategy.

23.6 LEARNING AND
DEVELOPMENT

The Learning and Development Unit’s focus during the period under review was on the design, development and implementation of the training plan, as per the learning and development strategy. The plan drives the implementation elements of the organisational strategy in support of the RAF’s transformation journey.

Training for the period under review focused on both internal and external training. Internal training was undertaken by means of various projects and in accordance with the standard motor vehicle accident operational curriculum. The focus was on empowering Operations employees to operate at maximum capacity. External training interventions were largely based on the skills gaps identified in the Skills

Assessment Report. This training sought to enhance the managerial, technical, functional and behavioural competencies of staff at all levels.

Focused training interventions

Motor vehicle accident
intermediate course

This training is conducted throughout the provincial offices monthly. It forms the cornerstone of the motor vehicle accident curriculum and equips new recruits with the necessary knowledge and expertise to move into the operational environment. It also enables operations staff to deliver on their mandate and meet their APP targets.

The table below reflects other interventions, including internal and external training, that were rolled out during the period under review.

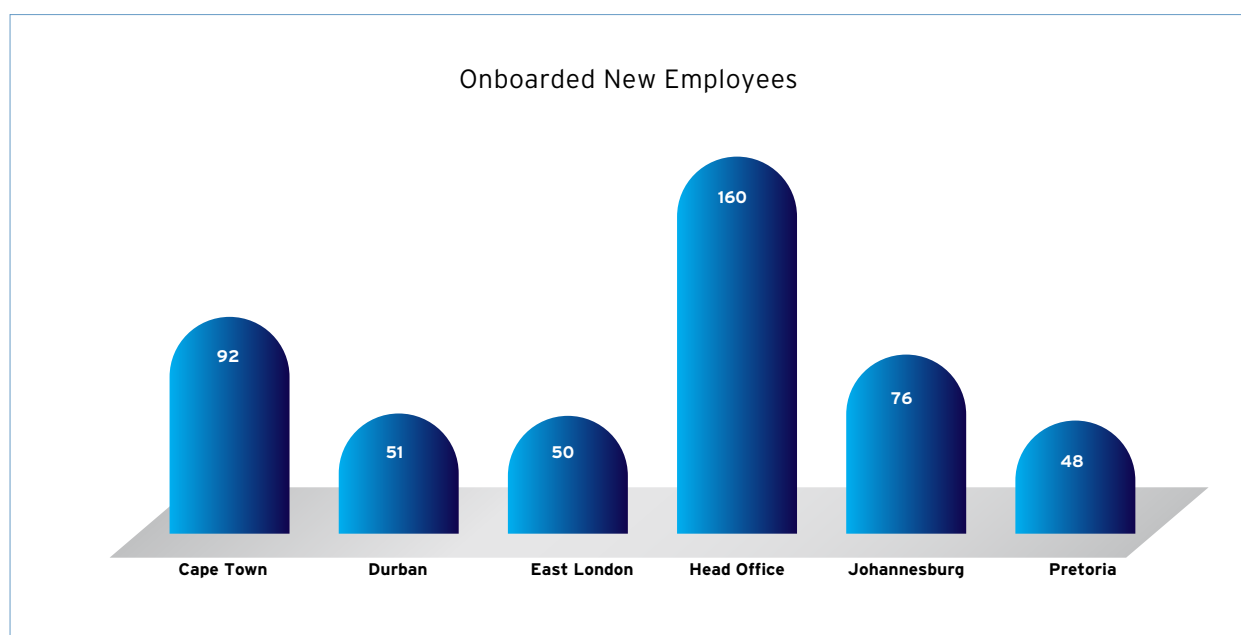
Deliverable	Output	Status
Individual Skills Enhancement Plan and Departmental Skills Enhancement Plan developed to fill the competency gaps relating to placement within the new operating model	Curriculum has been developed and aligned with the current competencies in terms of individual job profiles that are in turn aligned with newly developed positions contained within the functional structure. The tools of both plans allow employees who have been placed in the new structure to not only identify their competency gaps but indicate the interventions needed to fill these gaps.	Completed
Initiate organisation-wide interventions	Managerial intervention - Risk management This training was initiated within the leadership cohort to enable participants’ to not only understand the effect of risk management on the organisation but to manage the risk both at a strategic and operational perspective.	Completed
	Organisational transformation Training was rolled out across all regions. It was aimed at empowering employees at the bargaining level to embrace resilience and change in a way that would prepare them for the organisational flux that the RAF is experiencing.	Completed
	Digital acumen - Microsoft Power BI This training intervention was aimed at building capacity for all managers in the digitised reports space. It was specifically focused on the Power BI tool, an advanced digital business analytical reporting tool.	Completed

Deliverable	Output	Status
Implement urgent and critical functional training interventions for the CRM project	Interventions as part of the project were aimed at providing CRM staff with the necessary skills and capabilities to run a successful operation. These included: • Motor vehicle accident foundation training • Claim view system training • Complaints and query management training • Finance capability training • Pre-claims management training (form 3) • Litigation query management training • Medical management training	Completed
Implement critical functional training interventions for medical management	The interventions below were informed by the inclusion of the Medical Management Unit within the new operating model's claims value chain, and the need to enhance medical knowledge in the operational space: • American Medical Association Guides training • Guide to industrial psychologist reporting • ICD10 coding	Completed
Customised and focused management training	The RAF rolled out a customised leadership development programme that focuses on its managerial competency framework. The training is offered to employees within the task levels 13-18. These programmes not only expose the leadership cohort to the most advanced managerial thinking and practices but also develops their managerial skills in line with the leadership competency framework. The programmes are highly customised to meet the RAF's public administrative mandate. These qualifications are contained within the Public Administration qualification space.	Ongoing

Onboarding new employees

The Learning and Development Unit conducted online inductions of new employees on MS Teams throughout the period under review. The induction programme introduced new employees to the RAF and provided them with the basic knowledge and understanding of their functions and those of key departments. During the period under review, 477 new permanent and non-permanent employees were inducted into the organisation.

Graph 23: Onboarding of new employees per region (2024/25)



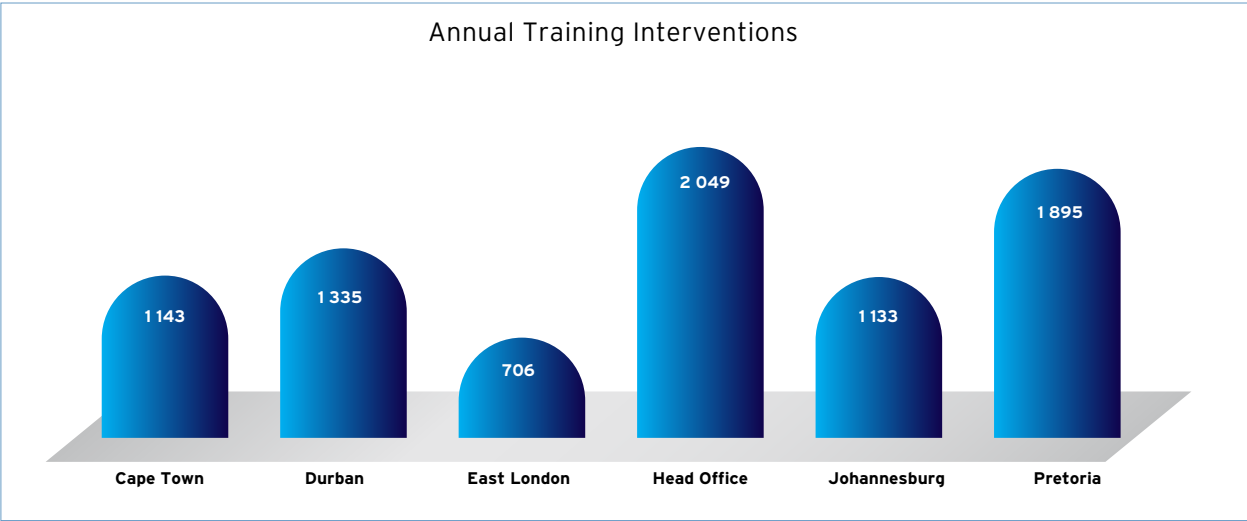
Internship and Learnership Programme

This programme aligns with the National Skills Development Plan in terms of which the RAF offers unemployed young people and graduates an opportunity to acquire workplace skills and experience. Learnership and internship programmes commenced during the reporting period in preparation for the new financial year. A total of 192 interns and 37 Learners were employed through this programme 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 RAF to realise its training deliverables and objectives. This hybrid approach also enables the organisation to operate within a flexible and agile training environment. During the period under review, 8 261 training interventions were conducted throughout the RAF.

Graph 24: Training interventions per region (2024/25)



Bursary programme

The RAF coordinates and manages internal bursaries annually. During the reporting period, 486 bursary applications were received for processing. Of the 486 received, 342 have been processed for finalisation and payment. The remaining applications include those withdrawn by the applicants and those rejected based on the minimum requirements not being met.

The table below details the type of qualifications that were applied for during the 2025 academic year.

Breakdown of qualifications	Quantity
Certificates	30
Undergraduate Degrees	94
Doctorate	11
Honours Degrees	36
Master's Degrees	71
National Diploma	17
Postgraduate Diplomas	81
Diplomas	2
Total	342

23.7 CENTRE OF EXCELLENCE

Remuneration and rewards

Annual Salary Survey and Benchmarking

The RAF participated in various salary benchmarking and survey exercises to ensure that its salaries and benefits are market aligned. The results of these exercises were used to enhance remuneration processes and practices during the period under review. The organisation maintains a balanced approach to compensation, incorporating both fixed and variable remuneration strategies.

Knowledge Management

Maintenance of institutional knowledge and engagements

The Knowledge Management team focused on promoting knowledge management within the RAF by ensuring that knowledge and information is shared among staff. In 2023/24, knowledge-sharing platforms were established for the promotion of best practices, lessons learnt and uniformity.

Private and public sector awards

During the period under review, the Knowledge Management team facilitated the submissions of both the 2024 Public Service Innovation (PSI) Awards and the African Innovation League Awards. The RAF won the PSI Award in the category for "Citizen-focused Innovations", and a Bronze at the African Innovation League Awards, in recognition for its Innovation efforts.

People Management, through the Knowledge Management Unit, hosted the RAF National Annual Employee Awards, in recognition of staff for outstanding performance.

Private and public sector awards

During the period under review, the Knowledge Management team assisted the Cybersecurity team with the sharing of knowledge snippets to all staff regarding cybersecurity and the impact it has on the RAF. The team also facilitated a few 'lessons learnt' workshops to harvest knowledge and information from some of the People Management projects that were implemented during the period under review.

RAF library

The RAF implemented its new library management system (WorldShare Management System), to ensure that all library items are accounted for and that staff is trained on the use of the system. Multiple online and in-person training sessions were conducted during the period under review to ensure that staff is able to search, request and reserve items from the library catalogue using any device that is linked to the RAF network. In addition, training in the use of these online resources (LexisNexis, Sabinet, Juta, EBSCOhost and Science Direct) was also facilitated.

23.8 REGULATION AND COMPLIANCE

In 2024/25, the RAF reviewed and enhanced best practice People Management policies and SOPs to guide managers and employees in the alignment of People Management

practices for the achievement of business objectives and goals.

23.9 EMPLOYEE WELLNESS SERVICES

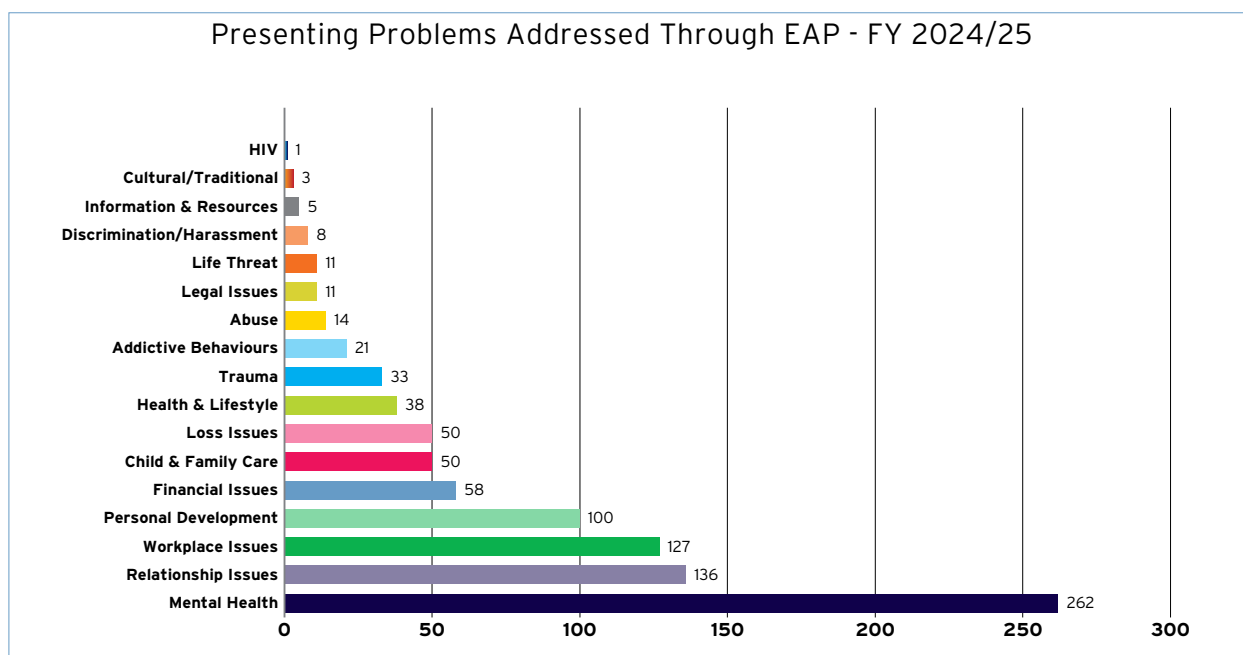
Employee Wellness Services provides comprehensive health and wellness programmes and services to all RAF employees. Its mission is to build and maintain a healthy workforce for increased productivity and excellent service delivery. During the year under review, the services were focused on the implementation of preventative and curative health and wellness programmes.

23.9.1 EMPLOYEE ASSISTANCE PROGRAMME

The overall engagement rate which included uptake of all services provided, amounted to 76.2% during the period under review. Annualised individual usage of the core counselling and advisory services recorded 9.8% during the most recent period, which compares to 10.0% during 2023/24 and 6.8% across Lyra SA client companies during the most recent review period.

Employees largely sought assistance and received support for mental health, relationship issues, workplace issues, personal development and financial issues. To effectively tackle these issues, counsellors provided robust interventions focused on stress and anger management, work-life balance, personal development and grief and trauma counselling. Their aim was to instil hope, build resilience and strengthen their support systems, empowering individuals to navigate through stressors confidently and reclaim control over their lives.

Graph 25:



Wellness programmes

The RAF's health and wellness programmes are intended to empower employees to make healthy and safe choices through prevention, treatment, care and support, education, and partnerships. The early detection and prevention of lifestyle diseases is managed through various wellness initiatives, which include:

Gender-based programmes - The Women and Men's Forums played a pivotal role in gender mainstreaming and served as a vehicle through which gender gaps and the concerns and experiences of women, men, girls, boys and the LGBTQI+ community are raised. The forums are an integral element of the RAF's gender-based programmes.

Promotion of physical wellness through sports - These programmes were implemented throughout the year to ensure that staff are physically active, have healthy diets, particularly because of the sedentary type of work for most employees. In the year

under review, the RAF registered an athletics club as a new addition to the broader physical wellness programme. A total of 23 RAF employees ran the Comrades Marathon under the RAF Athletics Club banner.

HIV/AIDS management - The RAF's HIV/AIDS programmes, which run throughout the year, are aimed at increasing awareness of the impact of HIV on people's lives. They also educate employees on ending stigmas attached to and discrimination against people living with HIV. Information on preventing new HIV infections is also disseminated among staff.

Initiatives to support employees through organisational change - These were aimed at building employees' resilience to large-scale organisational change. During the period under review, this included group and individual sessions on managing stress and anxiety, building resilience, managing personal finances and emotional impact.

23.10 SHARED SERVICES

23.10.1 PEOPLE INFORMATION MANAGEMENT SYSTEMS

The People Management Department continuously monitors its area of operations for innovative approaches to people management. This includes the adoption of automated processes, enhanced reporting tools and improved management information systems to ensure data accuracy and precision in reporting.

In 2024/25, the department successfully implemented a new performance management system using the cloud-based SAP SuccessFactors solution. This system has streamlined the entire performance management process, facilitating the setting and management of objectives more efficiently.

23.10.2 TALENT SOURCING

During the period under review, a total of 149 permanent appointments were made, with 35% being internal and 65% external. The attrition rate remained low at 5.21%, well below the acceptable market figure of 10%.

The RAF's ability to attract and retain top talent is supported by competitive, benchmarked remuneration practices, complemented by a conducive and enabling work environment. The organisation maintains a balanced approach to compensation, incorpo-

rating both fixed and variable remuneration strategies.

Furthermore, the RAF fosters a workplace where employees are empowered to thrive, with access to continuous learning and development opportunities to support their growth and long-term engagement.

23.10.3 BENEFITS AND ADMINISTRATION

During the year under review the CEO approved for implementation in the 2025/2026 financial year, the introduction of the Primary Health

Insurance scheme for low-income employees who are currently on learnership/or internship programmes with RAF. This employee segment has historically been excluded from traditional medical aid due to the high cost of membership. With the introduction of the low-cost Primary Health Insurance, such employees will now be insured for day-to-day medical expenses which include GP consultations, prescription scripts, pathology, radiology, sonar scans, women's health screening and certain chronic conditions, amongst other things.

23.11 PEOPLE MANAGEMENT OVERSIGHT STATISTICS

Personnel cost by programme

2024/2025	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	3 979 637	2 468 409	62%	2 405	1 026

*Total Employment Cost

Personnel Cost by Salary Band (TEC)

2024/25 Level	Personnel Expenditure (TEC) (R'000)	Percentage of personnel Expenditure to total personnel cost	Employees	Average cost per employee (R'000)
Top management	37 204	2%	13	2 861
Senior management	78 802	4%	46	1 713
Professionally qualified	473 147	26%	369	1 282
Skilled	943 039	53%	1 346	700
Semi-skilled	250 639	14%	619	404
Unskilled	2 775	0%	12	231
Total	1 785 610	100%	2 405	742

Performance Rewards

2024/25 Level	Performance Rewards (R'000)	Personnel Expenditure (TEC) (R'000)	Percentage of Performance Rewards to Total Personnel Cost
Top management	8 207	37 204	22%
Senior management	13 343	78 802	17%
Professionally qualified	73 949	473 147	16%
Skilled	105 840	943 039	11%
Semi-skilled	30 112	250 639	12%
Unskilled	308	2 775	11%
Total	231 761	1 785 610	13%

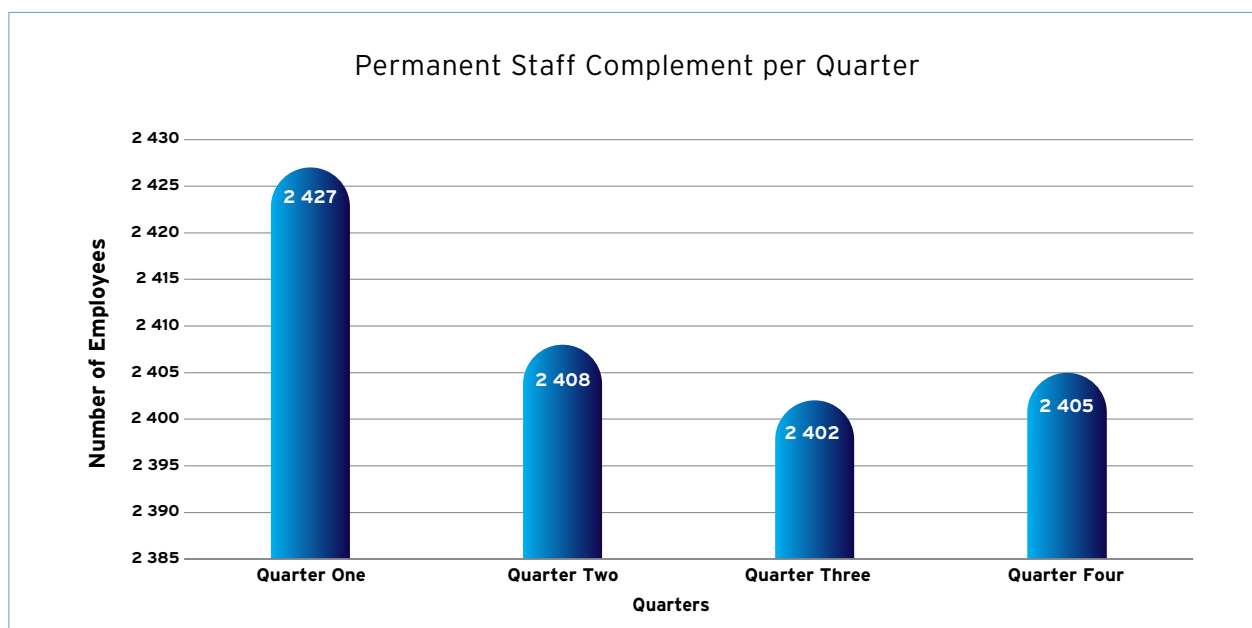
Training Costs

2024/25	Personnel Expenditure (TEC- related Costs)	Training Expenditure	Training Expenditure as a percentage of personnel cost	Employees Trained	Average training cost per Employee
Business unit	(R'000)	(R'000)			(R'000)
Learning and development	1 785 610	33 215	2%	2 665	12

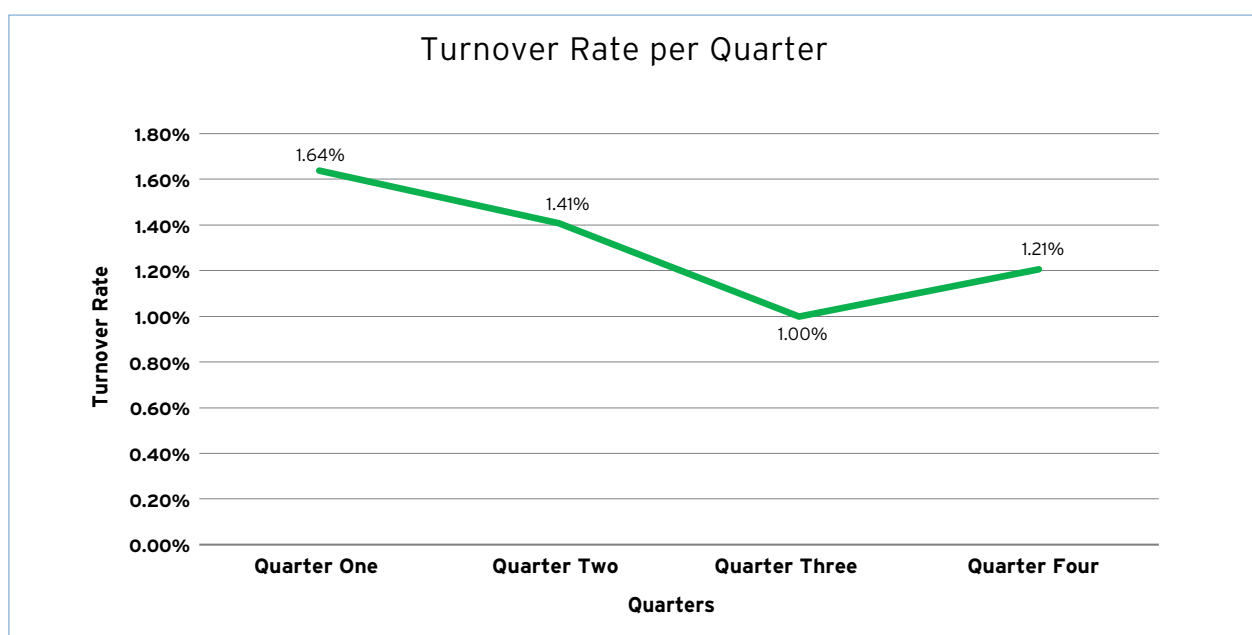
Employment and vacancies

Vacancies will not be reported for the period under review due to the implementation of the new organisational structure.

Graph 26: Permanent staff complement per quarter (2024/25)



Graph 27: Staff turnover rate per quarter (2024/25)



Staff movement

The RAF strives to attract and retain competent and capable staff. Emphasis is placed on candidates who will enhance equitable representation in the organisation, in terms of the national economically active population statistics guidelines.

2024/25 Level	Employment as at beginning of the period	Appointments Internal	Appointments External	Terminations	Employment at end of the period
Top management	13	0	1	0	13
Senior management	45	0	8	7	46
Professionally qualified	363	30	26	26	369
Skilled	1 400	17	47	76	1 346
Semi-Skilled	634	5	15	16	619
Unskilled	13	0	0	2	12
Total	2 468	52	97	127	2 405

Reasons for staff leaving

2024/25	Number	Percentage of total number of staff leaving
Death	9	7%
Disability	1	1%
Dismissal	30	24%
Expiry of contract	1	1%
Resignation	76	60%
Retirement	6	5%
Retrenchment	3	2%
Voluntary severance package	1	1%
Total	127	100%

23.12 EMPLOYEE RELATIONS

The RAF considers its relations with trade unions as a key interface to meet employee expectations. Similarly, the RAF considers employee discipline and adherence to its code of conduct, as well as compliance to its policies, procedures and regulations as serious matters. During the period under review, a total of 32 employees were dismissed for serious offences and transgressions.

Incidents and grievances

A total of six grievances were lodged during the year under review.

Misconduct and disciplinary action

Nature of disciplinary action	2021/22	2022/23	2023/24	2024/25
Counselling	4	2	0	0
Verbal Warning	2	3	3	3
Written Warning	17	17	3	4
Final Written Warning	14	33	15	5
Suspension without Pay	13	6	1	0
Dismissal	19	23	23	32
Precautionary Suspensions				25
Number of cases at CCMA				25
Number of cases at Labour court				9

Employment equity

Equity targets and employment equity status

Permanent employees 2024/25	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	7	0	0	0	0	0	0	0
Senior management	16	5	2	1	3	0	4	0
Professionally qualified	135	173	12	16	11	14	17	29
Skilled	489	555	38	52	21	26	17	29
Semi-skilled	217	264	26	33	7	9	3	5
Unskilled	0	0	0	0	0	0		0
Total	864	997	78	102	42	49	41	63

Permanent employees 2024/25	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	5	0	0	0	0	0	1	0
Senior management	16	6	0	0	1	0	4	1
Professionally qualified	158	174	11	18	13	20	12	22
Skilled	630	680	48	61	56	58	47	67
Semi-skilled	321	366	26	37	9	12	10	14
Unskilled	11	15	1	1	0	0	0	0
Total	1 141	1 241	86	117	79	90	74	104

Permanent employees 2024/25	Employees with disabilities							
	African		Coloured		Indian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
	19	24	1	6	0	4	3	5



PART E

PFMA COMPLIANCE REPORTS

24. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

24.1 IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	478 054	444 553
Adjustment to opening balance	-	33 089
Opening balance as restated	-	477 642
Add: Irregular expenditure confirmed	2 329	4 644
Less: Irregular expenditure condoned	(21 174)	(4 232)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable ¹	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	459 209	478 054

The Road Accident Fund has a cumulative Irregular Expenditure balance of R 459 209 744 remaining. The statuses of the unresolved items are detailed below:

Description	Number of items	Total value R'000	Action required
Items under determination	6	46 402	The final determination report is awaited.
Items referred for disciplinary procedures	1	136	Determination complete, disciplinary action commencing.
Items being assessed for recoverability	1	75	The loss has been referred to the RAF Accounts Receivable Department for assessment of recoverability in accordance with the Management of Debtors Policy.
Items submitted for condonation	12	412 596	All the items have been submitted for condonation to National Treasury as the relevant authority after the reporting date.
Total	20	459 209	

Reconciling notes

Description	2024/2025	2023/2024 ²
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	4 644
Irregular expenditure for the current year	2 329	-
Total	2 329	4 644

¹ Transfer to receivables

² Record amounts in the year in which it was incurred

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

Description ³	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	52 711	-
Irregular expenditure under determination	46 402	78 000
Irregular expenditure under investigation	-	362 255
Total	99 113	440 255

Irregular expenditure under assessment

- R 31 748 576.21 of the value of Irregular Expenditure under assessment relates to disputes with the AGSA as to whether non-compliance with legislation did in fact occur. The disputes arose in the 2021/22 to 2023/24 financial years. The remaining R20 962 251.00 relates to matters for which the assessment process is not yet completed.

Total irregular expenditure under determination

- R 7 382 103.02 relates to noncompliance with the PFMA and National Treasury regulation requirements. Tenant installation was not part of the initial Request for Proposal. The procurement process to appoint a service provider to perform tenant installations was not followed as the tenant installations were performed by the lessor.
- R 50 776.59 relates to non-compliance with the PFMA and National Treasury regulation requirements. Rental expenditure was incurred for two months beyond the contract period.
- R 35 666 208.95 relates to the incurrence of expenditure beyond the validity period of the contract.
- R 907 188.75 relates to procurement through other means where the market analysis could not be linked to the appointed supplier
- R 670 105.35 relates to the appointment of a service provider who failed to meet the mandatory requirements of the bid.
- R 1 726 124.52 relates to the appointment of a service provider who failed to meet the mandatory requirements of the bid.

c) Details of irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	(21 175)	(4 232)
Total	(21 175)	(4 232)

Irregular expenditure condoned

- One matter was condoned during the 2024/25 financial year. This instance was reported in 2020/21, valued at R21 173 961.89. The AGSA raised an audit finding where payments related to medical expenses to claimants were split into smaller payments that allowed approval for payments to be at the incorrect delegation of authority. This matter was condoned by the Board of the RAF as the relevant authority in terms of the PFMA Compliance and Reporting Framework.

Irregular Expenditure referred to National Treasury for Condonation after the reporting date

- Below is the detail of the 12 matters which were referred to National Treasury for condonation after the reporting date.
 - The instance was reported in 2017/18 - valued at R337 507 130.70 - and relates to a finding by the AGSA that the requirements of the Preferential Procurement Regulations were not met in 2013/14 when the bid process was performed. The bid document did not contain clear information on how the evaluation criteria were going to be applied and assessed. As a result, the evaluation of bids was not objective, fair and transparent.
 - The instance was reported in 2019/20 - valued at R3 573 765.55 - where three claims vendors were appointed for home modifications of claimants' homes without following the correct procurement process.

³ Group similar items

- R2 167 257.50 related to the extension of a contract before the necessary approval from National Treasury was received.
- R67 951 799.83 related to non-compliance with section 8 (1) of the Preferential Procurement Policy Framework Regulations and section 2 (1)(c) of the Preferential Procurement Policy Framework Act (2000), as the winning bid should have been disqualified. Poor contract management was also identified during the investigations.
- R117 305.11 related to not following the correct procurement process before incurring the expense. A request for deviation or contract extension should have been sent to National Treasury as the service provided by the supplier was not covered in the original contract.
- R34 239.08 related to non-compliance with National Treasury regulation 16A 3.1. The correct procurement process was not followed through request for quotations (RFQs) as the responsible employee misinterpreted an existing contract.
- R14 750.01 related to non-compliance with the PFMA and National Treasury regulation section 16A6.1, 16A3.1 and 16A6.4. A maintenance and repairs contract was entered into without the necessary approvals.
- R148 156.47 related to non-compliance with National Treasury instruction note no. 03 of 2021/22, paragraph 7.4; and National Treasury regulation 16A6.3(a) The AGSA raised a finding that a supplier appointed through a deviation process had not submitted the SBD4 form as required
- R125 000.00 related to non-compliance with section 51 of the PFMA and National Treasury instruction note no. 09 of 2017/18. The verification of the bidder's tax compliance status was not conducted in accordance with National Treasury instruction no. 09 of 2017/18 before awarding the contract.
- R957 561.92 related to 3 RFQ processes that failed to comply with the CIDB regulations.

d) Details of irregular expenditure removed - (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

There were no matters that were not condoned and removed during the 2024/25 financial year.

e) Details of irregular expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	-	-

There was no irregular expenditure recoverable during the 2024/25 financial year.

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

There was no irregular expenditure written off during the 2024/25 financial year

Additional disclosure relating to inter-institutional arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	
None	-
Total	-

There was no non-compliance in relation to inter-institutional arrangements.

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)⁴

Description	2024/2025 ⁵	2023/2024
	R'000	R'000
None		
Total		

There was no non-compliance in relation to inter-institutional arrangements

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Dismissals - Employees responsible for causing the irregular expenditure have been dismissed in some instances.
Written warnings - Employees were given written warnings for causing the irregular expenditure in some instances
Remedial action - In certain instances, it was deemed appropriate to address the root cause by providing training instead of taking disciplinary action.
No action taken - In some instances, the employees responsible for the irregular expenditure had long left the Road Accident Fund, therefore no further action could be taken.

The details of the disciplinary action taken for matters of irregular expenditure:

Dismissals

- R3 573 765.55 - Three employees were dismissed as a result of their non-compliance with SCM prescripts.
- R117 305.11 - The employee responsible for the non-compliance was dismissed for incurring several instances of Irregular Expenditure of a similar nature.
- R14 750.01 - The employee responsible for the non-compliance was dismissed in respect of this and other matters.

Written Warnings

- R148 156.47 - Two employees were identified to be responsible for the transaction. One employee received a written warning and one resigned, therefore no disciplinary action could be taken.
- R125 000.00 - The employee responsible for the non-compliance was issued with a written warning letter.

Remedial Actions

- R957 561.92- The Compliance Unit identified responsible employees for the incurrence of the irregular expenditure, however, upon further assessment by management, the Supply Chain Management employees required CIDB Training. Regular reminders on CIDB compliance are also sent. This action was deemed more appropriate to address the root cause than taking disciplinary action.

No action taken

- R337 507 130.70 - The employees who were responsible for the Irregular Expenditure had all long since left the employment of the RAF and no disciplinary action could be taken
- R2 167 257.50 - Disciplinary action was being instituted, however, the employee's contract expired and was not renewed. No further action can be taken.
- R67 951 799.83 - The employees who were responsible for the Irregular appointment of the service provider had all long since left the employment of the RAF and no disciplinary action could be taken against them. Employees identified in the report to have committed improper conduct during the course of the contract all received disciplinary hearings.
- R34 239.08 - There are no specific individuals responsible since the irregular expenditure stemmed from differences in contract clause interpretations. The individuals were not negligent and applied reasonable care when procuring the items under the existing contract.

⁴ Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

⁵ Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements.

Irregular expenditure referred for disciplinary procedures

- R 135 560.00 related to non-compliance with Instruction note 9 of 2017/2018. A quotation from a supplier who was not tax-compliant at the time of the award was approved without confirming the supplier had rectified its tax affairs.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	4 453
Opening balance as restated	-	4 453
Add: Fruitless and wasteful expenditure confirmed	1 538	424
Less: Fruitless and wasteful expenditure recoverable ⁶	(1 538)	(4 877)
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	-

Amounts identified, confirmed and incurred during the 2024/25 financial year

At the reporting date, a total of R6 407 652 in duplicate, wrong and over payments arising in the normal course of business were not recoverable leading to a financial loss to the Fund. Of this total, R1 538 031 and R416 963 was incurred in the 2024/25 and 2023/24 financial years respectively. This expenditure will be reported to National Treasury during the 2025/26 financial year. Of the R3 925.00 reported during the financial year, R 1 250.00 relates to the 2023/24 financial year and R2 650.00 relates to prior years.

Amounts identified, confirmed and incurred during the 2023/24 financial year

An amount of R5 820.00 which related to human error and was identified, incurred and confirmed during the 2023/24 financial year.

An amount of R1 250.00 related to travel and was identified and confirmed in the 2024/25 financial year and incurred in the 2023/24 financial year.

Reconciling notes

Description	2024/2025	2023/2024 ⁷
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	424
Fruitless and wasteful expenditure for the current year	1 538	-
Total	1 538	424

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

Description ⁸	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	6 408	-
Fruitless and wasteful expenditure under investigation	-	-
Total	6 408	-

⁶ Transfer to receivables

⁷ Record amounts in the year in which it was incurred

⁸ Group similar items

c) Details of fruitless and wasteful expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recoverable	1 538	4 877
Total	1 538	4 877

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

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

Disciplinary steps taken
Recovery of travel-related fruitless and wasteful expenditure is deemed as appropriate corrective action.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) and (iii))⁹**f) Details of material losses through criminal conduct**

Material losses through criminal conduct	2024/2025	2023/2024
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-
No material losses identified during the 2024/25 and 2023/24 financial years.		

g) Details of other material losses

Nature of other material losses	2024/2025	2023/2024
	R'000	R'000
(Group major categories, but list material items)	-	-
No material losses identified during the 2024/25 and 2023/24 financial years.		
Total	-	-

h) Other material losses recoverable

Nature of losses	2024/2025	2023/2024
	R'000	R'000
(Group major categories, but list material items)	-	-
No material losses identified during the 2024/25 and 2023/24 financial years		
Total	-	-

⁹ Information related to material losses must also be disclosed in the annual financial statements.

i) Other material losses not recoverable and written off

Nature of losses	2024/2025	2023/2024
	R'000	R'000
(Group major categories, but list material items)	-	-
No material losses identified during the 2024/25 and 2023/24 financial years.		
Total	-	-

j) Late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	17 192	1 482 475
Invoices paid within 30 days or agreed period	15 978	1 429 739
Invoices paid after 30 days or agreed period	1 214	52 736
Invoices older than 30 days or agreed period (unpaid and without dispute)	53	15 226
Invoices older than 30 days or agreed period (unpaid and in dispute)	121	970

The late invoices comprise legal invoices and travel invoices. The legal invoices in their nature require confirmation of lengthy documents due to attorneys billing per item of costs incurred at different rates allowable per item. These invoices are reviewed in detail prior to the normal payment process commencing. The travel invoices were late due to non-adherence to turnaround times for various reasons. The invoices are in dispute because the contract owners and travellers do not agree with the good and services that were billed by the service providers.

25. INFORMATION ON SCM

25.1 PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
	Alteram Solution Pty (Ltd)	Single source	4600001503	499
Renewal of 50 Miro Collaboration software licences	MIRO	Single source	N/A	215
Comrades Runners Club	Midwicket Events t/a Ward Events	Sole source	N/A	6
Catering Services	Midwicket Events t/a Ward Events	Single source	N/A	11
Employee Relations case	Chuene Mahlo	Single source	N/A	3
Contact Centre Management Solution	Alteram Solutions (Pty) Ltd	Single source	4600001348	307 333
Renewal of Licence	LucidView	Sole source	N/A	427
Close Protection Security Services	Prime African Security	Single source	4600001362	1 925
Close Protection Security Services	Prime African Security	Single source	4600001398	481
Johannesburg Office Space Utilities	Mowana Properties	Single source	4600000991	18 000
Data Cleansing	Reagola Computer and Management Services (Pty) Ltd Trading as Condorgreen	Single source	4600001403	Rate based up to a maximum of R2 699 (inclusive of VAT)
Annual Renewal, Maintenance and Loading of Credits for the Francotyp-Postalia Franking Machine	Earlyworx 282 (Pty) Ltd	Sole source	N/A	106
Renewal of annual membership fees and Subscription fees for Professional Bodies	Different Professional Bodies	Single source	N/A	9 904
Club Affiliation Fee and ASA Athletic Licences	Western Province Athletics	Sole source	N/A	9
Mandela Day Walk and Run	Peak timing	Sole source	N/A	37
Procurement of 100 Laptops	Vukani Technologies	Single source	N/A	2 073
Catering for Regenesys Leadership Program	Regenesys Business School	Single source	4600001407	547
Citrix Emergency Services	EOH Mthombo	Emergency	N/A	62
Thembisa Mile Race	Central Gauteng Athletics	Sole source	N/A	85
Rental of Printers	Apex Business Systems	Single source	4600001459	2 775
Property brokers	Luxe Properties, Caprivi Properties and Ryden International Property	Single source	TBD	Percentage based
Franking Machine of the Johannesburg Office	Earlyworx 282 (Pty) Ltd	Sole source	N/A	50
Promotions and Activation Exhibitions for the months of October	Right On the Night Promotions Faces Ride Joburg	Sole source	N/A	312
Appointment of a commercial broker to source office spaces for the RAF	Multiple Award (Luxe Properties, Caprivi Properties, Ryden International Property)	Single source	TBD	3 000
Advance Certificate Fraud Examination Training	Anti-Fraud Risk Investigations and Compliance Academy t/a Africa Training Academy	Sole source	N/A	179
IT Research and Advisory Membership	Info-Tech Research Group	Single source	N/A	974
Attendance of a Data Festival in Cape Town	Dalebrook Media	Sole source	N/A	224
Document Storage Services for East London Regional Office	Metrofile (Pty) Ltd	Single source	TBD	1 000

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Loan Storage Array	Vodacom (Pty) Ltd	Single source	TBD	10 891
iStock Images Subscription	Gallo Images	Sole source	N/A	142
Document Storage Services for Menlyn Regional Office	Metrofile (Pty) Ltd	Single source	TBD	1 000
Document Storage Services for Johannesburg Regional Office	Metrofile (Pty) Ltd	Single source	TBD	1 000
12 th Annual National Public Sector Clean Audit Turnaround Indaba	Audit Roundtable	Sole source	N/A	89
Encore Security Reporting Tool to integrate and streamline data	Performanta South Africa	Sole source	TBD	989
Office lease - Harrismith customer experience centre	Zolu Trading CC	Single source	TBD	4 221
Office lease - Richards Bay customer experience centre	YLT PTY LTD	Single source	TBD	3 497
Fraud Risk Governance, Risk Governance, Risk Governance and Ethical Leadership Training	Peter Goss (PTY) LTD, t/a PG Governance	Single source	N/A	81
Provision of Fresh Flowers and Snack Baskets	Netflorist for Business	Single source	N/A	1
Rental of a Career Exhibition Stand for a Career Exhibition	Inkanyezi Event Organisers	Sole source	N/A	14
Athletics South Africa Licenses	Gauteng North Athletics	Sole source	N/A	24
Renewal of RAF Private Bag and Post Box for Johannesburg, Menlyn, Durban, East London and Cape Town office	South African Post Office	Single source	N/A	28
Witness services for the CCMA Case Against one of the RAF Employee Relations Case	Cyanre the Digital Forensic Lab	Single source	N/A	100
Office Lease - Mthatha	Bayete Capital	Single source	TBD	3 685
GIBS/PPS Healthcare Industry Conference	Gordon Institute of Business Science (GIBS)	Sole source	N/A	33
Maintenance Renewal of 10 Server Studio Licenses for a period of twelve (12) months	SoftwareOne Experts	Sole source		82
Commercial Broker for Sourcing of Property Leases	Yalo Group PTY LTD	Single source	TBD	3 000
State Attorneys lease - Cape Town	Appollon Property	Single source	TBD	5 844
Athletics South Africa Licenses	Central Gauteng Athletics (CGA) and Western Province Athletics (WPA)	Sole source	N/A	23
Occupational Certificate: Internal Auditor Programme	Leadership Academy, a subsidiary of the Institute of Internal Auditors South Africa (IIASA)	Sole source	N/A	284
Motlhe Jooma Sabdia Attorneys (MJSA) to continue with three (3) existing CCMA matters	Motlhe Jooma Sadiba Attorneys	Single source	TBD	2 000
Rand Easter Show 2025 Exhibition	Dogan Exhibitions and Events	Sole source	N/A	72
42 nd African Corporate Governance Conference on 11 - 14 March 2025	Tuscan Mood 1014 cc t/a Advantage Training	Single source	N/A	295
Subscription and downloading of credits for Franking Machine for Durban and Cape Town	DG Incentives	Sole source	N/A	58
Connecting SAP Fusion Conference	Eventful People	Sole source	N/A	75

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Citrix cloud solution including licenses, implementation and support services	Troye Interactive Solutions	Single source	TBD	16 022
Informix Software Subscription and Support License	Reagola Computer & Management Services (Pty) Ltd	Single source	4600001527	3 249
Comrades Marathon Bulk Entry Fees for 2025	Comrades Marathon Association	Sole source	N/A	38
Affiliation Fees for the Road Accident Fund Athletics Club	Western Province Athletics (WPA)	Sole source	N/A	4
MIRO Collaboration Software Licenses	MIRO	Single source	N/A	83
Procurement of End User Equipment	Dell Technologies	Single source	TBD	120 000
Total				527 164

25.2 CONTRACT VARIATIONS AND EXPANSIONS

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
IBM database tools and modernisation	Reagola Computer and Management Services (Pty) Ltd	Extension	4600001190	989	-	-
Offsite storage - JHB Office	Metrofile (Pty) Ltd	Extension	4600001213	1 000	-	-
Offsite storage - Menlyn Office	Metrofile (Pty) Ltd	Extension	4600001237	1 000	-	-
Offsite storage - Cape Town Office	Metrofile (Pty) Ltd	Extension	4600001238	500	-	-
Offsite storage - Durban Office	Metrofile (Pty) Ltd	Extension	4600001291	1 000	-	-
Security system maintenance	PT Alarms Fire and Security (Pty) Ltd	Extension	4600001249	179	-	179
Security system maintenance	Omega Fire and Security	Extension	4600001129	354	352	116
Security system maintenance	Multi-Locking Vehicle Tracking (Pty) Ltd	Extension	4600001140	150	150	150
Security system maintenance	Multi-Locking Vehicle Tracking (Pty) Ltd	Extension	4600001139	175	150	150
Security system maintenance	Multi-Locking Vehicle Tracking (Pty) Ltd	Extension	4600001141	175	150	150
Datacentre Hosting Service Power billing	Vodacom (Pty) Ltd	Variation	4600000184	50 346	72 822	1 388
Extension of lease agreement	Mamari Holdings (Pty) Ltd	Extension	4600001207	471	-	529
Security guarding services	MMZ21 Security Services (Pty) Ltd	Extension	4600001338	422 (Excl. VAT)	N/A	422
Security guarding services	Bagale Security Protocols (Pty) Ltd	Extension	4600001267	189	124	124
Support and maintenance of Oracle licenses	Oracle Corporation South Africa (Pty) Ltd	Variation	4600001114	15 633	N/A	5 177
Licenses, support and maintenance of Oracle licenses	Oracle Corporation South Africa (Pty) Ltd	Variation	4600001114	15 633	5 177	11 895

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Intergrated Claims Management System (ICMS) Project Bokamoso	PricewaterhouseCoopers (PwC)	Variation	4600001076	841 916	-	18 940
Rental of Laptops	Savvy ICT Solution (Pty) Ltd	Extension	4600001264	663	164	61
Support and FNB banking services implementation	Tegra Solutions (Pty)	Extension	4600001259	65	-	50
Rental and support of ICT End-user equipment	Sizwe Africa IT	Extension	4600000607	49 500	15 340	2 371
Bloemfontein CSC Office Lease	SKG Africa (Pty)Ltd	Extension	4600000826	6 773	-	2 749
Lease Extension for Gheberha Service Centre (CSC) Offices	Premier Precision Properties (Pty)Ltd	Extension	450000658	1 239	517	592
Government Printing Works (GPW)	Government Printing Works (GPW)	Extension	4600001388	Rebate base	-	Rebate base
Security Guarding Services	PT Woods Solutions and Projects (Pty) Ltd	Extension	4600000848	14 180	-	1 086
Security system maintenance	Omega Fire and Security (Pty) Ltd	Extension	4600001343	145	-	290
Security system maintenance EL office	VDC Fire and Security (Pty) Ltd	Extension	4600001334	290	-	580
Security system maintenance Durban Office	PT Alarms Fire and Security	Extension	4600001332	69	-	149
Rental and maintenance of Audio-Visual equipment	Sizwe Africa IT Group (Pty) Ltd	Extension	4600000673	20 077	3 026	567
Rental of End-user equipment	Sizwe Africa IT Group (Pty) Ltd	Extension	4600000607	49 500	72 323	4 989
Datacentre Hosting Services	Vodacom (Pty) Ltd	Extension	4600000184	50 346	131 295	6 739
Offsite document storage	Iron Mountain South Africa	Extension	4600000753	27 700	2 483	6 000
Eco Glades Head Office Space and Storage	Faerie Glen Waterpark (Pty) Ltd	Extension	4600000887	41 061	252 432	65 557
Extension of lease agreement	Eagle House (Pty) Ltd	Extension	4600000992	34 609	45 109	13 741
Extension of lease agreement Gqeberha	Premier Precision Properties (Pty) Ltd "Formerly Kulima Properties (Pty) Ltd"	Extension	450000658	1 239	517	592
Extension of lease agreement Cape Town	Thibault Investments (Pty) Ltd	Variation	4600001051	43 279	49 923	21 013
Extension of lease agreement Durban	Delta Fund (Pty) Ltd	Extension	4600000817	21 329	41 168	24 260
WhatsApp, Twitter (X), and Facebook payment	Alteram Solutions (Pty) Ltd	Variation	4600001503	497	-	-
Office leasing and cleaning of Beaufort West CSC	NI Support (Pty) Ltd	Extension	4600000988	503	704	201
Security guarding services for Mafikeng CSC	Fasimba Facilities CC	Extension	4600001363	483	805	322

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Security guarding services at Kimberley CSC	Maswoswota Security Services (Pty) Ltd	Extension	4600001375	412	687	275
Security guarding services for East London and Gqeberha	Inspired Management Projects (Pty) Ltd	Extension	4600001409	452	905	452
Security guarding services for Nelspruit CSC	Vuthela Africa Security Services (Pty) Ltd	Extension	4600001350	511	852	341
Security guarding services at Tzaneen CSC	Megameno Security Pty) Ltd	Extension	4600001373	332	553	221
Cape Town Office lease	Thibault Investment (Pty) Ltd	Extension	4600001051	43 279	135 356	21 141
Eco Glades Office lease	Faerie Glen Waterpark (Pty) Ltd	Extension	460000089	41 061	359 050	65 557
East London Office lease	Eagle House (Pty) Ltd	Extension	4600000992	34 609	113 919	16 210
Offsite storage	Metrofile (Pty) Ltd	Extension	4600001238	500	500	-
Maintenance of lifts at Menlyn Regional Office	Otis (Pty) Ltd	Extension	4600000633	90	501	37
Temporary offsite storage for Cape Town Regional Office	Metrofile (Pty) Ltd	Extension	4600001238	500	-	-
Maintenance of security system at Menlyn Regional Office	Omega Fire and Security (Pty) Ltd	Extension	4600001389	150	-	150
RAF Reserved Domains, Secondary AWS Direct Connect, Microsoft Express route	Vodacom (Pty) Ltd	Variation	4600001271	24 204	-	9 218
Software Defined - Wide Area Network (SD-WAN) to include RAF Reserved Domains, Secondary AWS Direct Connect, Microsoft Express route, relocated CECS and Menlyn site installation	Vodacom (Pty) Ltd	Variation	4600001271	24 204	-	9 218
Personal Credential Verification Service	Managed Integrity Evaluation (Pty) Ltd	Extension	4600000881	4 000	-	-
Cleaning Services	Magija Developments and Projects Supply (Pty) Ltd	Variation	4600001471	768	-	87
Durban Regional Office lease	Delta Fund (Pty) Ltd	Extension	4600000817	21 329	64 070	24 283
CISCO Firewall Services	Sizwe Africa IT Group (Pty) Ltd	Extension	4600001115	1 420	1 466	1 171
Kimberley office space	AL Kimmie Properties (Pty) Ltd	Variation	4600001507	456	-	78
Rental of printers, all software licenses and copies	Apex Business System (Pty) Ltd	Extension	4600001459	2 744	-	8 105

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Cleaning services	Magija Developments and Projects Supply (Pty) Ltd	Variation	4600001471	768	87	38
Citrix maintenance and support service	Troye Interactive Solutions CC	Extension	4600001412	670	-	330
Oracle maintenance and support service	Oracle Corporation (South Africa) (Pty) Ltd	Extension	4600001114	15 633	17 071	4 862
Rental and support of ICT End-user equipment	Sizwe Africa IT Group (Pty) Ltd	Extension	4600000607	49 500	4 292	22 823
Total				1 560 850	1 394 043	375 727



PART F

FINANCIAL INFORMATION

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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 143 to 196](#), which comprise the statement of financial position as at 31 March 2025, 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 2025, its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting (Standards of 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 liability, claims expenditure and related disclosure notes

3. All 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. The RAF has continued to make use of IPSAS 42 principles for the 2024/25 financial year. Furthermore, the Accounting Standards Board (ASS) has prescribed the standards and pronouncements that are contained in the GRAP Reporting Framework

for public entities which are included in Appendix A1 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 R40 421 million (2023-24, R36 149 million), note 12 to the financial statements, claims expenditure of R46 901 million (2023-24, R47 054 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 31 of the financial statements

Irregular expenditure

5. The public entity did not fully record irregular expenditure in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose irregular expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R2,3 million (2024: R4,6 million) in note 24 to the financial statements, as it was impracticable to do so.

Context for opinion

6. 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.

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

Material uncertainty related to going concern

9. I draw attention to note 31 to the financial statements, which indicates that a net loss of R2 321million was incurred during the year ended 31 March 2025 and, as of that date the total liabilities exceeded its total assets by R27 712million. As stated in note 31, these events or conditions, along with other matters as set forth in note 31, indicate that a material uncertainty exists that may cast significant doubt on the public entity's ability to continue as a going concern.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
11. 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

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 1, forms part of my auditor's report.

Report on the audit of the annual performance report

14. 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 the selected outcomes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following outcomes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected outcomes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Outcome	Page numbers	Purpose
Outcome 1: A transformed and sustainable RAF	52-56	The purpose of the outcome is to optimise the 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, and also ensuring the financial ability of the public entity to pay the claims
Outcome 2: System modernisation	57	The purpose of the outcome is to automate and improve the business processes i.e. digitisation, implement an integrated web-enabled claims management system that will simplify the claiming processes, thus, allowing the Fund to have real time reporting for informed business decision making and reduce the risks of fraud and corruption.
Outcome 4: Claimant Focus	60-61	The purpose to 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

16. I evaluated the reported performance information for the selected outcomes 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.
17. 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
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
19. I did not identify any material findings on the reported performance information for the selected outcomes.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
22. The table that follows provide information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 52 to 61.

A transformed and sustainable RAF

Targets achieved: 83%		
Key service delivery indicator not achieved	Planned target	Reported achievement
% Of all new personal claims settled within 120 days	15%	10.83%
% reduction of 3-year-old open claims	25%	12.80%

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for System Modernisation. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

24. 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.
25. 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.

26. 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.
27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements and Annual Report

28. 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.
29. Material misstatements in claims expenditure and claims liabilities identified by the auditors in the submitted financial statements were not corrected, which resulted in the financial statements receiving an adverse opinion.

Procurement and contract management

30. Some of the contracts were awarded to bidders based on evaluation/adjudication criteria that differed from those stipulated in the original invitation for bidding as required by Treasury Regulation 16A6.3(a) and (b).

Other information in the annual report

31. 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 Board secretary's certificate. The other information 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.
32. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
33. 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 outcomes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. 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 have nothing to report in this regard.

Internal control deficiencies

35. 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.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion and the material findings on compliance with legislation included in this report.
37. The accounting authority did not implement adequate measures to ensure that the financial statements are prepared in accordance with the appropriate accounting framework. RAF did not consider 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.
38. Management did not implement effective preventative controls to ensure compliance with supply chain management prescripts.
39. Management did not ensure that all instances of transgressions with supply chain management prescripts were timely referred for assessment and expenditure incurred was disclosed in the annual financial statements as irregular expenditure.

Material irregularities

40. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

41. I identified material irregularities during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting authority was not yet due. These material irregularities will be included in next year's auditor's report.

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 audit report, the investigation was still ongoing.

44. The Public Protector South Africa is investigating allegations of maladministration and financial mismanagement into the public entity. At the date of this audit report, the investigation was still ongoing.

Auditor-General

Pretoria

30 September 2025



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 outcomes and on the 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 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 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 an 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 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.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the financial year ended 31 March 2025.

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 six 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, eight Audit Committee meetings were held.

AUDIT COMMITTEE MEETINGS HELD FROM 1 APRIL 2024 TO 31 MARCH 2025

Name of member	19 April 2024	27 May 2024	25 July 2024	31 July 2024	04 October 2025	18 October 2025	04 December 2024	25 January 2025	Total
Ms T Mhlari (Chairperson)*	✓	✓	✓	✓	-	-	-	-	4 of 4
Mr LM Nyama** (Chairperson)	-	-	-	-	✓	✓	✓	✓	4 of 4
Ms B Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	8 of 8
Mr P Dladla	✓	✓	✓	✓	✓	✓	✓	✓	8 of 8
Mr KC Komape	✓	✓	✓	✓	✓	✓	✓	✓	8 of 8
Mr K Sello	✓	✓	✓	✓	✓	✓	✓	✓	8 of 8

*Resigned on 31 August 2024

**Appointed to the committee as Chairperson on 10 September 2024

DIRECTOR-GENERAL'S REPRESENTATIVE

Name of member	19 April 2024	27 May 2024	25 July 2024	31 July 2024	04 October 2025	18 October 2025	04 December 2024	25 January 2025	Total
Mr BF Ramantsi*	✓	-	-	-	-	-	-	-	1 of 1
Ms T Mashimbye**	-	-	✓	✓	✓	✓	✓	✓	6 of 6

*Resigned 30 April 2024

**Appointed 5 June 2024

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 and the Audit Strategy and budgeted audit fees for the financial year ended 31 March 2025.

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 2025 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), except for the matters noted in the Auditor-General of South Africa's (AGSA) opinion, specifically regarding claims liability and irregular expenditure. The Audit Committee therefore recommends the adjusted Annual Financial Statements for approval by the Board and subsequent submission and presents this report.

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. Proviso on the Audit Opinion (Basis for Exception) and Governance Transition This report details the work and findings of the Audit Committee that served during the financial year ended 31 March 2025. The Interim Audit Committee, appointed on August 8, 2025, is responsible for the final review,

presentation, and acceptance of the Adverse Audit Opinion issued by the Auditor-General of South Africa (AGSA) for the 2024/25 financial year. Adverse Audit Opinion for the Financial Year Ended 31 March 2025 The Interim Audit Committee notes the Adverse Audit Opinion which presents a significant exception to the work performed, specifically:

- Claims Liability, Claims Expenditure, and Related Disclosures: The AGSA concluded that the entity's accounting policy for claims liabilities, based on IPSAS 42 (Social Benefits), is not compliant with the Standards of GRAP and the GRAP Reporting Framework. Consequently, the AGSA reported that the claims liabilities () and claims expenditure () are understated but was unable to quantify the full extent of the misstatement due to the impracticability of performing an actuarial valuation using GRAP principles.
- Irregular Expenditure: The AGSA was unable to determine the full extent of irregular expenditure that occurred during the financial year because it was impracticable to do so. This finding relates to expenditure incurred in contravention of supply chain management requirements, which was also not included in the notes to the financial statements as required by section 55(2)(b)(i) of the PFMA.

The Interim Audit Committee acknowledges these findings and commits to ensuring that Management addresses the systemic non-compliance identified by the AGSA.

IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

The Audit Committee that served during the period under review was 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 overall materiality of R495 000 000.00, 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.

Notwithstanding the above, the Interim Audit Committee notes the Auditor-General's finding that the full extent of irregular expenditure for the financial year could not be determined due to the impracticability of quantifying it. Furthermore, the AGSA noted that the irregular expenditure and related information was not fully included in the notes to the financial statements as required by the PFMA, contributing to the Adverse Audit Opinion.

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 Audit Committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience.

The Audit Committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Finance function and experience of the senior members of Management responsible for the Finance function.



Ms Alfredina Themba
Chairperson of the Audit and Risk Committee

Date: 30 September 2025

Note on Date of Signature:
This report is signed by the Chairperson appointed to the Interim Board's Audit Committee on or after August 8, 2025, following the dissolution of the previous Board in July 2025. The date of signature reflects the finalisation of the report under the authority of the new governance structure.

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, except for the matters resulting in the Adverse Audit Opinion issued by the Auditor-General of South Africa (AGSA), specifically concerning claims liability recognition. 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 Accounting Authority to meet the above-mentioned responsibilities, the 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.

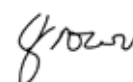
Based on the information and explanations provided by Management, and the assurance provided by the Internal Audit Department to the previous Audit Committee, internal financial controls form a sound basis to ensure that the financial records may be relied upon for preparing reliable Annual Financial 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.

The Interim Board acknowledges that the Adverse Audit Opinion indicates material breakdowns in compliance and financial reporting controls, particularly regarding GRAP application and irregular expenditure disclosure. However, based on the assurance and documentation reviewed since the Interim Board's appointment, no additional material breakdown has come to the attention of the Board. 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 2025 and the results of its operations and cash flow information for the year. This opinion, however, must be read in conjunction with the qualifications raised by the Auditor-General.

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 2024/25 financial year was 218 c/l. This rate remained unchanged for the 2025/26 financial year.



Mr K Brown

Chairperson of the Board

Date: 30 September 2025

This statement and the approval of the Annual Financial Statements are signed by the Chairperson of the Interim Board, appointed on August 8, 2025, following the dissolution of the previous Board. The Chairperson and the Interim Board confirm the fairness and compliance of the Annual Financial Statements based on the management assurances and the Audit Committee's review (as qualified by the Auditor-General's findings) of the financial reporting processes that occurred during the 2024/25 financial year, and the subsequent adjustments made.

REPORT OF THE BOARD

INTRODUCTION

The Board presents its report on the Annual Financial Statements of the RAF, for the year ended 31 March 2025 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 Board that held office during the 2024/25 financial year was appointed by Cabinet on 1 October 2023 and dissolved by the Minister of Transport on 14 July 2025.

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

NON-EXECUTIVE BOARD MEMBERS: 1 APRIL 2024 TO 31 MARCH 2025

Ms LZ Francois (Chairperson)
Dr NB Mabuya (Deputy Chairperson)
Mr SP Bulose
Dr P Dladla
Ms B Khumalo
Mr K Komape
Dr PB Mathebula
Adv. N Njeza
Mr LM Nyama
Mr TS Tshabalala
Mr K Sello
Ms T Mhlari*
Mr BF Ramantsi
(DG's Representative)**

*Resigned 31 August 2024

**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. This member resigned on 30 April 2024.

NON-EXECUTIVE BOARD MEMBERS APPOINTED ON 08 AUGUST 2025

Mr K Brown (Chairperson)
Ms N Mabusela-Aikhuere (Deputy Chairperson)
Ms N Kutumela
Ms IM Pule
Mr R Dyantyi
Mr MA Mkhapheni
Mr N Balton
Ms A Themba

CHIEF EXECUTIVE OFFICER

Mr CP Letsoalo (suspended subsequent to the reporting date)
Mr P Lukhwareni (acting)

CHIEF FINANCIAL OFFICER

Ms B Potgieter

BOARD SECRETARY

Mr M Penane
(Appointed 9 September 2024)

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 2025, RAF had an accumulated deficit of R27 848 060 000 (2023/24: R25 526 731 000) and that RAF's total liabilities exceeded its assets by R27 712 261 000 (2023/24: R25 400 501 000).

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 produced 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 2025 reported current assets of R13.8 billion (2023/24: R11,9 billion) of which Cash and Cash Equivalents was a total of R2.1 billion (2023/24: R0.82 billion) and Fuel Levies receivable was R11,3 billion (2023/24: R10.7 billion). The current asset position in comparison with the Claims requested not yet paid as at 31 March 2025 of R10.4 billion (2023/24: R8.3 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 R2,3 billion (2023/24: R1.6 billion) in the Statement of Financial Performance for the period ended 31 March 2025. The deficit during the 2024/25 financial year was mainly due to the impairment loss on statutory receivables caused by SARS withholding portions of the Fuel levy in February and March 2025 as discussed below.

As at 31 March 2025, the Claims Liability for Claims Requested but not yet Paid was R10.4 billion in comparison to R8.3 billion as at 31 March 2024. The increase in the liability resulted from SARS withholding R1.9 billion of the Fuel Levy receivable in February

and March 2025 in respect of a R5.1 billion diesel refund claim by Eskom. The amounts were withheld despite an intergovernmental dispute being declared, a hold over order granted by the high court on 14 March 2025 and an interim interdict awarded by the high court on 26 March 2025 prohibiting the withholding of these funds by SARS. The Fuel Levy receivable in March 2025 was received on 28 March 2025, resulting in cash holdings increasing to R2.1 billion at 31 March 2025.

The total Claims Liability reported as at 31 March 2025 is R40.4 billion of which R30 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 2025/26 financial year is projected to amount to R55 billion.

The projected levies to be received will provide sufficient funding to make payment to the R30 billion Claims Liability which has not yet been requested for payment as at 31 March 2025 as well as all Claims settled during the 2025/26 financial year. It must be understood that RAF is classified as pay-as-you-go, instead of a fully funded Fund.

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 2025.

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

- The medium term, 2025-30 period, will see RAF continuing to change its operating model, funding and pay-out models to ensure operational and financial sustainability of the RAF. The Strategic Plan for the period

2025-30 is under-pinned by the following strategic initiatives:

- Investigate other possible sources of revenue i.e. introduction of the RAF levy for all foreign registered motor vehicles entering South Africa and RAF levy on motor vehicle registration and or licence renewal introduced to cover electric and Hybrid electric vehicles.
- Implement the asset and liability matching strategy and payment in annuities.
- Review the RAF Act to enable instalment payments, standardisation of benefits, removal of general damages as a product.
- 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;
- Enhancement of the claim's administration process and the introduction of an integrated claims management system; and
- Review the current regulations to introduce efficiencies.
- Updated cash flow forecasts are performed. 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 Investment 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 Investment team 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 the Investments team 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 entities 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)

Subsequent to the reporting date, the Fund's urgent application to extend the relief granted by the courts to

suspend writs of execution and pay claims within 180 days was dismissed by the High Court, resulting in the Fund being required to pay claims within 14 days of the court order. While this does not indicate that the Fund will cease to operate in the foreseeable future, it may result in the interruption of the normal business operations of the Fund should writs be executed on the available assets of the Fund. This judgement places significant pressure on the already strained cash flow of the Fund. The interim Board has met with plaintiff attorneys in order to constructively resolve this challenge outside of the courts.

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 2025 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 2025 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 R2 321 329 000 in the 2024/25 financial year.

Financial Year ended 31 March 2025	2025 R'000	2024 R'000	2023 R'000	2022 R'000
Total assets	14 150 476	12 193 574	11 878 152	12 313 834
Total liabilities	(41 862 737)	(37 594 075)	(35 701 462)	(27 712 548)
Total net liabilities	(27 712 261)	(25 400 501)	(23 823 310)	(15 398 714)

EVENTS AFTER THE REPORTING DATE

Other than the suspension of the Chief Executive Officer and the Acting Chief Investment Officer, the dissolution of the Board that held office during the 2024/25 financial year and the appointment of an interim Board by Cabinet on

08 August 2025, and the dismissal of the application to suspend writs of execution for 180 days, no further 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 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

During the year under review, the Materiality Framework was updated and approved by the Board to include the compliance for Accounting Authorities in relation to material and significant transactions or information, in line with section 55(2) and 54(2) of the PFMA as well as the reporting of 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. Treasury Regulation 28.3.1 requires the Accounting Authority to develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

The framework was finalised by the RAF and approved by the Board on 29 April 2025.

FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure reported to National Treasury during the year totalled R3,925.00, (2023/24: R324,314.00) and comprised of payments made due to additional travel costs which could have been avoided. Of the R 3,925.00 reported during the financial year, R 1,250.00 relates to the 2023/24 financial year and R 2,650.00 relates

to prior years. At the reporting date, a total of R 6 407 652 in duplicate, wrong and over payments arising in the normal course of business were not recovered leading to a financial loss to the Fund. Of this total, R1 538 031 and R416 963 was incurred in the 2024/25 and 2023/24 financial years respectively. This expenditure will be reported to National Treasury during the 2025/26 financial year. Fruitless and wasteful expenditure has been disclosed in Note 24 of the Annual Financial Statements in accordance with the National Treasury Instruction No.4 of 2022/23 on the Compliance and Reporting Framework.

Irregular expenditure

There were ten instances of Irregular expenditure confirmed during the financial year totalling R40 062 749.49 (2023/24: R347 471.99) with R2 329 041.12 incurred in the 2024/25 financial year. R4 644 326.53 was incurred in the 2023/24 financial year and and R33 089 381.84 incurred in the 2022/23 financial year. The R33 089 381.84 will be maintained in a separate register in accordance with the National Treasury Instruction No.4 of 2022/23 on the Compliance and Reporting Framework. Four of the eight instances confirmed have not yet been reported to National Treasury and will be reported in the 2025/26

financial year. Note 24 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:

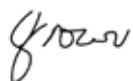
Private Bag X178
Centurion
0046

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 29 September 2025.



Mr K Brown

Chairperson of the Board

Date: 30 September 2025



Mr P Lukhwareni

Acting Chief Executive Officer

Date: 30 September 2025

BOARD SECRETARY'S CERTIFICATION

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

Mokete Penane

Mr M Penane

Board Secretary

Date: 30 September 2025

STATEMENT OF FINANCIAL POSITION

	Note(s)	2025 R'000	2024 R'000
Assets			
Current Assets			
Cash and cash equivalents	3	2 123 461	815 243
Receivables from non-exchange transactions	4	11 290 300	10 708 922
Receivables from exchange transactions	5	-	49 666
Other financial assets	6	379 655	286 263
Consumable stock	7	5 423	5 798
		13 798 839	11 865 892
Non-Current Assets			
Property, plant and equipment	8	158 656	169 279
Intangible assets	9	192 981	158 403
		351 637	327 682
Total Assets		14 150 476	12 193 574
Liabilities			
Current Liabilities			
Short term employee benefit liabilities	10	327 916	295 326
Financial liabilities	11	248 939	146 735
Claims liabilities	12	40 421 248	36 149 226
Other provision	13	822 796	963 489
Operating lease liability	15	372	2 947
		41 821 271	37 557 723
Non-Current Liabilities			
Employee benefit obligation	14	30 187	35 805
Operating lease liability	15	11 279	547
		41 466	36 352
Total Liabilities		41 862 737	37 594 075
Net Liabilities		(27 712 261)	(25 400 501)
Net Liabilities			
Reserves			
Revaluation reserve		135 799	126 230
Accumulated deficit		(27 848 060)	(25 526 731)
Total Net Liabilities		(27 712 261)	(25 400 501)

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2025 R'000	2024 R'000
Revenue			
Revenue from Exchange Transactions			
Other income	17	2 330	5 011
Investment revenue	18	680 365	697 066
Reinsurance income		465	-
Total Revenue from Exchange Transactions		683 160	702 077
Revenue from Non-exchange Transactions			
Transfer revenue			
Net fuel levies	16	50 070 497	48 610 265
Total Revenue		50 753 657	49 312 342
Expenditure			
Claims expenditure	19	(46 901 748)	(47 054 846)
Depreciation and amortisation	8&9	(67 403)	(45 917)
Employee costs	21	(2 468 416)	(2 436 558)
Finance costs	22	(152 910)	(274 856)
Impairment loss on statutory receivables	4	(1 990 544)	-
Reinsurance premiums	20	(5 240)	(4 416)
General expenses	23	(1 486 102)	(1 085 400)
Loss on Disposal of Property, Plant and Equipment		(2 623)	(976)
Total Expenditure		(53 074 986)	(50 902 969)
Surplus/(Deficit) for the Year		(2 321 329)	(1 590 627)

STATEMENT OF CHANGES IN NET ASSETS

	Note	Revaluation reserve R'000	Accumulated deficit 'R000	Total net assets R'000
Balance at 1 April 2023		112 794	(23 936 104)	(23 823 310)
Changes in net assets		-	-	-
Revaluation of land	8	-	-	-
Revaluation of building	8	13 436	-	13 436
Surplus/(Deficit) for the year		-	(1 590 627)	(1 590 627)
Total changes		13 436	(1 590 627)	(1 577 191)
Balance at 31 March 2024		126 230	(25 526 731)	(25 400 501)
Changes in net assets		-	-	-
Revaluation of land	8	3 000	-	3 000
Revaluation of building	8	6 569	-	6 569
Surplus/(Deficit) for the year		-	(2 321 329)	(2 321 329)
Total changes		9 569	(2 321 329)	(2 311 760)
Balance at 31 March 2025		135 799	(27 848 060)	(27 712 261)

CASH FLOW STATEMENT

	Note(s)	2025 R'000	2024 R'000
Cash Flows from Operating Activities			
Receipts			
Fuel levies		47 357 882	48 581 125
Interest income		730 031	677 088
Other income		2 330	5 011
Reinsurance income		465	-
		48 090 708	49 263 224
Payments			
Employee costs		(2 468 416)	(2 436 558)
Claims paid		(42 629 726)	(45 099 844)
Finance costs		(152 910)	(274 856)
Reinsurance premiums		(5 240)	(4 416)
Other expenditure		(1 441 771)	(1 146 494)
		(46 698 063)	(48 962 168)
Net Cash Flows from Operating Activities	25	1 392 645	301 056
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	8	(3 672)	(6 358)
Purchase of other intangible assets	9	(80 755)	(109 322)
Proceeds on sale of property, plant and equipment		-	-
Net Cash Flows utilised in Investing Activities		(84 427)	(115 680)
Net Increase in Cash and Cash Equivalents		1 308 218	185 376
Cash and cash equivalents at the beginning of the year		815 243	629 867
Cash and Cash Equivalents at the End of the Year	3	2 123 461	815 243

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Note
Statement of Financial Performance						
Revenue						
Revenue from Exchange transactions						
Other income	-	-	-	2 330	2 330	33
Investment revenue	69 176	-	69 176	680 365	611 189	33
Reinsurance income				465	465	
Total Revenue from Exchange Transactions	69 176	-	69 176	683 160	613 984	
Revenue from Non-exchange Transactions						
Transfer Revenue						
Net fuel levies	50 647 277	-	50 647 277	50 070 497	(576 780)	
Total Revenue	50 716 453	-	50 716 453	50 753 657	37 204	
Expenditure						
Employee costs	(2 622 529)	-	(2 622 529)	(2 468 416)	154 113	
Claims expenditure	(48 270 830)	-	(48 270 830)	(46 901 748)	1 369 082	
Depreciation and amortisation	(76 371)	-	(76 371)	(67 403)	8 968	33
Finance costs	(196 460)	-	(196 460)	(152 910)	43 550	33
Impairment loss on statutory receivables	-	-	-	(1 990 544)	(1 990 544)	33
Reinsurance premiums	(4 868)	-	(5 961)	(5 240)	721	33
General expenses	(1 873 703)	-	(1 873 703)	(1 486 102)	387 601	33
Total Expenditure	(53 044 761)	-	(53 045 854)	(53 072 363)	(26 509)	
Operating deficit	(2 328 308)	-	(2 329 401)	(2 318 706)	10 695	
Loss on Disposal of Property, Plant and Equipment	-	-	-	(2 623)	(2 623)	
Surplus/(Deficit) for the Year	(2 328 308)	-	(2 329 401)	(2 321 329)	8 072	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the 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. Assets, liabilities, revenues and expenses are not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Revenue Recognition on the RAF Fuel Levy and Statutory Receivables

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 net amount of Fuel Levy 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. There is at any given point in time, Diesel Refunds for 3 months that have not yet been deducted from the Fuel Levy accrued. A provision is recognised for these three months using historical evidence from the past 10 months. At the reporting date, the final provision for Diesel Rebate is estimated by management to be value of the refunds deducted from the Fuel Levy over the 3 months following the reporting date. Management's best estimate of the provision at the reporting date is adjusted for information that is received after the reporting date but before the Financial Statements are approved for issue to the Executive Authority as more reliable information becomes available to Management and impacts Management's best estimate of the Provision for Diesel Rebate. Additional information is disclosed in Notes 13 and 16.

Short term employee benefits

Where a constructive obligation exists for short term employee benefits, management measures the obligation using an estimate of the expected cashflows required to settle the obligation.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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 RAF 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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 RAF. 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.

RAF assesses at each reporting date whether there is any indication that RAF expectations about the residual value and the useful life of an asset has changed since the preceding reporting date. If any such indication exists, RAF 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.

1.2 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 RAF 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The intangible assets of the RAF all have a finite useful life and 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
Acquired 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).

1.3 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. Specifically, financial assets are either cash, a residual interest in another entity or a contractual right to receive cash or another financial asset or exchange financial assets or liabilities with another entity under conditions favourable to the Fund.

Classification

Cash and cash equivalents are distinguished from Other financial assets as cash holdings available on demand with no maturity date as well as physical cash on hand as they are the only instruments held by the Fund that meet the definition of a Financial Asset.

The RAF has the following types of receivables disclosed in note 6 which do not meet the definition of a Financial Asset as the Fund does not have a contractual right to receive cash, another financial asset or to exchange financial assets or liabilities:

Class	Description
Advance payment in respect of suppliers' claims	Prepayments for services that are unwound over the short term as the services are received.
Employee debtors	Amounts recoverable from employees not governed by a contract.
Sundry debtors	Sundry receivables arising from rights set out in legislation, amounts recoverable from suppliers not arising from a contract.
Claims debtors	Amounts recoverable for duplicate, wrong or over payments to claimants or plaintiff attorneys or amounts attached by the Sheriff of the Court during the invalid execution of a writ of execution.
Other deposits	Deposits held by lessors in relation to operating leases on leased premises.
Rent-a-Captive insurance	A cell captive deposit used as a self-insurance/reinsurance facility.

As there is no GRAP standard directly addressing these receivables, management has developed accounting policies based on the principles of financial instruments contained in the GRAP Reporting Framework and presents these classes of balances as Other financial assets in the Annual Financial Statements and are referred to as financial assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

All items presented as financial assets are categorised as Financial Assets measured at amortised cost.

RAF 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

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.

Amounts presented as Financial Assets or Financial liabilities are all payable on demand or will be realised within 12 months.

Receivables classified as a financial asset are considered past due when a counterparty has failed to make a payment within 90 days of the date that it is contractually due.

Initial Recognition

The RAF recognises a financial asset or a financial liability in its Statement of Financial Position when RAF 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 Un-collectability 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, if applicable.

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 assessed as impaired, 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Derecognition

Financial Assets

The RAF derecognises financial assets using trade date accounting.

The RAF derecognises a financial asset only when the rights to the cash flows from the financial asset expire, are settled or waived.

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

RAF 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.

Presentation

A financial asset and a financial liability are only offset, and the net amount presented in the Statement of Financial Position when RAF 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.

1.4 STATUTORY RECEIVABLES

Identification

Statutory receivables comprise of the Fuel Levy receivable and is a receivable that arises from legislation and requires settlement by SARS from the RAF levies collected from fuel refineries.

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

RAF recognises statutory receivables using the policy on Revenue from non-exchange transactions (Taxes and transfers).

Initial measurement

RAF initially measures statutory receivables at their transaction amount.

Subsequent measurement

RAF 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

RAF derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled.

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.

Impairment

Statutory Receivables are assessed for impairment at the reporting date by identifying whether there is any indication that the receivable may be impaired. The Fuel Levy Receivable is the only receivable classified as a Statutory Receivable, which is receivable from SARS who have collected the RAF Fuel Levy on the Funds' behalf. Therefore, the likelihood that there is indication that the receivable is impaired is remote and a test for impairment of groups of Statutory Receivables cannot be applied.

1.5 TAX

Tax Expenses

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.

1.6 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

When a lease includes land and building elements, RAF 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.

1.7 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 RAF, 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.

1.8 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, which 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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.

1.9 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, RAF 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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 RAF would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset.

'Oversized 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.

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ACCOUNTING POLICIES

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.

1.10 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 RAF 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 RAF expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

RAF 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 RAF that employs the staff concerned.

The RAF contributes towards the Employees' Pension Fund administered by ABSA Consultants and Actuaries (Pty) Limited, the cost of which is recognised in surplus or deficit in the year that it is paid.

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ACCOUNTING POLICIES

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, RAF 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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, RAF 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, RAF 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.

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ACCOUNTING POLICIES

1.11 PROVISIONS AND CONTINGENCIES

Other provisions comprise the Provision for Diesel Rebate. 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.

The effect of time value of money is unlikely to affect the decisions of the users of the Annual Financial Statements, as the provision is realised within 90 days after year end. Therefore, the undiscounted carrying amount of a provision is the present value of the expenditures expected to be required to settle the obligation and no discount is applied.

The provision is reviewed at each reporting date and adjusted to reflect the current best estimate. The provision will only be 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.

The provision is used only for diesel refunds 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 30.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions primarily comprises Investment Revenue.

Investment revenue comprises interest received from short term investments, a Rent-a-captive deposit and amounts owed to the RAF by attorneys. Investment revenue is recognised in surplus or deficit on the effective interest rate method.

Re-insurance income and other income are not considered significant revenue streams due to their incidental nature and are not related to the mandate of the RAF.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

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.

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions is comprised of the Gross RAF Fuel Levy which is levied on petroleum products in accordance with Customs and Excise Act, 1964 (Act No. 91 of 1964).

'Transfers' are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. The RAF Fuel Levy represents such a transfer.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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).

1.14 FINANCE COSTS

Finance costs are recognised as an expense in the period in which they are incurred.

1.15 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.

1.16 CLAIMS PAYMENTS

Expenditures arising from motor vehicle accident claims are regarded as Social Benefits as the expenditures represent cash transfers provided to:

- Specific individuals/households that meet the eligibility criteria;
- Mitigate the effect of Social Risks; and
- 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:

- RAF has a present obligation for an outflow of resources that results from a past event; and
- 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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.

1.17 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.

1.18 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1.19 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 2024 to 31 March 2025.

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.

1.20 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.

RAF 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 RAF, including those charged with the governance of RAF 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.

1.21 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.

1.22 COMPARATIVE AMOUNTS

Comparative amounts have been included in the annual financial statements and are consistent with the prior annual financial statements.

NOTES TO THE 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 RAF's accounting periods beginning on or after 1 April 2024 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 are a Standard and amendment, which have been published and are either mandatory for RAF's accounting periods beginning on or after 1 April 2025 or later periods, or do not yet have an effective date. The Standard and amendment will be adopted in the year they become effective.

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.

Amendments to GRAP 1: Presentation of Financial Statements (Going Concern)

The amendments to the standard do not yet have an effective date. The amendments to the standard provide additional guidance on the assessment of the Going Concern as a basis for Preparation of Financial Statements.

It is expected that the amendments will not materially affect the Going Concern assessment of the RAF.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

Short-term deposits

Current accounts

Cash on hand

2025 R'000	2024 R'000
1 823 772	810 546
299 639	4 647
50	50
2 123 461	815 243

The effective interest rate on call deposits in 2024/25 was 7.5% and 8.08% in 2023/24.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Statutory Receivables

Fuel Levy receivable

Impairment of statutory receivable

2025 R'000	2024 R'000
13 280 844	10 708 922
(1 990 544)	-
11 290 300	10 708 822

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

Statutory Receivables past due and impaired

	30 days R'000	60 days R'000	Total R'000
Fuel Levy receivable	995 272	995 272	1 990 544

During the months of February and March 2025, SARS withheld R995 272 091 in respect of Diesel Refunds claimed retrospectively by Eskom to the value of R5.1 billion. An interdict was successfully obtained by the Fund to prohibit SARS from deducting the funds from the Fuel Levy Revenue accrued to the RAF. An inter- governmental dispute has been declared between the RAF and SARS regarding the legality of the refund claimed by Eskom. Since the reporting date, SARS continued to deduct a total of R3.081 billion from the Fuel Levy payments to the RAF. As the amounts withheld are past due and their collectability is subject to the outcome of an Intergovernmental dispute, the statutory receivable has been impaired for the amounts past due.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R'000	2024 R'000
Interest receivable from short-term investments	-	49 666

6. OTHER FINANCIAL ASSETS

	2025 R'000	2024 R'000
At amortised cost		
Advance payments i.r.o. supplier claims and other	81 629	68 022
Employee debtors	3 786	4 698
Sundry debtors	94 805	8 541
Rent-a-captive insurance	255 919	215 443
Other deposits	12 415	5 528
Claims debtors	103 774	111 635
	552 328	413 867
Impairments of claims, employee and sundry debtors and refunds receivable	(172 673)	(127 604)
	379 655	286 263
Current assets		
At amortised costs	379 655	286 263

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 R5 363 000.00 as at 31 March 2025 and R8 689 000.00 as at 31 March 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The breakdown of amounts past due but not impaired is as follows:

Claims debtors (greater than 90 days)
Employee debtors (greater than 90 days)
Sundry debtors (greater than 90 days)

2025 R'000	2024 R'000
5 363	8 211
-	200
-	278
5 363	8 689

Financial Assets at Amortised Cost Impaired

Claims, advance payments, employees and sundry debtors that are impaired were R172 673 000.00 as at 31 March 2025 and R127 604 000.00 as at 31 March 2024

The breakdown of amounts is as follows:

Employee debtors
Sundry debtors
Claims debtors
Refund receivable in respect of supplier claims and other
Other deposits

2025 R'000	2024 R'000
3 656	4 219
57 326	5 555
98 905	105 045
12 783	12 783
3	2
172 673	127 604

Reconciliation of Provision for Impairment of Financial Assets at Amortised Cost

Employee debtors

Opening balance
Provision for impairment
Amounts recovered
Amounts written off as uncollectable

4 220	2 795
272	1 425
(443)	
(393)	-
3 656	4 220

Sundry debtors

Opening balance
Provision for impairment
Amounts recovered

5 555	5 983
54 750	
(2 979)	(428)
57 326	5 555

Claims debtors

Opening balance
Provision for impairment
Amounts recovered

105 045	139 324
1 142	111
(7 282)	(34 390)
98 905	105 045

Refund receivable in respect of supplier claims and other

Opening balance
Unused amounts reversed
Amounts recovered

12 783	12 783
-	-
-	-
12 783	12 783

Other deposits

Opening balance
Provision for impairment

2	2
1	-
3	2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Consumable stock

2025 R'000	2024 R'000
5 423	5 798

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

	2025			2024		
	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	27 000	-	27 000	24 000	-	24 000
Buildings	91 700	-	91 700	89 000	-	89 000
Office furniture	42 831	(35 206)	7 625	50 635	(38 899)	11 736
Motor vehicles	4 604	(1 087)	3 517	4 604	(207)	4 397
Office equipment	34 022	(28 633)	5 389	34 077	(28 804)	5 273
IT equipment	247 787	(224 362)	23 425	250 236	(215 363)	34 873
Leasehold improvements	17 433	(17 433)	-	17 433	(17 433)	-
Total	465 377	(306 721)	158 656	469 985	(300 706)	169 279

Reconciliation of Property, Plant and Equipment - 2025

	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	24 000	-	-	-	3 000	-	-	27 000
Buildings	89 000	-	-	-	6 569	-	(3 869)	91 700
Office furniture	11 736	-	(7 804)	-	-	5 725	(2 032)	7 625
Motor vehicles	4 397	-	-	-	-	-	(880)	3 517
Office equipment	5 273	1 551	(1 606)	-	-	1 507	(1 336)	5 389
IT equipment	34 873	2 121	(4 569)	-	-	4 135	(13 134)	23 425
Leasehold Improvements	-	-	-	-	-	-	-	-
Total	169 279	3 672	(13 979)	-	9 569	11 367	(21 251)	158 656

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Reconciliation of Property, Plant and Equipment - 2024

	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	24 000	-	-	-	-	-	-	24 000
Buildings	79 000	-	-	-	13 436	-	(3 436)	89 000
Office furniture	14 775	-	(2 935)	-	-	2 139	(2 243)	11 736
Motor vehicles	-	4 400	-	-	-	-	(3)	4 397
Office equipment	6 151	528	(829)	-	-	805	(1 382)	5 273
IT equipment	48 072	1 430	(25 677)	-	-	25 521	(14 473)	34 873
Leasehold Improvements	-	-	-	-	-	-	-	-
	171 998	6 358	(29 441)	-	13 436	28 465	(21 537)	169 279

The carrying amount of fully depreciated property, plant and equipment that are still in use is as follows:

	2025 R'000	2024 R'000
Cost	418 787	390 263
Accumulated depreciation	(418 768)	(390 245)
Carrying amount	19	18

Repairs and Maintenance

The following repairs and maintenance was performed on Property, Plant and Equipment during the financial year:

	2025 R'000	2024 R'000
Buildings	1 716	2 312
IT equipment	11 693	4 097
	13 409	6 409

Revaluations

The effective date of the revaluations was 31 March 2025. Revaluations were performed independently by Mr Sydney Lukhele (Reg. No. 7274/O), 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% (2023/24: 11%) was applied to the net annual income to arrive at the capitalised value.

During March 2007, 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 RAF 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*.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. INTANGIBLE ASSETS

	2025			2024		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	452 336	(259 355)	192 981	405 507	(247 104)	158 403

Reconciliation of Intangible Assets - 2025

	Opening balance	Additions	Disposals	Accumulated Amortisation on Disposals	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	158 403	80 755	(33 926)	33 900	(46 151)	192 981

Reconciliation of Intangible Assets - 2024

	Opening balance	Additions	Disposals	Accumulated Amortisation on Disposals	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	73 462	109 322	(55)	55	(24 381)	158 403

10. SHORT TERM EMPLOYEE BENEFIT LIABILITIES

	2025 R'000	2024 R'000
Accrual for overtime	10 154	8 290
Accrual for leave	80 475	54 490
Accrual for 13 th cheque	19 731	19 431
Accrual for incentive bonus	217 556	213 115
Total	327 916	295 326

11. FINANCIAL LIABILITIES

	2025 R'000	2024 R'000
At amortised cost		
Trade and other creditors	248 939	146 735

12. CLAIMS LIABILITIES

	2025 R'000	2024 R'000
Claims liability for offers not yet requested	30 004 137	27 878 679
Claims liability for claims requested but not yet paid	10 417 111	8 270 547
	40 421 248	36 149 226
Claims liabilities are classified as follows:		
Current liabilities	40 421 248	36 149 226
	40 421 248	36 149 226

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 foregoing. 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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 from 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.

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Act	Section	No.	Eligibility criteria
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 result 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- 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.

Potential obligations not yet legally enforceable

At the reporting date, the number of claims submitted but for which eligibility criteria had not yet been satisfied and for which no liability has been recognised was as follows:

Description	Number of claims not yet legally enforceable
Personal claims	234 252
Direct claims	23 921
Represented claims	210 331
Supplier claims	54 114
Total	288 366

As at 31 March 2023, an audit performed on open represented personal claims identified that 92.9% of these claims that were audited did not have adequate documentation submitted in order for the merits and quantum of the claim to be assessed. Therefore, the fulfilment of the eligibility criteria to entitle the claimant to receive benefits is not possible for these items until further actions by the claimant have been taken.

The claims are not yet legally enforceable until the eligibility criteria have been satisfied and therefore represent potential obligations that are not yet legally enforceable. These claims will in addition not become legally enforceable through the passage of time as further action is required by the claimant in order for the eligibility criteria to be met.

The lack of information available and the level of uncertainty inherent to these claims is so significant that the expected outflow potentially required to settle these potential obligations cannot be reliably measured and fairly represented. As a result, the potential obligations in respect of these claims cannot be quantified.

The RAF has embarked on a campaign to encourage claimants to ensure the required information in respect of their claim is submitted to the RAF as no claim can be settled or paid until merits and quantum have been demonstrated by the claimant. There can therefore be no reasonable expectation that the RAF will settle these potential obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. OTHER PROVISIONS

2025

Movement in other provisions

Opening balance
Increase in the provision charged to surplus or deficit
Provision utilised
Total

Diesel Rebate R'000	Total R'000
963 489	963 489
3 174 358	3 174 358
(3 315 051)	(3 315 051)
822 796	822 796

2024

Movement in other provisions

Opening balance
Increase in the provision charged to surplus or deficit
Provision utilised
Total

Diesel Rebate R'000	Total R'000
1 027 411	1 027 411
4 246 375	4 246 375
(4 310 297)	(4 310 297)
963 489	963 489

In terms of legislation, the RAF has an obligation to refund a portion of the RAF Fuel Levy, 218 c/l (2023/24: 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.

Contingent Liability in relation to the Diesel Rebate Provision

A contingency in respect of amounts withheld by SARS in relation to a disputed claim by Eskom has been disclosed in Note 30.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2025 and it will be valued at annual intervals thereafter.

32 pensioners qualify for this benefit and 60 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.

	2025 R'000	2024 R'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	35 805	57 577
Contributions by plan participants	(913)	(889)
Net expense/(gain) recognised in the Statement of Financial Performance	(4 705)	(20 883)
	30 187	35 805
Net (gain)/expense recognised in the Statement of Financial Performance		
Current service cost	754	1 413
Interest cost	4 449	6 505
Actuarial (gains)/losses:		
Arising from changes in financial assumptions	1 947	(12 345)
Arising from experience adjustments	(11 855)	(16 458)
	(4 705)	(20 885)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11.44%	12.70%
Healthcare cost inflation	8.03%	8.27%
Real discount rate	3.58%	3.15%
Spouse age gap (years)	3	3
Expected average age of retirement	65	65
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

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The expected contribution to the plan during the 2023/24 financial year is R2 833 000.00 and the present value of benefit payments maturing over the next 5 years are as follows:

	2026 R'000	2027 R'000	2028 R'000	2029 R'000	2030 R'000
Benefit payments	1 425	1 523	1 627	1 739	1 858

Sensitivity Analysis

Assumption	Change	Liability (R'000)	% Change
Central Assumption		30 187	
Discount Rate	1%	26 880	-10.95%
	-1%	34 170	13.20%
Medical Inflation Rate	1%	34 220	13.36%
	-1%	26 795	-11.24%
Post-Employment Mortality	+1 Year	31 260	3.56%
	-1 Year	29 113	-3.56%
Retirement Age	+1 Year	29 736	-1.49%
	-1 Year	31 707	5.04%
Membership Continuation	-10%	28 546	5.43%

The discount rate should be set with reference to the market yield on government bonds of appropriate term.

15. OPERATING LEASE LIABILITY

	2025 R'000	2024 R'000
Current Liability	372	2 947
Non-current liability	11 279	547
	11 651	3 494

The operating lease liability relates to the portion of operating lease expenses recognised resulting from the equalisation of operating lease payments. The lease contracts are in respect of the leasing of certain office buildings occupied by the RAF. Refer to Note 29 for the disclosure of the minimum payments due in respect of operating leases.

16. NET FUEL LEVIES

	2025 R'000	2024 R'000
Gross fuel levies	53 244 855	52 856 640
Less: diesel rebate	(3 174 358)	(4 246 375)
Total	50 070 497	48 610 265

17. OTHER INCOME

	2025 R'000	2024 R'000
Recoveries	2 029	5 011
Foreign exchange gains	301	-
Total	2 330	5 011

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. INVESTMENT REVENUE

Interest revenue

Interest received from short-term investments
Interest received from Rent-a-captive insurance
Interest received - claims related matters
Total

2025 R'000	2024 R'000
661 898	681 649
17 821	14 599
646	818
680 365	697 066

19. CLAIMS EXPENDITURE

Claims paid
Claims liability as at 31 March
Reversal of prior year Claims liability
Total

2025 R'000	2024 R'000
42 629 726	45 099 844
40 421 248	36 149 226
(36 149 226)	(34 194 224)
46 901 748	47 054 846

The breakdown of the Claims paid is as follows:

Claimant compensation (loss of earnings and support, general damages and funeral costs)
Claimant medical costs
Claimant legal and other costs
Other costs related to claims payments

36 429 316	36 332 573
1 344 919	1 680 859
4 235 800	5 508 358
619 691	1 578 054
42 629 726	45 099 844

20. REINSURANCE PREMIUMS

Paid to reinsurers during the year

2025 R'000	2024 R'000
5 240	4 416

21. EMPLOYEE COSTS

Total staff costs

2025 R'000	2024 R'000
2 468 416	2 436 558

Included in staff costs are:

Net loss on Defined Benefit Plan (see note 14)
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(4 705)	(20 885)
(4 705)	(20 885)

As at 31 March 2025, 3 033 staff members (of which 2 405 are permanent) were employed by the RAF (2023/24: 2 853 staff members of which 2 468 are permanent).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. FINANCE COSTS

	2025 R'000	2024 R'000
Foreign exchange losses	-	690
Interest charged by creditors	60	1
Interest charged on claims	152 850	274 165
Total	152 910	274 856

23. GENERAL EXPENSES

Included in general expenses presented in the Statement of Financial Performance are the following amounts expense categories.

	2025 R'000	2024 R'000
Advertising	76 200	77 384
Auditors' remuneration	10 939	11 800
Board members' expenses	1 949	1 590
Computer expenses	397 039	283 497
Consulting and professional fees	259 302	245 289
Electricity	23 323	18 150
Enterprise Supplier Development	5 235	3 177
Impairment of other financial assets adjustment	45 475	(33 283)
Insurance	13 930	6 282
Lease rentals on operating lease	88 146	73 521
Legal costs	96 220	84 064
Marketing	272 193	143 090
Motor vehicle expenses	28 643	19 762
Operating costs	42 115	41 927
Printing and stationery	7 790	6 878
Repairs and maintenance: Building	1 716	2 312
Repairs and maintenance: IT Equipment	11 693	4 097
Repairs and maintenance: Other	12 647	10 705
Security	30 437	25 073
Telephone and fax	16 511	20 032
Travel local	43 877	39 429
Travel overseas	722	624
Total	1 486 102	1 085 400

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	2025 R'000	2024 restated R'000
Irregular expenditure	2 329	4 644
Fruitless and wasteful expenditure	1 538	424
Total	3 867	5 068

Irregular expenditure

2025

Amounts confirmed and incurred during the 2024/25 financial year

R2 329 041.12 was confirmed and incurred in the 2024/25 financial year.

2024

Amounts confirmed and incurred during the 2023/24 financial year

There was no irregular expenditure reported, confirmed and incurred in the 2023/24 financial year.

Amounts confirmed in the 2024/25 financial year but were incurred in 2023/24

There was R4 644 326.53 incurred in the 2023/24 financial year and identified and confirmed in the 2024/25 financial year, and R33 089 381.84 incurred in the 2022/23 financial year, was identified in the 2023/24 financial year, was under assessment during the 2023/24 financial year and was confirmed during the 2024/25 financial year. The R33 089 381.84 will be maintained in a separate register in accordance with the Framework.

Fruitless and wasteful expenditure

2025

Amounts identified, confirmed and incurred during the 2024/25 financial year

At the reporting date, a total of R6 407 652 in duplicate, wrong and over payments arising in the normal course of business were not recovered leading to a financial loss to the Fund. Of this total, R1 538 031 and R416 963 was incurred in the 2024/25 and 2023/24 financial years respectively. This expenditure will be reported to National Treasury during the 2025/26 financial year. Of the R 3 925.00 reported during the financial year, R 1 250.00 relates to the 2023/24 financial year and the R 2 650.00 relates to prior years.

2024

Amounts identified, confirmed and incurred during the 2023/24 financial year

An amount of R5 820.00 which related to human error and was identified, incurred and confirmed during the 2023/24 financial year.

An amount of R1 250.00 related to travel and was identified and confirmed in the 2024/25 financial year and incurred in the 2023/24 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. CASH FLOWS FROM OPERATING ACTIVITIES

	2025 R'000	2024 R'000
Surplus/(Deficit) for the year	(2 321 329)	(1 590 627)
Depreciation and amortisation	67 403	45 917
Loss on sale or derecognition of assets	2 638	976
Movements in retirement benefit assets and liabilities	(5 618)	(21 772)
Movements in claims liabilities	4 272 022	1 955 002
Movement in diesel rebate provision	(140 693)	(56 075)
Movement in operating lease liability	8 157	(2 672)
Changes in Working Capital		
Consumable stock	375	(253)
Receivables from exchange transactions	49 666	(19 978)
Other receivables from non-exchange transactions	(581 378)	26 935
Other financial assets	(93 392)	(54 528)
Short-term employee benefit liabilities and financial liabilities	134 794	18 131
	1 392 645	301 056

26. 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 Passenger Rail Agency of South Africa (PRASA) in the form of the rental of office space from PRASA to the RAF. The RAF entered into an office rental agreement with PRASA.

The RAF also transacted with the Department of Justice and Constitutional Development during 2024/25. Certain employees of the RAF are stationed at the offices of the State Attorney and operating costs in relation to these employees are invoiced to the RAF by the Department of Justice and Constitutional Development.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The RAF was also invoiced for investigations performed by the Special Investigations Unit (SIU).

The transactions with related parties in the 2024/25 financial year took place at arm's length.

	2025 R'000	2024 R'000
Transactions and Trade payables owing to related Parties		
PRASA		
Reimbursement of Salary expenses paid on behalf of the RAF	-	228
Amounts paid in respect of rental of office space	3 992	-
Department of Justice		
Invoices paid on behalf of the RAF	9 392	11 108
Amounts owing at reporting date	355	3 103
Special Investigation Unit		
Amounts paid in respect of investigations performed	3 570	5 544
Amounts owing at reporting date	4 374	-

There were no further transactions with entities under the Minister of Transport during the 2024/25 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).

	2025 R'000	2024 R'000
Compensation to members and other key Management		
Key Management compensation	32 552	28 631
Non-executive Board members	8 499	7 357

27. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 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

2025

	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Travel Allowance	Acting Allowance	Termination benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Collins Phutjane Letsoalo (CEO) (suspended subsequent to the reporting date)	7 066	-	2 773	-	-	-	-	-	9 839
Bernice Potgieter (CFO)	3 379	-	906	242	102	-	-	-	4 629
Phathutshedzo Lukhwareni (CSTO)	2 145	-	879	248	88	1 064	-	-	4 424
Francina Mampe Kumalo (CGO)	2 148	-	801	309	115	643	-	-	4 016
Daniel Phora (CIAO)	2 558	-	527	149	-	-	-	-	3 234
Samson Sefotle Modiba (Acting CIO) (suspended subsequent to the reporting date)	1 643	-	447	58	32	444	422	-	3 046
Ian Granville Barriel (Acting CCSO resigned 31 March 2024)	-	-	-	-	-	-	-	456	456
Mpho Manyasha (Acting CCSO from 03 April 2024)	1 965	-	411	114	-	-	418	-	2 908
Total	20 904	-	6 744	1 120	337	2 151	840	456	32 552

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2024

	Salary	Leave pay	Performance Bonus	Pension Contributions	Medical Contributions	Acting Allowance	Travel Allowance	Termination benefits	Total
Collins Phutjane Letsoalo (CEO)	6 604	-	2 820	-	-	-	-	-	9 423
Bernice Potgieter (CFO)	3 156	-	801	226	98	-	-	-	4 280
Phathutshedzo Lukhwareni (CSTO)	1 957	-	790	278	85	-	994	-	4 104
Francina Mampe Kumalo (CGO)	2 005	-	478	288	111	-	601	-	3 483
Daniel Phora (CIAO appointed 16 May 2023)	2 084	-	-	134	-	-	-	-	2 218
Samson Sefotle Modiba (Acting CIO)	1 867	-	404	134	32	341	-	-	2 778
Fikiswa Faith Nombulelo Fikeni (Acting CIAO from 05 July 2021 to 15 May 2023)	169	-	-	12	4	28	-	-	214
Ian Granville Barriel (Acting CCSO resigned 31 March 2024)	2 107	149	485	273	58	383	-	-	3 455
Total	19 948	149	5 778	1 347	388	752	1 595	-	29 956

Non-Executive Board Members

2025

	Members' fees R'000	Total R'000
Ms ZL Francois - Chairperson	1 023	1 023
Dr N Mabuya - Vice-Chairperson	784	784
Mr LM Nyama - Chair Committee	750	750
Mr TS Tshabalala - Chair Committee	750	750
Adv. N Njeza - Chair Committee	750	750
Ms T Mhlari - Chair Committee (resigned 31 August 2024)	312	312
Dr P Dladla - Chair Committee (from 10 September 2024 and Member until 09 September 2024)	720	720
Mr KC Komape - Member	682	682
Ms BB Khumalo - Member	682	682
Dr PB Mathebula - Member	682	682
Mr SB Bulose - Member	682	682
Mr K Sello - Member	682	682
Total	8 499	8 499

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2024

	Members' fees R'000	Total R'000
Ms TN Msibi - Chairperson (term expired 30 September 2023)	512	512
Ms ZL Francois - Chairperson (from 01 October 2023 and Chair Committee until 30 September 2023)	893	893
Dr N Mabuya - Vice-Chairperson (reappointed 01 October 2023)	789	789
Dr MC Peenze - Member (resigned 01 June 2023)	125	125
Mr H Daniels - Chair Committee (term expired 30 September 2023)	377	377
Mr LM Nyama - Chair Committee (reappointed 01 October 2023)	752	752
Mr KM Mothobi - Member (term expired 30 September 2023)	376	376
Mr TS Tshabalala - Chair Committee (from 01 October 2023 and Member until 30 September 2023)	719	719
Adv. N Njeza - Chair Committee (appointed 25 July 2023)	502	502
Ms T Mhlari - Chair Committee (appointed 01 October 2023)	377	377
Dr P Dladla - Member (appointed 01 October 2023)	345	345
Mr KC Komape - Member (appointed 01 October 2023)	348	348
Ms BB Khumalo - Member (appointed 01 October 2023)	344	344
Dr PB Mathebula - Member (appointed 01 October 2023)	343	343
Mr SB Bulose - Member (appointed 01 October 2023)	345	345
Mr K Sello - Member (appointed 12 December 2023)	208	208
	7 357	7 357

28. 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 Accounting Authority, 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 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;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- 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 into 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 applied 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 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 2025

	Within 1 year R'000	2 - 5 years R'000	After 5 years R'000	Total R'000
Short-term employee benefit liabilities	327 916	-	-	327 916
Other financial liabilities	248 939	-	-	248 939
Claims liabilities	40 421 248	-	-	40 421 248

As at 31 March 2024

	Within 1 year R'000	2 - 5 years R'000	After 5 years R'000	Total R'000
Short-term employee benefit liabilities	295 326	-	-	295 326
Other financial liabilities	146 735	-	-	146 735
Claims liabilities	36 149 226	-	-	36 149 226

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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:

- 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 primary risk concentration pertains to catastrophic claims. The RAF strategically places reinsurance coverage, employs Rent-a-Captive insurance, and allocates funds for a self-funded Claims Reinsurance Policy. This policy will be utilised to fund the primary layer of R100 million of the retention amount stipulated in the Claims Reinsurance Policy in the event of a catastrophic claim per any one loss occurrence. The deposit amount of R255 919 000.00 (2023/24: R215 443 000.00) 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 2025, 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2025, 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 2025 would decrease/(increase) by R90 629 200 (2023/24: decrease/(increase) by R86 169 307). 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 and certain contracts for administrative costs. 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 2025, 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

	2025 R'000	2024 R'000
USD 5 091 (2023/24: 9 937)	83 782	186 453
GBP 464 (2023/24: 464)	11 043	11 079
Euro 2 103 (2023/24: 1 203)	41 951	43 003
	136 776	240 535

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.

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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	GBP Impact	Euro Impact	All Foreign Currencies
	R'000	R'000	R'000	R'000
2025	8 378	1 104	4 195	13 678
2024	18 645	1 108	4 300	21 549

29. 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.

	2025 R'000	2024 R'000
Already contracted for but not provided for		
Property, plant and equipment	-	-
Intangible assets	721 812	866 962
Operating expenditure	284 426	180 008
	1 006 238	1 046 970
Not yet contracted for and authorised		
Property, plant and equipment	-	-
Intangible assets	40 942	-
Operating expenditure	171 781	193 837
	212 723	193 837
Total commitments		
Already contracted for but not provided for	1 006 238	1 046 970
Not yet contracted for and authorised by management	212 723	193 837
	1 218 961	1 240 807
Operating leases - as lessee (expense)		
Minimum lease payments due		
within one year	19 293	51 083
in second to fifth year inclusive	131 609	3 093
	150 902	54 176

Operating lease payments represent rentals payable by the RAF under non-cancellable operating leases for certain of its office properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 - Johannesburg	6.0%	3
Office space rental - Pretoria	5.5%	59

30. CONTINGENCIES

Contingencies related to litigation

There are 599 outstanding legal matters as at 31 March 2025. The RAF is involved in various commercial and labour related litigation as well as challenges arising from claims disputes. The total value of the contingent liability in respect of the above legal matters and their related legal costs is estimated at R1 749 758 216 (2023/24: R1 831 944 492).

Contingent Liability related to the Diesel Rebate Provision

During the months of February and March 2025, SARS withheld R995 272 091 in respect of Diesel Refunds claimed retrospectively by Eskom to the value of R5.1 billion. An interdict was successfully obtained by the Fund to prohibit SARS from deducting the funds from the Fuel Levy Revenue accrued to the RAF. An inter-governmental dispute has been declared between the RAF and SARS regarding the legality of the refund claimed by Eskom. Since the reporting date, SARS continued to deduct a total of R3.081 billion from the Fuel Levy payments to the RAF. The R3.1 billion is a potential obligation at the reporting date and is subject to the outcome of the Intergovernmental dispute.

Guarantees

There were no active guarantees held during the 2024/25 and 2023/24 financial years.

31. GOING CONCERN

We draw attention to the fact that as at 31 March 2025, RAF had an accumulated deficit of R27 848 060 000 (2023/24: R25 526 731 000) and that RAF's total liabilities exceeded its assets by R27 712 261 000 (2023/24: R25 400 501 000).

The RAF reported a deficit of R2.3 billion (2023/24: R1.6 billion) in the Statement of Financial Performance for the period ended 31 March 2025. The deficit during the 2024/25 financial year was due to the impairment loss on statutory receivables. Refer to note 4.

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 are 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 RAF 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 2025 reported current assets of R13.8 billion (2023/24: R11.9 billion) of which Cash and Cash Equivalents was a total of R2.1 billion (2023/24: R0.82 billion) and Fuel Levies receivable was R11.3 billion (2023/24: R10.7 billion). The current asset position in comparison with the Claims requested not yet paid as at 31 March 2025 of R10.4 billion (2023/24: R8.3 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 total Claims Liability reported as at 31 March 2025 is R40.4 billion of which R30 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 2025/26 financial year is projected to amount to R55 billion.

The projected levies to be received will provide sufficient funding to make payment to the R30 billion Claims Liability which has not yet been requested for payment as at 31 March 2025 as well as all Claims settled during the 2025/26 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 28 for steps taken by management to mitigate the going concern risk related to the liquidity and solvency of the Fund.

Subsequent to the reporting date, the Fund's urgent application to extend the relief granted by the courts to suspend writs of execution and pay claims within 180 days was dismissed by the High Court, resulting in the Fund being required to pay claims within 14 days of the court order. While this does not indicate that the Fund will cease to operate in the foreseeable future, it may result in the interruption of the normal business operations of the Fund should writs be executed on the available assets of the Fund. This judgement places significant pressure on the already strained cash flow of the Fund. The interim Board has met with plaintiff attorneys in order to constructively resolve this challenge outside of the courts.

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 2025 based on this assessment.

32. EVENTS AFTER THE REPORTING DATE

Other than the suspension of the Chief Executive Officer and the Acting Chief Investment Officer, the dissolution of the Board that held office during the 2024/25 financial year and the appointment of an interim Board by Cabinet on 08 August 2025, and the dismissal of the application to suspend writs of execution for 180 days, no further 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.

33. 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 cash holdings being higher than projected over the financial period as a result of the cash management strategy of paying claims within 180 days.

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Depreciation and Amortisation

The variance is a result of underspending on capital expenditure for the financial year ended 31 March 2025 due to slow activity during the financial year.

Finance Costs

Finance costs were lower than projected, primarily attributable to the lower-than-anticipated finance interest rates. The Actuarial Function adopted a conservative estimate of interest rates during the budgeting process and did not anticipate the recent decline in rates, which significantly reduced actual finance costs compared to the budgeted amount.

Reinsurance Premiums

During the financial year, premium cover for Directors and Officers increased by more than projected as a result of the negative perception in State-Owned Entities.

General Expenses

The favourable variance is due to the fact that there were projects and expenditure that either could not be carried out or less funds were used than anticipated.

Loss on Disposal of Property, Plant and Equipment

Losses on disposals of Property, Plant and Equipment is not budgeted for, because it is incidental and does not represent a recurring expenditure stream.

Impairment Loss on Statutory Receivables

Impairment losses are incidental to the recoverability of statutory receivables and cannot be budgeted for.



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