



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA



APPOINTMENT OF BOARD OF DIRECTORS FOR ROAD ACCIDENT FUND

The Road Accident Fund is an important agency of the Department of Transport that plays an important role in creating a social security safety net for those whose livelihoods are disrupted by road accidents. The scheme is funded through the fuel levy. The escalating number of crashes on our roads directly impact on the ability of the RAF to honour its obligations.

Each time someone is injured on our roads, whether they are South African or a foreign national, the RAF incurs a liability. During my budget vote speech in Parliament earlier this year, I reflected on the impact of road crashes to the economy and to the RAF.

The carnage on our roads comes at a huge cost to the economy and untold pain and suffering to those who are maimed or loved ones of those who lose their lives every day. The RAF continues to face tremendous pressure on its ability to carry out its mandate.

I further reflected in Parliament that it is abundantly clear that the current dispensation of the Road Accident Fund is not sustainable. We are determined to move with speed in transforming the Fund from a fault-based system to a no-fault policy approach.

Over the last year, the RAF has not had a permanent Board. An interim Board was appointed by my predecessor on 1 July 2018. This is the Board that has continued to sustain the RAF while we were finalizing the appointment of the permanent Board.

I wish to extend my appreciation for their diligence in tackling intractable challenges under very trying circumstances. I am pleased to announce that the processes towards the appointment of a permanent Board of the Road Accident Fund have been concluded.

Cabinet has approved the appointment of men and women who will bring to the RAF the required expertise at leadership level to steer the organization towards a sustainable future.

The new Board consist of the following persons:

1. Mr Khotso Motobi - A professional who hold as Masters in Business

Administration (MBA), Bachelor of Science in Medicine and a Honours degree in Pharmacology. He has served on the RAF Board since 2016. He has vast experience in insurance that includes serving as CEO of Union Life, an underwriter for Professional Provident Society and Liberty Life.

2. Mr Moses Nyama - He holds a B.Sc honours degree in Financial Engineering, a B.Sc degree in Actuarial and Financial Mathematics. His experience includes working as Head of Actuarial Technical Pricing and Risk Management at Telesure Group, Actuarial Pricing Analyst at Standard Insurance Limited, Actuarial Analyst at ABSA Consultants and Actuaries.

3. Dr Prieur du Plessis - He holds a doctorate in Business Administration, Masters in Business Administration and a B.Sc in Quantity Surveying. He currently serves as a Professor extraordinaire at the University of Stellenbosch Business School. His vast experience includes serving as CEO Plexus Asset Management, General Manager: Portfolio Management at SANLAM. He has published books on Investment and company directorship.

4. Ms Thembelihle Msibi - She holds a Bachelor of Laws (LLB) Honours degree. Her experience spans both the public and private sectors and includes CEO of the Advertising Standards Authority, Head of Department for the Department of Roads and Transport in Mpumalanga, Director for International Relations at the Department of Public Enterprises and Department of Transport and Legal Advisor to the SABC. She currently serves as a non-executive Director of the Banking Ombudsman and has served as a Chairperson of the Railway Safety Regulator.

5. Mr Hilmi Daniels - Mr Daniels is a Chartered Accounting with a Masters of Law in tax. He also holds a Bachelor of Accounting Science honours degree. He has served as a member of the Standing Advisory Committee on Company Law. He has vast experience in auditing, accounting and taxation.

6. Dr Nomonde Mabuya - Dr Mabuya is a medical doctor and holds a Bachelor of Medicine (MBBCh) degree. She also hold a Masters in Business Administration (MBA), a B.Sc honours degree in Aerospace medicine.

7. Dr Maria Peenze - Dr Peenze is a governance specialist whose experience includes serving as CEO of the Public Protector, Deputy Director-General: Public Entity Oversight at the Department of Transport and Senior Manager: Legal Services at the South African Social Security Agency (SASSA). She has been instrumental in guiding the process to draft the Road Accident Benefic Scheme Bill that seeks to transform the RAF and currently before Parliament.

8. Mr Thulani Tshabalala - Mr Tshabalala is a quadriplegic and plays a major role in mobilizing society to be responsive to the plight of disabled people. He holds a diploma in Project Management. He currently serves as CEO of the South African Disability Development Trust. He has served as a Provincial Manager of

the Disabled People of South Africa.

9. Adv Galetlane Rasethaba - Ms Rasethaba hold a Master of Laws (LLM) degree, an LLB and B.Proc degrees as well as a Diploma in Company Law. Her experience includes serving as Chief Risk Officer at Telkom Ltd, Chief of Regulatory, Corporate Affairs and Legal Services at Telkom Foundation. She also served as Director: Asset Forfeiture Unit. She was admitted as an attorney in August 1990 and admitted as an advocate in 1996. She has served as a Regional Manager of the Road Accident Fund from 1990 until 2005. As an attorney she undertook plaintiff's work against the RAF, and as a practicing advocate have been defending the RAF. She has undertaken this work for 29 years.

10. Mr Lusani Mulaudzi - Mr Mulaudzi is the President-Elect of the Actuarial Society of South Africa. He holds a B.Comm honours degree in Actuarial Science. He further holds a Diploma in Actuarial Science and is a fellow of the Actuarial Society of South Africa. His experience include serving as Senior Actuarial Consultant at SANLAM Life.

This Board assumes office immediately and I have appointed Adv Rasethaba as its Chairperson. Two additional members, who will both be women, will be announced in due course, bringing the total number of non-executive directors to 12, made up of 6 men and 6 women.

We are under no illusion about the challenges facing the Fund. We are equally confident that this Board will rise to the occasion and tackle the challenges with vigour.

The challenges confronting the RAF are huge and require collective effort to resolve. The RAF is currently sitting with an actuarial liability of R292 billion. This means the entity does not have enough money to cover the claims as they are lodged.

In the short term, RAF owes R17.2 billion on claims that have been finalised, but has no money to settle these. This is despite the fact that RAF is currently sitting with 189 000 open files of claims not yet finalised, and are at litigation stage with different lawyers.

The RAF spends R10 billion a year on lawyers. On an annual basis, thousands of cases go to court and get allocated a trial date. In the 2018/19 financial year alone, 22 366 cases were allocated trial dates, but only 86 of these matters served before a judge. This means that in 99.6% of all the cases on the court roll, the RAF settled out of court. In addition to the settlement, the institution also had to pay the legal costs of the complainants which amounted to R6.3 billion.

This is an area the incoming Board will have to pay serious attention to. Serious consideration will also be given to building internal capacity for RAF. This may involve in-sourcing legal work and directly employ attorneys to process the case

load. We believe this course of action can save the entity R2.9 billion per annum.

This is a model the Legal Aid Board employed to bring down costs and improve efficiencies. We will conclude a Shareholder Compact with the Board to set out the priorities for the remainder of the current financial year.

The Road Accident Benefit Scheme (RABS) Bill is currently before Parliament and we will work with Parliament to expedite the passage of the Bill and give impetus to the transformation of the Fund from its current configuration. We have identified a number of priorities the Board will be seized with in turning the institution around.

1. Reduction in legal costs. We must implement a robust medico-assessment model to reduce legal costs.
2. Revisions of structure and business processes. Priority must be given to the re-engineering of the claims business processes, which must result in removal of bureaucracy with long-winded processes.
3. Integrated Claims Assessment System. RAF must improve on performance management and take decisive steps to root out corruption.
4. Rehabilitation Network. The Board must focus on introducing stringent pre-authorisation processes. Part of this involves the resuscitations of discussions with the Department of Health on the establishment of rehabilitation centres in KwaZulu-Natal.
5. Revision of Supply Chain Management structure. The Board must move with speed in establishing a comprehensive SCM plan in the claims environment, and improve contract management of providers.

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