



**THE ASSOCIATION FOR THE PROTECTION OF ROAD ACCIDENT VICTIMS**

A VOLUNTARY ASSOCIATION NOT FOR GAIN INCORPORATED IN TERMS OF THE COMMON LAW

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**Open letter to all Stakeholders**

**7 April 2025**

**RE: CAUTION: RAF PERFORMANCE AN OPTICAL ILLUSION**

## **1. Background**

Earlier this year APRAV circulated a letter addressing the RAF 2023/24 Annual Report.

At a recent SCOPA (Standing Committee on Public Accounts) hearing on the RAF audit outcomes and financial statements for the same period, the CEO had yet again exhibited an extraordinary ability to “tap dance his way around” the obvious dismal performance exhibited by the RAF.

We are pleased to report that the honourable chair and members of the Committee were not impressed by his performance and called Mr. Letsoalo on various discrepancies including but not limited to the one ending in a public apology issued by Mr. Letsoalo days after the hearing.

Yet the Executive of the RAF, in clear defiance of the Minister of Transport, still persists in applying an accounting standard that renders the AGSA (Auditor General of South Africa) unable to perform their statutory duty and the vexed RAF 2023/24 - disclaimer annual report.

Apart from the illegal accounting standard implemented by the RAF their decision to do away with their panel of attorneys had been the object of a Special Investigation Unit (SIU) investigation as reported on by the SIU to SCOPA on the 18<sup>th</sup> of March 2025.

## **2. The Consequences of Dissolving the Litigation Panel**

The RAF measures their performance on how they can minimise short-term payments without having regard to how this will affect the long-term financial position and to achieve this they concentrate on reducing legal and expert costs and did so by doing away with their panel of attorneys.

By not defending claims but rather wait for Court Orders before making payments, they significantly increase the overall liability - this liability is in fact hidden and achieved due to the change in their accounting policy.

The immediate consequence was the increase in the volume of default judgements and much higher settlement amounts.

The average RAF legal costs have decreased by R8 478 from R38 048 in 2020 to R29 123 for 2021 to 2024, a carefully administered choreography utilized by Mr. Letsoalo to boast about the significant reduction administrative costs.

However, closer scrutiny reveals an increase of R171 047 (from R279 950 to R365 723) in average amounts for personal claims largely due to the RAF being unrepresented at Court and inevitable default judgement.

The Judge President recently requested comments on proposed compulsory mediation and in particular concerning RAF matters as they seem to take up the bulk of the daily allocated matters.

The increase in RAF matters on the Court Rolls are primarily due to the unwillingness of the RAF to settle claims within 120 days of lodgement and dissolving their panel without a contingency plan and leaving it up to the Courts to resolve the matters either on default or trial.

## **3. Fruitless and Wasteful Expenditure**

The report by the SIU reveals that the RAF had dissolved their panel without a "back-up plan". The decision not to proceed with contracting the panel of attorneys was not approved by the Board although the Board approved a strategy wherein the RAF had to reduce its administrative and legal costs.

The SIU noted that there has been an increase in default judgements since the termination of the panel with the total amount of default judgements from 2018 to the 2<sup>nd</sup> quarter in 2024 in the amount of R 4780244641.47.

The SIU concludes on this point in stating that the CEO and the Board acted irrational in doing away with the panel without a workable contingency plan in place. The SIU is busy preparing the necessary evidence packs for disciplinary referrals for all members involved.

#### **4. How much more damage must be caused to prompt action by the Minister?**

Almost a year since Minister of Transport Barbara Creecy was quoted in saying *“Governance at the Road Accident Fund (RAF) is something that has to be sorted out as a matter of priority”* nothing has changed.

In fact, the very same fancy footwork exhibited by Mr. Letsoalo and his Board on the 18<sup>th</sup> of March 2025 had already been aired as far back as 19 April 2023, during a SCOPA investigation being chaired by the current Deputy Minister of Transport Mr. Mkhuleko Hlengwa.

Since his secondment and ultimate appointment as CEO of the RAF, Mr. Letsoalo has been allowed to:

- i. Successfully create a parallel third-party compensation regime (operating outside the strict prescripts of the RAF Act) re-labelling themselves as a social benefit scheme (which they are not);
- ii. Implement and uphold a unlawful accounting standard;
- iii. Reject otherwise valid claims subject to an unlawful board notice;
- iv. Ignore Court Orders;
- v. Make a mockery of the bench;
- vi. Make a mockery of Parliament;
- vii. Ignore direct instructions by the Minister;
- viii. Ignore direct instructions by the Deputy Minister;
- ix. Appoints a Chief Investment Officer without proper verification;
- x. Unlawfully investing 11 billion rand in a “call account”;
- xi. Default on payment subject to a court order he set in motion;
- xii. Prevent any meaningful change;
- xiii. Caused millions in fruitless and wasteful expenditure;
- xiv. Be involved with tender irregularities;
- xv. Dissolved the panel without a workable alternative.

Considering the fact that the AGSA is incapable of delivering on their mandate and will seemingly be until such time that the Executive of the RAF decides otherwise, is a travesty.

Considering the fact that absolutely nothing has been done to address this defiance it seems that the executive of the RAF will simply be allowed to continue with their unlawful crusade.

How much more embarrassment will the executive of the RAF be allowed to cause and how many lives do they have to ruin to cause meaningful intervention?

## **5. Conclusion**

The Supreme Court of Appeal has on Thursday 3 April 2025 declined to hear an appeal by the RAF regarding the unlawful accounting standard currently being applied by the RAF.

The Deputy Minister of Transport has described ruling as an indictment of the RAF Board as the matter should never have escalated to the courts in the first place, stating that valuable time and resources have been wasted unnecessarily.

This ruling and similar ones against unlawful reforms implemented by the RAF Executive will hopefully ignite a concerted effort to focus on constructive dialogue and informed intervention, to save the RAF from its current collision course.

APRAV remains hopeful that with proper consultation with all stakeholders, practical changes can be brought about that would be in the interest of the judiciary, the RAF and most importantly the victims of road crashes.

***Yours Truly,***



