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# RAF OVERSIGHT ENQUIRY: BRIEFING NOTE FOR WEEK 1 HEARINGS

## 1. Overview

Over the eight-week period of the Road Accident Fund (RAF) Oversight Enquiry conducted in 2025, the Committee received extensive submissions and testimony from multiple witnesses concerning matters relating to governance failures, financial management and compliance, procurement and supply chain management, legal and litigation expenditure, automation and claims processing, as well as governance and human resource matters at the RAF. In Week 1 of 2026, the Standing Committee on Public Accounts (SCOPA) will continue with the Oversight Enquiry, with witnesses appearing to provide further clarification sought by the Committee.

The purpose of this briefing note is to provide the Committee with concise background on the witnesses scheduled to appear in Week 1, outline their respective roles within the RAF, and summarise the key issues and allegations they are expected to address, based on evidence presented to SCOPA since October 2024 and testimony heard throughout the Enquiry.

## 2. National Union of Metalworkers of South Africa (NUMSA)

As part of its public participation process, SCOPA received a written submission from the National Union of Metalworkers of South Africa (NUMSA), which represents a significant cohort of RAF employees. On 16 March 2024, the RAF management notified NUMSA that it was unilaterally cancelling its recognition agreement, citing RAF's reclassification from the "Road Freight/Transport" sector to the "Social Security" sector and claiming that NUMSA's registered scope did not cover social security.

Key issues raised in the NUMSA submission relating to maladministration and mismanagement at the RAF include:

- The RAF placed more than 50 employees on paid suspension for over three and a half (3½) years without proving corruption, failed to conclude disciplinary processes, and spent approximately R119 million on related legal costs, resulting in fruitless expenditure and operational harm.
- The RAF initiated a flawed Section 189[1] retrenchment process in 2024 based on unproven automation benefits and used questionable selection criteria, before unilaterally derecognising NUMSA during labour disputes, undermining labour relations and increasing litigation risk.

[1] Section 189 of the South African Labour Relations Act (LRA) governs dismissals based on operational requirements (retrenchments), requiring employers to follow a fair, consultative process to minimize job losses. It mandates meaningful joint consensus-seeking between employers and employees regarding alternatives to dismissal, selection criteria, and severance pay.

- Despite portraying staff as excess, the RAF operated with severe understaffing and extreme workloads, worsened by the removal of the panel of attorneys, leading to missed court deadlines, R4.8 billion in default judgments, and a backlog of over 320 000 claims.
- The RAF outsourced its call centre in 2023 at a cost of about R210 million per year (up from about R20 million in-house) through an opaque procurement process, sidelined internal staff, and achieved no clear service improvement.
- The RAF exposed staff to unsafe conditions at its Johannesburg Central Business District (CBD), Menlyn, East London, and Durban offices, ignored safety warnings, occupied non-compliant premises, and breached occupational health and safety requirements.
- The RAF failed to pay court judgments, leading to regular sheriff seizures of assets, rising interest and legal costs, and personal cost orders against executives, indicating serious financial mismanagement and Public Finance Management Act (PFMA) breaches.
- The RAF spent an estimated R800 million on the Bokamoso claims system, which was poorly implemented, weakly integrated with the System Applications and Products in Data Processing (SAP) and failed to improve claims processing.

The RAF experienced weak governance, ineffective risk management, ethical lapses, patronage, misleading reporting, and repeated adverse audit findings, culminating in the dissolution of the Board.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- Union members placed on suspension for long periods of time;
- Use of attorneys for internal disciplinary processes – leading to possible wasteful expenditure;
- The RAF's tendency to appeal cases it repeatedly loses while employees remain on suspension;
- Prevalence of unfair dismissals triggering years-long litigation;
- Governance of disciplinary processes and compliance with labour legislation, including prolonged suspensions and unresolved cases;
- Human resource planning and workforce management, particularly understaffing, workload pressures, and skills retention; and
- Procurement and contract management, with specific reference to the call centre outsourcing and the Bokamoso system (Integrated Claims Management System – ICMS).

## 3. Legal Practice Council

The Committee has invited the Legal Practice Council (LPC) to appear before it with the intension to examine how the legal profession responds to matters that have been raised before the Committee during the course of the RAF Enquiry.

The LPC's main duties are to develop and enforce a Code of Conduct for legal practitioners, investigate misconduct through provincial committees, adjudicate complaints, issue annual Fidelity Fund Certificates, and apply to the High Court to suspend or strike off practitioners found guilty of serious misconduct. The LPC regulates approximately 43 500 practising legal practitioners, including 9 000 advocates, as well as non-practising practitioners.

When the LPC appeared before the Committee in June 2025, it advised that fewer than 1% of attorneys were guilty of misconduct in matters involving the RAF, citing that from 2019 to June 2025, it had received over 53 000 complaints of which 9 671 were related to RAF claims – yet only 280 legal practitioners had been found guilty, and just 78 for misappropriating RAF funds.

The Committee heard that complaints had surged due to RAF payment delays and a moratorium on writs, often driven by client misunderstandings. Issues included poor communication, overcharging, and mismanagement of contingency fees. Medical negligence complaints, failures in Trust accounting and overcharging, with most cases originating in the Eastern Cape and KwaZulu-Natal. The LPC also flagged growing litigation due to RAF inefficiencies, with summonses in Gauteng increasing from 354 a month in 2019, to 804 a month in 2023.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- Compliance matters relating to:
  - a) attorneys practising without Fidelity Fund Certificates;
  - b) attorneys continuing to appear in court after being struck off the roll;
  - c) touting for clients at hospitals, overcharging of contingency fees, and the underpayment of claimants by attorneys; and
  - d) the steps taken by the LPC to ensure ethical conduct and compliance across the profession;
- The financial impact of duplicate and fraudulent claims on the health sector and the RAF;
- Disciplinary measures and sanctions taken against attorneys implicated in misconduct;
- The consequences and current status of the cancellation of the RAF panel of attorneys; and
- Recommendations for improving oversight and preventing future misconduct.

## 4. Former RAF Board Members

Over the years, the former RAF Board has sustained criticism regarding its governance, financial management, and operational effectiveness, culminating in its dissolution by Minister of Transport in July 2025. The evidence before the Committee indicates that the RAF undertook multiple major reforms and operational changes simultaneously, without a coherent implementation plan or realistic timelines.

The former RAF Board members appearing before the committee are:

- Ms T Msibi who was appointed on 04 December 2019 and served as the Vice Chairperson of the Board. Ms Msibi was then appointed as the Acting Chairperson of the Board on 17 June 2020 and subsequently appointed as the Chairperson of the Board from 25 February 2021.
- Ms ZL Francois who was appointed as a Board member 04 December 2019 and got reappointed on 01 October 2023. She served as the Chairperson of the Board from 01 October 2023.
- Dr N Mabuya-Moloele who was appointed as a Board member on 11 July 2018 and got reappointed on 04 December 2019 and again on 01 October 2023. She served as the Vice Chairperson of the Board from 25 February 2021.
- Mr LM Nyama who was appointed as a Board member on 11 July 2018 and got reappointed on 04 December 2019 and again on 01 October 2023.

The key decisions taken and observations canvassed below form the broader context within which the testimony of the former Board should be assessed and fall squarely within the tenure of the Board Members listed above.

### 4.1 Decision to discourage direct claims and the introduction of the new RAF 1 form

The RAF's direct claims strategy was adopted by the RAF Board and Executive management and implemented in 2014. The purpose of the strategy was to make the RAF more accessible, efficient and victim-focused, while reducing the amount of litigation that had been consuming a large proportion of RAF's resources. Essentially, it improved access to compensation and quality of service for road-accident victims, who dealt directly with the RAF.

During the course of the RAF Enquiry in 2025, various witnesses testified before the Committee under oath, that the RAF took a decision to discourage direct claims in or around the 2019/20 financial year. The implication of the decision is that the direct claims strategy was abandoned, marketing and advertising was withdrawn, and road shows were discontinued – leaving motor vehicle accident victims no alternative but to seek assistance form lawyers and resulted in fruitless and wasteful expenditure of the money spent on promoting the direct claims campaign.

Moreover, the abandonment of the direct claims strategy led to labour-related consequences including transfers of staff and mass staff suspensions within the direct claims department.

The RAF reverted to a wholly attorney-driven claims system and introduced to the new RAF 1 form in 2022 – leaving no viable alternative path for ordinary claimants. The new RAF 1 form is alleged to have made it increasingly difficult for lay people to submit direct claims to the RAF.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The individual/s responsible for the decision not to pursue direct claims;
- The rationale behind the decision to discourage direct claims;
- Examine implications of dismantling direct claims (including the financial investment in the strategy, progress made and infrastructure built over years);
- Examine whether the Board had due consideration of the consequences of the decision;
- The rationale behind the introduction of the new RAF 1 form;
- The basis for the continued use of the RAF 1 form notwithstanding court decisions pronouncing it as unlawful; and
- Board's view on the suspensions of employees linked to direct claims (Sunshine Hospital).

### 4.2 Decision making around the Panel of Attorneys

The Committee has heard witness testimonies that RAF cancelled its Panel of Attorneys without an effective plan in place to replace such services. The Panel of Attorneys were law firms that the RAF had historically contracted to defend or settle claims in litigation. In June 2020, the RAF terminated its entire panel of external defendant attorneys without a sufficient transitional plan.

The RAF claims handlers (internal claims officers) allegedly inherited tens of thousands of active court cases with each claims handler managing approximately over 1 500 active files plus over 300 daily enquiries. Consequently, numerous court cases were not attended to properly, claim settlements were unreasonably delayed as there was a significant backlog of claim files awaiting authorisation and settlement. The Committee heard that over 200 claims handlers were identified for suspension or dismissal between 2020 – 2022.

The RAF developed a new litigation model which focused on the use of the Office of the State Attorney in representing the RAF rather than using Panel of Attorneys, but the lack of a signed agreement between the RAF and the Solicitor General caused a year-long period without proper legal representation, resulting in in default judgments.

The preliminary findings of the Special Investigating Unit (SIU) revealed that the impact of forgoing the use of Panel of Attorneys and lack of representation to defend cases had caused an increase in default judgements against the RAF.

The total amount of default judgements issued against RAF for cost and fees from 2018 until mid-2023 amounted to R4.8 billion. This move to the new litigation model was intended to save money and curb fraud but instead, it allegedly led to mismanagement and increased financial losses.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The rationale for the cancellation of the Panel of Attorneys;
- Explanation on whether a cost-benefit analysis was done prior to the cancellation;
- Ongoing monitoring and assessment to assess the effectiveness of the cancellation;
- Financial cost to the RAF and the claimants as a consequence of this decision taken;
- The impact of the cancellation of the Panel of Attorneys on the Medical Experts who conducted their work through the Panel of Attorneys, including the alleged non-payment and/or late payment of Medical Expert accounts and medical service providers including Sunshine Hospital;
- The Board's understanding of the State Attorney Model and how it works in practice; and
- The current status of default judgements against the RAF and the cost implications thereof.

### 4.3 Change in Accounting Policy

The RAF changed its accounting policy in the 2020/21 financial year, switching from International Financial Reporting Standards 4 (IFRS 4) – insurance contracts to International Public Sector Accounting Standards 42 (IPSAS 42) – social benefits. This change is allegedly in contravention of section 55(1)(b) of the PFMA and against the recommendations of the Accounting Standards Board (ASB), the Office of the Accountant General (OAG) and the Auditor-General of South Africa (AGSA). The use of IPSAS 42 has allegedly resulted in an understating of the RAF's claims liability by more than R300 billion to avoid appearing insolvent.

The Committee heard witness testimonies that the change in accounting policy may have been influenced by the proposed debt restructuring approved by the RAF Board in April 2020, to the tune of between R15 billion and R20 billion to settle the outstanding settled claims that were requested but not yet paid (RNYP) due to cashflow challenges that faced the RAF at that time.

On 08 April 2021, Morar Incorporated provided a Technical Opinion and concluded that it would be inappropriate to change the RAF's accounting policy as there was no other standard that would result in a more reliable and more relevant recognition and measurement of the RAF claims. The RAF was reportedly dissatisfied with the outcome of the Morar Incorporated opinion and advised Morar Incorporated to retract their advice. Morar Incorporated formally withdrew the Technical Opinion on 13 April 2021, following a meeting held with the RAF Executives.

The RAF then appointed PwC to provide a Technical Review of the implementation of IPSAS 42. According to the RAF's sequence of events sent to the Committee, The Board approved the change in accounting policy on 28 April 2021 following the independent review by PwC and further independent assurance by the RAF's internal Audit. The sequence of events around the change in accounting policy presented by PwC created confusion as there appeared to be a mismatch between the dates on which the Board took the decision and the engagement with PwC. According to PwC, their initial understanding was that a decision had already been taken by the RAF Board before PwC received the request.

The minutes of the RAF board meeting of 28 May 2021 (page 6, item number 8) state that PwC concurred with the implementation of IPSAS 42, stating that this represented the RAF financials more accurately than IFRS 4. When PwC appeared before the Committee on 19 November 2025, it expressed that it raised concern over this claim with the former RAF Chief Executive Officer (CEO) because it created the impression that PwC advised on the change in accounting policy, which had never been the requirement, nor was it the case. PwC maintained that it did not drive that conclusion.

The use of IPSAS 42 resulted in a disclaimed audit opinion on the financial statements of the RAF for the 2020/21 financial year and the RAF undertaking expensive litigation against the AGSA.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The Board's role in the decision of the RAF to change its accounting policy;
- The accurate sequence of events leading up to the change in accounting policy;
- The Board's understanding of the engagement with Morar Incorporated and PwC;
- The role of the Internal Audit and what they presented to the Board;
- The Board's role in decision to litigate against the AGSA;
- Whether the RAF sought any external legal advice on the matter;
- The current status of the litigation against the AGSA; and
- Whether there is any link between the debt restructuring proposed in the 2020/21 financial year and the change in accounting policy in the same financial year.

### 4.4 Organisational Structure Review

In May 2022, the RAF embarked on an Organisational Structure Review (OSR) process which resulted in the introduction of digitisation and modernisation in the form of the ICMS implemented in terms of Project Bokamoso to automate claims processing. The RAF Board approved PwC as the preferred bidder on 21 February 2022. PwC was appointed to implement the ICMS over a five (5) year period at a total contract value of R841.9 million (VAT inclusive). The ICMS was still under development (and remains so) when management began implementing the OSR in 2022.

The ICMS uses the new RAF 1 form as the basis for the solution, raising serious concerns of the new system being developed on legal uncertainty because its underlying design assumptions could be overturned by ongoing litigation pertaining to the lawfulness of the new RAF 1 form. The RAF advised the Committee that approximately 70% of the work had been completed on the ICMS, based on current design assumptions and approximately R500 million had been spent on the project.

The OSR process allegedly culminated in the reduction of positions, moving from 3 126 approved positions under the old structure to 2 654 approved positions under the OSR. Notwithstanding this, several critical posts remain unfilled in the RAF's current organisational structure, and the long-term reliance on acting appointments has left essential functions without permanent leadership. This has created instability, blurred accountability and weakened the RAF's ability to execute its mandate.

Prior to the ORS, there were several specialists appointed in the office of the acting CEO in 2020. These included a Senior Finance Specialist, a Treasury Specialist, a Change Specialist, a Communications Specialist, a Re-engineering Specialist, an ICT specialist and Security Specialist. These specialist roles were not part of the RAF's organisational structure and ultimately took over critical positions at the RAF. The Committee learned during witness testimonies that some of these specialists had prior relations with the then Acting CEO whose office they were appointed to.

Under the OSR, an Investment Division was formed and headed by an Acting Chief Investment Officer (CIO) who initially joined the RAF in May 2020 as a Treasury Specialist in the office of the Acting CEO.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The organisational restructuring of the RAF – the outcomes of which appear to have affected key areas such as direct claims, claims administration and legal and litigation including the alleged dismantling of the direct claims division;
- The efficacy and efficiency of the ICMS project and reasons for the delay in the full implementation of the system;
- High vacancy rate within critical positions on the RAF's organisational structure;
- The rationale and legal basis for the appointment of various specialists within the office of the CEO including a Finance Specialist; Re-engineering Specialist; Treasury Specialist and Security Specialist, among others; and
- The rationale and purpose of the creation of a post for a CIO in the context of the RAF and its financial position.

### 4.5 Overall legal costs

The RAF's operating model has historically been heavily reliant on litigation. In the 2019/20 financial year, the RAF's legal costs amounted to R10.8 billion and reduced to R4.8 billion in the 2020/21 financial year following the Board's review of the operating model to improve efficiency by replacing the litigation model which had resulted in high legal costs. However, witnesses testified before the Committee that excessive settlements costs were incurred because of the RAF not defending claims efficiently which more than offset the legal cost reductions and led to net operational losses over the period. The RAF's legal costs amounted to R7 billion in the 2023/24 financial year. Legal costs have risen, and the RAF is now paying progressively more in terms of both legal fees and the claims themselves.

The Committee heard that that the legal costs saved by not defending matters as a result of terminating the Fund's Panel of Attorneys should be assessed against the additional settlement costs incurred as a result of default judgements and inflated claim settlements.

Despite the drive to reduce legal costs, the RAF paid 84% of the total R103.1 million it spent on corporate legal services in the 2023/24 financial year to Malatji & Co Attorneys and Mpoyana Ledwaba Inc.– just two of the firms on its corporate panel. Malatji & Co was paid R55.9 million and Mpoyana Ledwaba was paid R30.8 million. These two law firms also received the lion's share of the amount the RAF spent on corporate legal services in the 2022/23 financial year. The Committee heard testimony that the RAF has spent millions on legal costs to defend the suspensions of employees since 2021 and over R11.2 million on the litigation against the AGSA.

The RAF has also on various occasions alleged fraudulent activity by plaintiff attorneys involving hundreds of millions of Rands in misappropriated funds, duplicate payments, and exploitation of claimants by legal practitioners. The SIU and the LPC are investigating implicated law firms for these fraudulent practices.

To better understand the records relating to the calculation of plaintiff attorney fees, the Committee has on various occasions requested the RAF to provide a breakdown of legal fees in the form of attorney's fees, counsel fees, part and party costs, writ costs and accumulated interest arising from court judgments. The RAF has not provided this breakdown to date.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The Board's explanation of the large drop in personal claims registered between 2020 and 2024 versus escalating legal costs;
- The Board's justification of the legal costs incurred in challenging claims that are eventually settled for large amounts;

- The Board's justification the continued reliance on external litigation instead of direct, early settlement of claims, given the high legal costs;
- The Board's rationale behind paying exorbitant legal costs to defend the suspension of its own employees;
- The Board's view on the high volume of default judgments against the RAF, which often result in punitive cost orders, following the scrapping of the Panel of Attorneys;
- The Board's justification for not paying out outstanding court orders to avoid further interest accumulation and punitive costs; and
- The Boards justification litigation against the AGSA that cost over R11 million, only for the High Court and Supreme Court of Appeal to rule against the RAF.

### 4.6 Labour Relations Matters

The Committee heard testimony that several RAF employees were placed on extended suspension while continuing to receive salaries, and that many who were later dismissed or retrenched obtained court orders for reinstatement which the RAF allegedly failed to implement. It was further reported that some disciplinary cases had not been finalised, or in certain instances had not even commenced years after suspensions were imposed, and that the RAF makes use of external attorneys for labour related matters.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The Board's oversight of the use of external attorneys for internal labour and disciplinary matters, including the justification and cost implications;
- The Board's knowledge of, and response to, court orders directing the reinstatement of employees, and the reasons for non-compliance;
- The Board's approval, monitoring, and management of prolonged precautionary suspensions, including cases exceeding three years with full pay;
- Mechanisms implemented to monitor outstanding disciplinary cases and delays in initiating and concluding hearings; and
- Measures taken to manage legal, financial and reputational risks arising from unresolved labour disputes.

### 4.7 Supply Chain Management Matters

#### 4.7.1 Panel of Medical Experts and Panel of Attorneys

The Committee heard testimony that, during the period 2019 to 2020, major procurement and contracting decisions were taken in relation to high-value service providers without adequate compliance with governance and supply chain management requirements. These decisions were implemented in the context of broader organisational restructuring and cost-containment measures and were driven largely by executive instructions rather than formal governance processes.

In particular, the Committee was informed that:

- **Panel of Medical Experts:** Contracts valued at over R1 billion per annum were signed by officials who lacked the required authority and without proper Board-approved delegation, in breach of the Delegation of Authority framework. This occurred despite internal warnings regarding audit and compliance risks.
- **Panel of Attorneys:** The tender was cancelled without a supporting Board resolution, without completion of the adjudication process, and without a proper transition plan, despite being at an advanced stage and pending adjudication.

The Committee further heard that officials who raised governance, compliance and risk concerns in relation to these procurement decisions were marginalised, suspended, or subjected to disciplinary action. This created an environment in which compliance was discouraged, and executive directives were prioritised over established supply chain controls.

#### 4.7.2 Media Contracts

The Committee heard testimony that, during the period 2022 to 2024, the procurement and management of the Media Mix 360 and Dzinge Production contracts, each valued at approximately R500 million, were affected by significant supply chain management and governance weaknesses.

In particular, the Committee found that:

- There was uncertainty regarding authorised signatories and approved delegations of authority, with inconsistencies in contract dates and documentation.
- Service providers were permitted to commence work before contracts were fully executed, exposing the RAF to legal and financial risk.
- The RAF did not adequately monitor third-party procurement by service providers, despite contractual restrictions on subcontracting.
- Invoices were often poorly itemised and inadequately supported, weakening payment controls and value for money assessments.
- The move away from the Government Communication and Information System (GCIS) model occurred without comprehensive, Board-approved cost-benefit and risk assessments.

### 4.7.3 Procurement of Close Protection Services for the former CEO

The Committee heard testimony that expenditure on close protection services for the former RAF CEO significantly exceeded the Board-approved fringe benefit limit of R480 000 per annum. Annual costs reportedly reached approximately R1.8 million and escalated to an estimated R23 million over three years.

This expenditure included monthly security payments of about R150 000, the procurement of an armoured BMW X5 valued at approximately R4.6 million, as well as additional costs for fuel and accommodation.

**Issues for consideration:**

**The following key focus areas are proposed for discussion:**

- The extent of the Board's oversight and approval of high-value procurement decisions relating to the Panel of Medical Experts, Panel of Attorneys, Media Mix 360, and Dzinge Production contracts;
- The Board's role in approving, monitoring, and enforcing compliance with the Delegation of Authority framework;
- The Board's involvement in, and awareness of, inconsistencies in contract documentation, including signing dates and authorised signatories;
- The basis for decisions to cancel or terminate procurement processes, particularly in the case of the Panel of Attorneys, in the absence of formal Board resolutions;
- The Board's response to internal warnings and concerns raised by officials regarding procurement irregularities, compliance risks, and governance failures;
- The measures taken by the Board to protect whistle-blowers and ensure that officials who raised concerns were not subjected to victimisation or disciplinary action;
- The Board's oversight of expenditure on close protection services for the former CEO, including approval processes and monitoring of compliance with approved benefit limits; and
- The effectiveness of the Board's risk management, audit, and internal control mechanisms in detecting and preventing procurement-related irregularities.