



FINAL DRAFT 2021-22 ANNUAL PERFORMANCE PLAN

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1 FOREWORD BY THE MINISTER

I have pleasure in presenting the Road Accident Fund (RAF) 2021/22 Annual Performance Plan (APP). This Annual Performance Plan outlines the Fund's strategic outcomes to be prioritized in year 2 of the 2020/25 strategic plan adopted by Parliament.

One of the key objectives of the National Development Plan (NDP) is to ensure the achievement of a "decent standard of living" for all South Africans by 2030. Key to a decent standard of living is social protection and quality healthcare. Motor vehicle accidents have shown to adversely impact the socio economic condition of victims. The RAF has a significant role in mitigating against the adverse impact of motor vehicle accidents by providing the social protection and access to quality health care to victims. The transformation of the Fund, as envisaged in the 2020-25 strategy is an important step to ensure that the Fund is more efficient in servicing the claimants, thereby contributing to the objects of the NDP.

The RAF's biggest cost driver is the number of road crashes. Road crashes have adverse implications for the economic growth, affecting economically active members and society in general. Despite the 7% reduction in road accident fatalities over the festive season as at January 2021, the number of motor vehicle accidents and fatalities in South Africa remains unacceptably high. In the Department of Transport (DoT) Strategy Session with all entities on the 15th and 16th of January 2021, the reduction of road crashes and fatalities was identified as one of the key priorities over the MTEF period.

During the 2019/20 financial year, I appointed a permanent RAF board and gave them the mandate to turnaround the Fund. Amongst the key priorities I gave to the board was the reduction of legal costs and the financial sustainability of the Fund.

I am encouraged that in the 2020/21 financial year, the Fund started on this journey of transforming from a litigious Fund into one that prioritises efficient claims administration. The Fund must continue with implementing measures to reduce administrative costs and further, the RAF board, in consultation with the DoT must finalize legislative and regulatory measures to ensure the sustainability of the Fund.

The Department of Transport (DoT) will continue to provide support and oversight to ensure that the RAF achieves the outcomes of the 2021/22 APP and 2020/25 Strategic Plan.



M F A Mbalula, MP
Minister of Transport

2 STATEMENT BY ACCOUNTING OFFICER

I have pleasure in submitting the RAF's 2020/2021 Annual Performance Plan (APP). This APP details the key activities that the RAF will carry out to meet the strategic outcomes and targets set out in the RAF's 2020-25 Strategic Plan, and to achieve the priorities for the year.

STRATEGIC FOCUS 2020 -2025

The 2019/20 financial year saw the beginning of the Road Accident Fund's (RAF's) strategic journey to 2025. This resulted in significant changes to the operating environment. Although the challenges remain largely the same, the building blocks for change were put in place to lay a foundation for the transformation of the Fund. The 2021/22 APP will focus on continuing on this transformation journey.

Financial Sustainability

Financial sustainability will remain a key priority in the 2021/22 APP. According to the RAF's actuarial valuation as at 30 September 2020, the RAF liability is estimated at R331 billion, an increase from the R319 billion as at 20 June 2020. As at 31 March 2020, the Requested but not yet paid (RNYP) was R14.9 billion, compared to R11.2 billion in the 2018/19 financial year. This is likely continue to increase going into the 2021/21 FY, however what will be critical is the effectiveness of the new operating model in reducing the rate of this growth. Going into the new planning cycle, the critical success factor will be the Fund's ability to transition to the instalment payments strategy. We intend to pursue all legal and legislative efforts to ensure that the Fund changes from the current lump sum to instalment payments. To this end, in the 2021/22 FY, we will introduce a new target of developing an asset and liability strategy.

On the revenue front, the Fund's annual revenue income averaged just under R 3.5 billion, pre-Covid 19. The Covid-19 pandemic resulted in a significant dip in revenue to as low as just under R1.5 billion in July 2020. Although there was recovery in revenue during October and November 2020, it remains uncertain going into the 2021/22 FY where the average revenue income will settle. During the 2020/21 financial year, treasury approved a 5c/l fuel levy increase from April 2020, which represent an increase from 198.0 c/l to 207.0 c/l.

Some of the key milestones during the current Financial Year was the reduction of the number of claims settled with a writ of execution by 60.1%, from 7,414 in 2019/20 to 2,957 in

2020/21. This is significant, as it will result in the reduction of duplicate payments. The bank attachments challenge has also been brought under control in the 2020/21 FY. This was in part owing to the controls introduced in treasury and the legal strategy in the court battle with the Sheriff.

The Fund goes into the 2021/22 FY against the backdrop of a clean audit outcome by the AG, a first in over 3 Financial Years.

Claims Administration

The most significant change going into the 2021/22 FY is the new RAF operating model. The operating model represents a new approach to investigation, settlement and litigation of claims.

In terms of number of new personal claims, calculations show that the average (and smoothed) increase in the number of personal claims being reported, up to 2020 Q4, over this period is 8.9% per annum. Notwithstanding the slow down during the 3 quarters of the 2020/21 FY due to COVID 19, indications are that this trend is likely to continue into the 2021/22 FY.

For the period ending 31 March 2020 the Fund registered 303 695 new claims and finalised 258 382 claims. The number of new claims continued to grow annually whereas the revenue hardly increased. Claims expenditure (excluding the net increase in the liability for OCR and IBNR) for the year was 3% more than in the 2018/19 financial year.

The analysis of average settlements amount over a 10 quarter assessment period shows an increasing trend on average settlements across all heads of damages. The most significant change was an 8.1% increase in the average settlements of the Loss of Earnings(LOE) head of damage to R 776 529, and a 4.5% increase on the Loss of Support(LOS) head of damage to R 435 359. Going into the 2021/22 FY, we will focus on the implementation of the new operating model and legislative changes in reducing these costs.

In 2021/22 FY, the focus will further go into the reduction of medical costs through the implementation of medical tariffs and medical treatment protocols.

Administration and Governance

The Fund is in the process of its organizational structure review and a comprehensive skills audit. This is in line with the 2020/21 APP target. This is aimed at developing a fit for purpose organizational structure, which will enable the Fund to seamlessly implement the new operating model. This changes and associated risks linked to this transformation must be observed and

managed closely as the Fund moves into year 2 of this 5 year journey. With respect to Governance, the 2019/20 financial year saw the appointment of a permanent board and CEO, after almost 3 years of instability at board level. The focus in the 2021/22 FY will be on bringing stability to the Executive management leadership by filling key executive management positions.

The 2019/20 FY further saw an unprecedented legal challenge against the Fund's 2020/25 strategy. The Fund's erstwhile panel attorneys approached court seeking to set aside the execution of the Strategy; this followed the non-renewal of the panel attorneys contracts in line with the new strategic path. This matter will be heard before the Supreme Court of appeal during the current financial year, and it therefore remains a key consideration going into the 2021/22 planning cycle.

ICT remains a major challenge going into the new planning cycle, the Fund is still largely manually operated with legacy systems which are not integrated. The implementation of the Integrated Claims Management System (ICMS) as envisaged in the next 2 Financial Years will be a critical success factor for the 5 year strategy.

Fraud and Corruption remains a key risk for the Fund. The Fund continued to be targeted by fraudsters and this will remain a high risk as long as the Fund's processes have not been fully automated. Whilst this remains an area of improvement going into the 2020/21 FY, there has been an improvement in consequences management on internal officials within the Fund who were found to be corrupt and/or involved in acts of maladministration. There are just over 800 active RAF matters in various courts across the country. The South African Police Services (HAWKS) currently has just over 83 RAF cases under investigation. All these together with an internal caseload of just under 500 cases is a clear indication of the magnitude of the fraud and corruption challenge in the Fund.

We will intensify the fight against fraud and corruption going into the 2021/22 FY. This will include building our forensic investigation capacity and collaboration with law enforcement agencies.

Conclusion

Covid-19 had a devastating impact on the country's economy. The RAF was not spared the adverse impact, both on the Fund's performance and on having lost 3 of our staff members to this pandemic.

In pursuit of the 2020/25 strategic outcomes, we will continue to do so within the framework of our newly adopted values of Integrity, Compassion, Accountability, Respect and Excellence (I-CARE)


Collins Letsoalo (Feb 23, 2021 19:56 GMT+2)

Collins Phutjane Letsoalo

Chief Executive Officer

Road Accident Fund

3 OFFICIAL SIGN-OFF

It is hereby certified that this Final Draft 2021-22 Annual Performance Plan:

- was developed by the management of the Road Accident Fund under the guidance of the RAF Board.
- takes into account all the relevant policies, legislation and other mandates for which the Road Accident Fund is responsible.
- accurately reflects the Impact, Outcomes and Outputs, which the Road Accident Fund will endeavour to achieve over the period of the revised 2020 to 2025 Strategic Plan.


Phathutshedzo Lukhwani (Feb 23, 2021 16:36 GMT+2)

Signature:

Phathutshedzo Lukhwani
Acting Chief Strategy Officer


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Chief Executive Officer


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Ms Thembelihle Msibi
Acting Chairperson of Board


Signature

Date:

Mr Fikile April Mbalula, MP
Minister of transport

4 ABBREVIATIONS

APP	Annual Performance Plan
B-BBEE	Broad-based Black Economic Empowerment
B/F	Brought Forward
CEO	Chief Executive Officer
C/F	Carried Forward
CPI	Consumer Price Index
CRMP	Compliance Risk Management Plan
CSC	Customer Service Centre
CSSS	Comprehensive Social Security System
DoE	Department of Education
DoT	Department of Transport
EA	Enterprise Architecture
ECM	Enterprise Content Management
ENE	Estimates of National Expenditure
ESD	Enterprise Supplier Development
HSC	Hospital Service Centre
IBNR	Incurred But Not Recognised
ICMS	Integrated Claims Management System
ICT	Information Communication Technology
IT	Information Technology
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NHI	National Health Insurance
NT	National Treasury
ORC	Open Registered Claims
PCoT	Portfolio Committee on Transport
POP	Patient Outreach Programme
PDPs	Public Driver Permits
RAF Act	Road Accident Fund Act, 1996
RNYP	Requested But Not Yet Paid
RTMC	Road Traffic Management Corporation
SAP	System Application and Products
SAPS	South African Police Service
SCM	Supply Chain Management

SOE	State Owned Enterprise
SONA	State of the Nation Address
SOP	Standard Operating Procedure
WHO	World Health Organisation

5 PART A

5.1 OUR MANDATE

5.1.1 CONSTITUTIONAL MANDATE

The Fund was established in terms of the Road Accident Fund Act, 1996(Act No. 56 of 1996), which outlines the mandate of the Fund as the payment of compensation for loss or damage wrongfully caused by the negligent driving of a motor vehicle.

5.1.2 LEGISLATIVE AND POLICY MANDATES

The powers and functions of the Fund shall include:

- The stipulation of the terms and conditions upon which claims for the compensation contemplated in section 3, shall be administered;
- The investigation and settling, subject to the Act, of claims arising from loss or damage caused by the driving of a motor vehicle whether or not the identity of the owner or driver thereof, or the identity of both the owner and the driver thereof, has been established;
- The management and utilisation of the money of the Fund for purposes connected with or resulting from the exercise of its powers or the performance of its duties; and reinsurance for any risk undertaken by the Fund.

5.2 INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

The institutional policies and strategies of the Fund shall be developed in line with the objects, functions and powers of the RAF Act. The RAF will further develop and implement policies that supports the national agenda. Such policies include, but not limited to;

- RAF B-BBEE Policy
- RAF Disability Policy
- RAF Gender Policy

5.3 RELEVANT COURT RULINGS

Matters	Description
<p>Fourie Fismer Inc & Lindsay Keller Attorneys & The Pretoria Attorneys Associations V RAF, ACEO, Chairperson of the RAF Board & Minister of Transport.</p>	<p>Applicants launched an urgent application against the Fund, Acting Chief Executive Officer, Chairperson of the Board and Minister of Transport, seeking an order in the following <i>inter alia</i> terms:</p> <ol style="list-style-type: none"> 1. To review and set aside the Fund's decision to cancel the tender that was due take effect from the 1 June 2020; 2. To review and set aside notice of handover of finalised files in possession of the Applicants; 3. Provision of record of proceedings in terms of Rule 5394) of the High Court Rules to enable the Applicants to either supplement their founding papers or to amend their notice of motion. <p>Following a High court judgement on the 01 June 2020 against the Fund to set aside it's decision to cancel the tender for Panel of Attorneys, and a subsequent judgment by the same court dismissing the Fund's application for leave to appeal, the Fund petitioned the Supreme Court of Appeal(SCA), which on the 08 July 2020 upheld the Fund's appeal.</p> <p>The matter is awaiting set down at the SCA.</p>
<p>Mohlala Attorneys vs RAF: Review Application</p>	<p>The Fund has filed a Review Application following the Arbitrator's ruling on merits wherein it was held that the SLA between the Fund & Mohlala Attorneys ("Mohlala") was cancelled and/or terminated unlawfully. It then became evident following a consultation with Counsel that the Arbitrator has not decided on many of the issues placed before him, nor has he properly applied his mind to those issues that he had to consider.</p>

Matters	Description
	<p>On 18 November 2020 the Constitutional Court granted the Fund's application for condonation but however dismissed the Fund's application for leave to appeal.</p>
<p>Legal Practitioners Indemnity Fund vs The Minister of Transport & RAF</p>	<p>A motion was issued from the High Court of South Africa, Gauteng Division, Pretoria. The Legal Practitioners Indemnity Fund (LPIF) seeks an order against the Fund in the following terms:</p> <ol style="list-style-type: none"> 1. It is declared in terms that Regulation 2(1) (b) and Regulation 2(2) of the RAF Regulations are inconsistent with the Constitution and invalid; 2. Regulations 2(1)(b) and Regulation 2(2), to the extent that they relate to minor and persons under curatorship, are set aside; 3. It is declared that Section 23(2) of the RAF Act is to be read as including minors and persons under curatorship who claim in terms of Section 17(1)(b) of the RAF Act, 1996. 4. Alternatively, to par 3, it is declared that minors and persons under curatorship with valid claims against the RAF shall enjoy the protection of delayed completion of prescription as envisaged by Section 13(a) of the Prescription Act, 68 of 1969. <p>RAF appointed Sekati-Sekati Inc to oppose the matter.. The Answering Affidavit was filed in October 2020 and the Fund is now awaiting for the Applicant to set the matter down for hearing.</p>

Matters	Description
<p>Maponya (Pty) Ltd vs RAF and the Minister of Transport (Notice of Motion)</p>	<p>Maponya [Johannesburg] (Pty) Ltd trades as Maponya Incorporated, a firm of attorneys based in Pretoria and it is RAF's former panellist in the claims panel of attorneys.</p> <p>Maponya Inc brought this application as a creditor of the RAF and the amount of R20 590 864.50 is allegedly owed to them by the RAF. The application was issued solely for the purposes of seeking from the court an order in winding up the RAF. The application, as stipulated on the court papers, was issued due to the fact that RAF is unable to pay its debts.</p> <p>RAF has duly appointed Mpoyana Ledwaba Attorneys to oppose the court application. The Fund had filed Opposing papers in November 2020 and the Fund is now waiting for the Applicant to set the matter down for hearing.</p>
<p>RAF vs The Legal Practice Council & 13 Others</p>	<p>This was an application for interim relief. The RAF sought an order in terms of Rule 45A to prohibit the fourth to tenth respondents, who are sheriffs of this honourable court, and members of the Board of Sheriffs, from executing any attachment order against the RAF's operational assets located at any of its branch offices pending the finalisation of Part B of this application by the RAF to have a structured payment plan implemented.</p> <p>The matter was postponed to March 2021.</p>

6 PART B: OUR STRATEGIC FOCUS

6.1 UPDATED SITUATIONAL ANALYSIS

6.1.1 INTERNAL ENVIRONMENT ANALYSIS

The 2019/20 financial year saw the beginning of the Road Accident Fund's (RAF's) strategic journey to 2025. This resulted in significant changes to the operating environment. Although the challenges remain largely the same, the building blocks for change were put in place to lay a foundation for the transformation of the Fund.

Administration and Governance

The Fund is in the process of its organizational structure review and a comprehensive skills audit. This is in line with the 2020/21 APP target. This is aimed at developing a fit for purpose organizational structure, which will enable the Fund to seamlessly implement the new operating model. This changes and associated risks linked to this transformation must be observed and managed closely as the Fund moves into year 2 of this 5 year journey. With respect to Governance, the 2019/20 financial year saw the appointment of a permanent board and CEO, after almost 3 years of instability at board level. This bodes well for the current planning cycle.

ICT remains a major challenge going into the new planning cycle; the Fund is still largely manually operated with legacy systems that are not integrated. The implementation of the Integrated Claims Management System (ICMS) as envisaged in the next 2 Financial Years will be a critical success factor for the 5 year strategy.

Fraud and Corruption remains a key risk for the Fund. The Fund continued to be targeted by fraudsters and this will remain a high risk as long as the Fund's processes have not been fully automated. Whilst this remains an area of improvement going into the new planning cycle, there has been an improvement in consequences management on internal officials within the Fund who were found to be corrupt and/or involved in acts of maladministration. There are just over 800 active RAF matters in various courts across the country. The South African Police Services (HAWKS) currently has just over 83 RAF cases under investigation. All these together with an internal caseload of just under 500 cases is a clear indication of the magnitude of the fraud and corruption challenge in the Fund.

Claims Administration

The most significant change going into the 2021/22 planning cycle operating environment is the new RAF operating model. The operating model represents a new approach to investigation, settlement and litigation of claims.

In terms of number of new personal claims, calculations show that the average (and smoothed) increase in the number of personal claims being reported, up to 2020 Q4, over this period is 8.9% per annum. Notwithstanding the slow down during the 3 quarters of the 2020/21 FY due to COVID 19, indications are that this trend is likely to continue into the new planning cycle.

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The analysis of average settlements amount over a 10 quarter assessment period shows an increasing trend on average settlements across all heads of damages. The most significant change was an 8.1% increase in the average settlements of the Loss of Earnings(LOE) head of damage to R 776 529, and a 4.5% increase on the Loss of Support(LOS) head of damage to R 435 359. Going into the new planning cycle, the implementation of the new operating model and legislative changes will be crucial in reducing these costs.

Financial Sustainability

In terms of the RAF claims liability, the actuarial valuation as at 30 September 2020 is at R331 billion, an increase from the R319 billion as at 20 June 2020. As at 31 March 2020, the Requested but not yet paid (RNYP) was R14.9 billion, compared to R11.2 billion in the 2018/19 financial year. This is likely continue to increase going into the new planning cycle, however what will be critical is the effectiveness of the new operating model in reducing the rate of this growth. Going into the new planning cycle, the critical success factor will be the Fund's ability to transition to the annuity payments strategy.

On the revenue front, the Fund's annual revenue income averaged just under R 3.5 billion, pre-Covid 19. The Covid-19 pandemic resulted in a significant dip in revenue to as low as just under R1.5 billion in July 2020. Although there was recovery in revenue during October and November 2020, it remains uncertain going into the next planning cycle where the average revenue income will settle. During the 2020/21 financial year, treasury approved a 5c/l fuel levy increase from April

2020, which represent an increase from 198.0 c/l to 207.0 c/l. The engagements with SARS on the transparency of the key drivers of the revenue income and the finalization of the Fund's funding model will be crucial in this regard.

Some of the key milestones during the current Financial Year was the reduction of the number of claims settled with a writ of execution by 60.1%, from 7,414 in 2019/20 to 2,957 in 2020/21. This is significant, as it will result in the reduction of duplicate payments. The bank attachments challenge has also been brought under control in the 2020/21 FY. This was in part owing to the controls introduced in treasury and the legal strategy in the battle with the Sheriff.

The Fund goes into the new planning cycle against the backdrop of a clean audit outcome by the AG, a first in over 3 Financial Years.

Litigation Management

The approach to litigation is one of the areas with the most significant change in the Fund's operating environment. During the previous strategic planning session, the board and management were confronted with the challenge of resolving the legacy of high administrative costs, driven by legal costs. During the 2020/21 FY, the Fund did not renew the contracts of the panel attorneys, thereby moving away from the litigious approach of the past Financial Years. Whilst it is still too early to suggest that the Fund has succeeded in reducing legal costs, early signs as reflected in the 2020/21 Q3 performance report indicate a reduction of 52% on legal costs. However, the Fund still has significantly high number of litigated claims, and summons continue to be issued against the Fund on a daily basis. Going into the new planning cycle, the critical success factors will be the early settlements of matters within 120 days and the operationalization of the RAF State Attorney Litigation model.

6.1.2 EXTERNAL ENVIRONMENT ANALYSIS

The PESTEL analysis of the RAF's external environment indicates significant changes in the Fund's external operating context, which are important to consider going into the 2021/22 planning cycle.

On the political front, the main areas to observe going into 2021/22 will be the vaccine rollout programme. The possible Public Sector industrial action must also be closely watched and the extent to which there can be an escalation of industrial actions across various sectors of the economy. The local government elections are also expected to take place in 2021.

South Africa's economy will likely contract this year by more than the 7% previously forecast by the Treasury. Gross domestic product shrunk by a record 51% in the second quarter, its fourth quarterly contraction in a row, as a strict lockdown to curb the spread of the coronavirus saw activity grind the economy to a near-standstill. After this year's projected contraction at the hands of Covid-19, the economy is projected to rebound in 2021 as domestic and foreign demand revive. That said, high unemployment and persistent electricity shortages are likely to weigh on growth, while a ballooning public debt pose additional risks. It does not help that SA was further downgraded during the 2020/21 financial year. National treasury is also projecting a significant shortfall in revenue collection. Going into the next planning cycle, this will be an important consideration for the Fund as it tries to raise funds.

Covid-19 had a devastating social impact, not only in South Africa, but globally. The unemployment rate rose to 30.1%, the highest it has ever been since the survey started in 2008. Over 2 million people lost their jobs due to Covid-19.

On March 11, 2020, The World Health Organization (WHO) declared COVID-19 outbreak a global pandemic. South Africa had its first recorded COVID-19 case on the 05 March 2020. As at 19 January 2021, 1 346 936 South Africans had been infected by the virus, although the majority recovered, 37 449 succumbed to the virus. The RAF was not exempted to the devastating effect of the virus, with just over 290 employees getting infected and 3 unfortunately losing their lives.

The motor vehicle accidents have also proven to have a negative effect on the socio economic in the country. South Africa has one of the highest vehicle accident mortality rates in the world. A comparative analysis of road deaths per 100 000 population indicates a rate of 25.2 for South Africa which is above the world average of 17.4. Overall, over the last few years, the number of accidents reported has been increasing, while the number of vehicles on the road has also been increasing, although not as much. This changed during the last 2 quarters of 2020/21 due to COVID-19. It remains to be seen whether the advent of remote working will have the effect of reducing accidents in the long term. RTMC state of Road Safety Report published in December 2019, shows that the number of registered vehicles increased from 9.8 million in 2018 to 12.4 million in 2019. However, vehicles sales decreased by 29% for the year ending 31 December 2020. This is a decrease from 536,612 vehicles sales in 2019 to 380,449 in 2020 (Source: NAAMSA 2020 Report).

A decade ago, Department of Transport made a commitment as a party to the United Nations Decade of Action for Road Safety, to reduce road fatalities and injuries by 50% by 2020. This goal was further re-affirmed in National Development Plan, which enjoins the country to reduce injury,

accidents and violence by half from 2010 levels. Regrettably, very little progress has been made towards the realisation of the 50% reduction of road fatalities goal.

On the Technology front, the use of more energy efficient vehicles and plug-in electric vehicles is gaining more momentum all over the world including South Africa. The future of EV and self-driving cars is inevitable and must be a key consideration as we go into the new planning cycle. Whilst the impact is unlikely to be significant within the next 4 years, it is important that the Fund start planning for the future dominated by EV and self-driving cars. The DoT is planning to introduce legislation on self-driven cars in the 2022/23 Financial Year.

Cyber security risks remains a serious global and national threat. With the RAF planning to move towards automation, it will be crucial that this risk is appropriately managed. The coming into effect of the POPIA legislation and ensuring the Fund's readiness to comply will be important going into the new planning cycle.

In recent years, the environmental effects brought about by climate change have been clearly evident with the increase in natural disasters in the country. The RAF is not exempt from these environmental effects. The Fund's business continuity strategy must be agile enough to respond to these climate change risks in order to minimise the impact on the organization.

7 PART C: MEASURING RAF PERFORMANCE

7.1 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

7.2 REVISED 2020-25 STRATEGIC PLAN: OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

7.2.1 Outcome 1. A transformed and sustainable RAF

Outcome	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20		2020/21	2021/22	2022/23
A transformed and sustainable RAF	Approved RAF business operating model	RAF business operating model	-	-	-	Approved business operating model	RAF business operating model implemented	-	-
	Approved RAF Amendment Act proposal submitted to DoT	RAF Amendment Act proposal submitted to DoT	-	-	-	Approved Amendment proposal submitted to DoT	-	-	-
	Claims processed within 120 days	% of all new personal claims settled within 120 days	-	-	-	5%	5%	30%	50%
	Claims validated and verified within 60 days	% of personal claims validated and verified within 60 days	-	-	-	20%	50%	80%	90%
	Reduced average age of old claims	Increase % of 3 year old claims settled	-	-	-	5%	10%	20%	35%

Outcome	Outputs	Output Indicator	Annual Targets					MTEF Period			
			Audited/Actual Performance			Estimated Performance			2021/22	2022/23	2023/24
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
Reduction of legal costs	Reduced Medical costs	% Reduction of legal costs	-	-	-	15%	25%	35%	55%		
			-	-	-	RAF Medical Tariffs developed	RAF Medical Tariffs implemented	-	-		
			-	-	-	Medical treatment protocols developed	Medical treatment protocols implemented	-	-		
Improved Financial sustainability	Debt restructuring finalised (RNYP)	RAF Funding model finalized	-	-	-	-	-	10%	20%		
			-	-	-	Reviewed RAF Funding Model	-	-	-		
			-	-	-	Secured finance facility for short-term liability (RNYP)	Secured finance facility short-term liability (RNYP)	-	-		
Improved Financial sustainability	Asset and Liability Strategy implemented	Asset and Liability Strategy implemented	-	-	-	-	-	-	-		
			-	-	-	-	Asset and Liability Strategy developed	Asset and Liability Strategy implemented	-		
			-	-	-	-	-	-	-		

Outcome	Outputs	Output Indicator	Annual Targets									
			Audited/Actual Performance		Estimated Performance	MTEF Period						
			2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24		
									2021/22 and approved			

7.2.2 Outcome 2 System modernization

MTEF Period	Outputs	Output Indicator	Annual Targets								
			Audited/Actual Performance		Estimated Performance	MTEF Period					
			2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	
System modernization	Implement interim solution to enhance the current system	An Integrated Claims Management system	-	-	-	Implement interim solution to enhance the current system	On-boarding of Service Provider and Approved Project Plan for ICMS.	Phase 1 of the Integrated Claims Management System implemented	Phase 2 of the Integrated Claims Management System implemented		

7.2.3 Outcome 3 Improved Governance and Strengthened Control Environment

Outcome	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance		Estimated Performance	MTEF Period			
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Improved governance and strengthened control environment	Adequacy of responses to Parliament questions	Percentage of responses to Parliament questions stipulated within timelines	-	-	-	-	100% responses to Parliament questions	100% responses to Parliament questions	100% responses to Parliament questions
	Resolution of reported incidents of fraud and corruption	Percentage of resolution of reported incidents of fraud and corruption	-	-	-	-	95% resolution of reported incidents of fraud and corruption	95% resolution of reported incidents of fraud and corruption	95% resolution of reported incidents of fraud and corruption
	Functionality of ethics structures and adequate capacity	Ethics committees established and operationalised	-	-	-	-	Departmental Ethics Committees operationalised	Departmental Ethics Committees operationalised	Departmental Ethics Committees operationalised
	Implementation of action plan to address audit findings	Percentage of implementation of action plans to address audit findings	-	-	-	-	100% implementation of action plans to address audit findings	100% implementation of action plans to address audit findings	100% implementation of action plans to address audit findings
Reduction of qualified audits	Regulatory Outcome by the Auditor-General of South Africa (AGSA)	-	-	-	-	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	Unqualified Audit Report with no significant findings	
Elimination of wasteful and fruitless expenditure	Percentage reduction of cases of wasteful and fruitless expenditure	-	-	-	-	100% reduction of cases of wasteful and fruitless expenditure	100% reduction of cases of wasteful and fruitless expenditure	100% reduction of cases of wasteful and fruitless expenditure	

Outcome	Outputs	Output Indicator	Annual Targets														
			Audited/Actual Performance					Estimated Performance					MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2020/21	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
	Reduction of irregular expenditure	Percentage reduction of cases of irregular expenditure	-	-	-	-	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure		
	Compliance to 30-day payment requirement	Percentage compliance to 30-day payment requirement	-	-	-	-	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance		

7.2.4 Outcome 4 Improved Service Delivery

Outcome	Outputs	Output Indicator	Annual Targets														
			Audited/Actual Performance					Estimated Performance					MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2020/21	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
Improved service delivery	Stakeholder management strategy	Stakeholder management strategy developed and implemented	-	-	-	-	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved	Stakeholder management strategy developed and approved		
	Customer satisfaction survey conducted	% customer satisfaction survey rating	-	-	-	-	-	-	-	-	-	-	-	-	60%		
	Organisational structure review	Organisational structure reviewed and approved	-	-	-	-	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report	Approved organisational Structure Report		

Outcome	Outputs	Output Indicator	Annual Targets								
			Audited/Actual Performance			Estimated Performance	MTEF Period				
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		
		Review of SCM process, systems and resources	-	-	-	SCM process, systems and resources reviewed and approved	Implement approved SCM process, systems and resources.	Structure Report	-		
	Skills audit of all employees	Skills audit report	-	-	-	Skills Audit Initiated	Skills Report Finalised.	Skills audit implemented	-		
	% of Enterprise Service Development (ESD) spent on woman owned enterprises	% ESD spent on woman owned enterprises	-	-	-	-	Develop plan for woman empowerment	30%	30%		

7.3 2021/22 ANNUAL PERFORMANCE PLAN

7.3.1 Indicators, Annual and Quarterly Targets 2021/22 APP

No	Output Indicators	2021/22 Target				
		Q1	Q2	Q3	Q4	
1.	Approved business model	RAF operating model implemented	-	-	-	RAF business operating model implemented
2.	% new personal claims settled within 120 days	5%	5%	5%	5%	5%
3.	% of claims validated and verified within 60 days	50%	50%	50%	50%	50%
4.	Increase % of 3 year old claims settled	10%	10%	10%	10%	10%
5.	% Reduction of legal costs	25%	25%	25%	25%	25%
6.	RAF medical Implemented	RAF Medical Tariffs implemented	-	-	-	RAF Medical Tariffs implemented
7.	Developed medical treatment protocols	Medical treatment protocols implemented	-	-	-	Medical treatment protocols implemented
8.	Improved Financial sustainability	Secured finance facility for short term liability	-	-	-	Secured finance facility for short term liability
9.	Improved Financial sustainability	Asset and Liability Strategy developed and approved	-	-	-	Asset and Liability Strategy developed and approved

No	Output Indicators	2021/22 Target	Q1	Q2	Q3	Q4
10.	Implement interim solution to enhance the current system	On-boarding of Service Provider and Approved Project Plan for ICMS.	-	-	-	On-boarding of Service Provider and Approved Project Plan for ICMS.
11.	Percentage responses to questions within stipulated timelines	100% responses to Parliament questions	-	Bi-Annual Report on the status of responses to Parliamentary questions	-	Annual Report on the status of responses to Parliamentary questions
12.	Percentage resolution of reported incidents of fraud and corruption	95% resolution of reported incidents of corruption	-	Bi-Annual Report on progress made to resolve reported incidents of fraud and corruption	-	Annual Report on steps taken to ensure resolution of reported incidents of fraud and corruption
13.	Ethics committees established and operationalised	Operations of departmental ethics committees monitored	-	Bi-Annual Report on the status and operations of ethics committees in the Department.	-	Annual Report on the status and operations of ethics committees in the Department.
14.	Percentage implementation of action plans to address audit findings	100% implementation of action plans to address audit findings	-	-	Develop action plans to address audit findings raised by the AGSA for the 2019/20 financial year	Annual Report on the implementation of action plan to address audit findings raised by the AGSA for the 2019/20 financial year.
15.	Regulatory Outcome by the Auditor-General of South Africa (AGSA)	Unqualified Audit Report with no significant findings	-	-	-	Annual Report on efforts taken to achieve an unqualified audit report with no significant findings.
16.	Percentage reduction of cases of wasteful and fruitless expenditure	75% reduction of cases of wasteful and fruitless expenditure	-	Bi-Annual Report on steps taken to reduce wasteful and fruitless expenditure.	-	Annual Report on steps taken to reduce wasteful and fruitless expenditure.

No	Output Indicators	2021/22 Target	Q1	Q2	Q3	Q4
17.	Percentage reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	-	Bi-Annual Report on steps taken to reduce irregular expenditure.	-	Annual Report on steps taken to reduce irregular expenditure.
18.	Percentage compliance to 30-day payment requirement	100% compliance to 30-day payment requirement	-	Bi-Annual Report on steps taken to ensure compliance to the 30-day payment requirement	-	Annual Report on steps taken to ensure compliance to the 30-day payment requirement
19.	Stakeholder management strategy	50% of the Stakeholder Management Implemented.	-	-	-	50% of the Stakeholder Strategy Implemented.
20.	Organisational structure developed	Work Study and Organisational Structure Developed.	-	-	-	Work Study and Organisational Structure Developed.
21.	Review SCM process, systems and resources	Implement approved SCM process, systems and resources.	-	-	-	Implement approved SCM process, systems and resources.
22.	Skills audit report	Skills Audit Report Finalised.	-	-	-	Skills Audit Report Finalised.
23.	% of Enterprise Development (ESD) spent on woman owned enterprises	Develop ESD plan for woman empowerment	-	-	-	Develop ESD plan for woman empowerment

7.4 PROGRAMME RESOURCE CONSIDERATIONS

Requirements for resources and budget on how the programmes will be implemented where considered and included in the budget that was presented to the Minister.

7.5 KEY RISKS AND MITIGATION

Outcome	Key Risk	Risk Mitigation
A transformed and sustainable RAF	Financial sustainability Fraud, Corruption and unethical behaviour People Management Service Delivery	<ul style="list-style-type: none"> • Review RAF funding model • Explore other possible sources of revenue - sustain the RAF • Enhance fraud prevention and detection measures and collaboration with law enforcement agencies • Conduct skills audit to identify skills gaps and implement appropriate interventions.
Systems modernisation	Information and Communication Technology Financial sustainability Service Delivery	<ul style="list-style-type: none"> • Implement a claims management system to improve efficiency and productivity • Roll out ECM to optimise current business processes • Enhance Cyber security measures • Optimise online lodgement and processing of claims throughout the claims value chain • Implement Enterprise Architecture.

Outcome	Key Risk	Risk Mitigation
<p>Improved governance and strengthened control environment</p>	<p>Fraud and Corruption Financial sustainability People Management Service Delivery Governance/Leadership</p>	<ul style="list-style-type: none"> • Review, monitoring and reporting on adherence to the governance framework to the RGAC • Verify Declaration of interests (DoI) for completeness and compliance. • Implement Compliance management plan • Conduct an independent Ethics Risk assessment • Develop the Ethics strategy and plan • Roll out awareness sessions on the new Organisational values • Conduct focussed ethics and fraud awareness sessions • Procure cyber tools and conduct cyber investigations
<p>Improved service delivery</p>	<p>Fraud and Corruption Financial sustainability People Management Service Delivery Reputational risk</p>	<ul style="list-style-type: none"> • Review the Claims Operating Model with the main focus of settling claims within 120 days • Develop and implement a client experience model across the organisation • Finalise and rollout the State Attorney model to reduce the exposure of undefended matters.

Outcome	Key Risk	Risk Mitigation
		<ul style="list-style-type: none"> • Conduct skills gap and implement appropriate interventions.

8 PART D: TECHNICAL INDICATORS (TID)

Technical indicators have been developed and will be annexed to the document.

9 ANNEXURES

9.1 ANNEXURE A: CHANGES TO THE 2020 - 2025 STRATEGIC PLAN

Following the changes between the approved Revised 2020-2025 SP, Revised 2020/21 APP and Final Draft 2021/22 APP reflects that the number of Outcomes still remain the same at 4, the number of Output Indicators increased to 21 and the number of targets increased from 19 to 23 in the 2021/22 APP. The table below indicates the changes between the approved SP and the 2021/22APP.

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
Initial Plan	A transformed and sustainable RAF	Claims processed within 120 days	95%	25%	
Changes			Target Revised: 75%	Target Revised: 5%	Target revised: The target to ensure that achievement is realistic, following the Covid 19 impact.
Initial Plan		Reduced average age of old claims	50%	15%	
Changes		New Output Indicator: % increase in settlement of claims older than 3 years	New Target: 50%	New Target: 10%	New Indicator and Target: The target to ensure that achievement is realistic, following the Covid 19 impact.

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
Proposed new target		Asset and Liability Strategy developed	Asset and Liability Strategy Implemented	Asset and Liability Strategy developed and approved	This is in line with moving the Fund towards the installment payment approach
Initial Plan		Improved Financial sustainability	Secured finance facility for short term liability	No Target	
Changes				New Target: Secured finance facility for short term liability	Carried over from previous FY
Initial Plan	Improved governance and strengthened control environment	Increased fraud detection in claims processing	35%	15%	
Changes		New Output Indicator: Percentage resolution of reported incidents of corruption	New Target: Percentage resolution of reported incidents of corruption	New Target: 95% resolution of reported incidents of corruption	New Indicator and Target: Outcome indicator and target revised after discussion with DoT. DoT recommendations implemented.
Initial Plan		% Reduction in the number of audit findings	75%	60% Reduction in number of audit findings	

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
Changes		New Output Indicator: Percentage implementation of action plans to address audit findings	New Target: Percentage implementation of action plans to address audit findings	New Target: 100% implementation of action plans to address audit findings	New Indicator and Target: Outcome indicator and target revised after discussion with DoT. DoT recommendations implemented.
Initial Plan	Improved governance and strengthened control environment	Unqualified Audit	Clean audit	Clean audit	
Changes		New Output Indicator: Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA)	New Target: Unqualified Audit Report with no significant findings	New Target: Unqualified Audit Report with no significant findings	New Indicator and Target: Outcome indicator and target revised after discussion with DoT. DoT recommendations implemented.
New Indicator		New Output Indicator: Percentage responses to Parliament questions within stipulated timelines	New Target: 100% responses to Parliament questions	New Target: 100% responses to Parliament questions	New Indicator and Target: Output indicator and target added after discussion with DoT. DoT recommendations implemented.

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
New Indicator		New Output Indicator: Ethics committees established and operationalised	New Target: Departmental Ethics Committees operationalised	New Target: Operations of departmental ethics committees monitored	New Indicator and Target: Output indicator and target added after discussion with DoT. DoT recommendations implemented.
New Indicator		New Output Indicator: Percentage reduction of cases of wasteful and fruitless expenditure	New Target: 100% reduction of cases of wasteful and fruitless expenditure	New Target: 75% reduction of cases of wasteful and fruitless expenditure	New Indicator and Target: Output indicator and target added after discussion with DoT. DoT recommendations implemented.
New Indicator		New Output Indicator: Percentage reduction of cases of irregular expenditure	New Target: 75% reduction of cases of irregular expenditure	New Target: 75% reduction of cases of irregular expenditure	New Indicator and Target: Output indicator and target added after discussion with DoT. DoT recommendations implemented.
New Indicator	Percentage compliance to 30-day payment requirement	New Output Indicator: Percentage compliance to 30-day payment requirement	New Target: 100% compliance	New Target: 100% compliance to 30-day payment requirement	New Indicator and Target: Output indicator and target added after discussion with DoT. DoT recommendations implemented.

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
Initial Plan	Improved service delivery	Stakeholder management strategy	Stakeholder management strategy implemented	Stakeholder management strategy implemented	
Changes				<p>Target Revised:</p> <p>50% of the Stakeholder Management Strategy Implemented</p>	<p>Target Revised:</p> <p>The target revised to ensure that achievement is realistic, following the Covid 19 impact..</p>
Initial Plan		Customer satisfaction survey conducted	85%	75%	
Changes				Target removed	<p>Target removed:</p> <p>Customer satisfaction will be reviewed in 21/22 and based on COVID-19 progress; it may be re-introduced in 22/23.</p>
New Indicator		New Output Indicator: % of Enterprise Service Development (ESD) spent on	New Target: 3% of Enterprise Service Development (ESD) spent on	New Target: Develop ESD plan for woman empowerment	<p>New Indicator and Target:</p> <p>Output indicator and target added after discussion with DoT. DoT recommendations implemented.</p>

PLAN	OUTCOME	OUTPUT INDICATOR	2020-25 TARGET	2021/22	RATIONALE
		woman owned enterprises	woman owned enterprises		

FINAL Letter to Minister APP 21-22_23022021

Final Audit Report

2021-02-23

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