Road Accident Fund

Dear Road Accident Fund Stakeholder - Plaintiffs

RAF FINANCIAL STATUS UPDATE AND PAYMENT PLAN EXECUTION TO DATE AND IN ANTICIPATION OF THE DECEMBER BREAK

As the 2016 calendar year draws to a close and the pressure is mounting on all to finalise matters and secure payment, it is necessary to share with you the latest update on our cash management status, as well as the planning in anticipation of the December break.

Current Cash Management Status

At the time of writing:

1. Average claims settled per month amounted to R2.587 billion
2. Around 5,843 service providers and claimants are owed R9.82 billion
3. According to the financial system, the oldest amounts due were requested for payment in September 2014
4. 71% of the matters requested for payment are >30 days
5. 4.8%/2,087 of the claims are >R1million
6. 95.2%/41,502 of the claims are <R1million
7. 3,650 claims with a writ to the value of R1.36 billion are currently due
8. Between R400 million and R450 million per month is paid to the Sheriff
9. 307 248 payments amounting to on average R2.591 billion are made per month.

Going forward – November and December

For the months of November and December, we wish to bring the following to your attention:

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Private Bag X178 Centurion **T** +27 12 621 1879 **F** +27 12 621 1640
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1. The RAF will close on 23 December at mid-day.
2. Final large payment runs will take place on 21 December.
3. Payments will resume on 3 January 2017 when we re-open, but will probably only realistically return to normal levels from the 9th of January 2017.
4. We will, as before, endeavour to make as many payments as is possible and will finalise our cash flow forecast for this purpose in the first week in December.
5. In instances where the available cash will not allow for the committed payments that are typically executed in the week following the receipt of the Fuel levy to take place before 23 December, you will be advised following finalisation of our cash flow forecast - and payments will then proceed upon our re-opening.
6. We will, as before, maintain only a minimum balance as at the 23d of a month. (In previous years, this balance was lower than R20 million.)
7. Note though that no matter how much pressure is applied to the Institution or the Sheriff, if the available funds have been exhausted, then there is nothing more that can be done.

Practical engagement notes

Below follows the by now familiar useful notes when engaging with our Finance Department, but I continue to include it as we often still need to refer service providers/claimants to these:

1. The payment days referred to relate to the date an item was requested for payment, NOT when it was settled. This allows us to do cash flow forecasting and practise cash management.
2. There are dedicated e-mail addresses that oversee the items requested for payment. In this regard, please note the following for ease of engagement:
   - 2.1 Please include the name of your organisation or the RAF link or reference number in question as the subject line on your correspondence.
   - 2.2 Note the turnaround times for response – currently a maximum of five (5) business days.
   - 2.3 Consolidate your enquiries in one correspondence.
3. The individuals overseeing these e-mail addresses will not accept phone calls or engage with you personally.
4. Please do not contact the RAF Treasury Department on their personal cell phones or social media platforms. They are not permitted to accept phone calls after hours or respond to communication via any

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other platform, except via an RAF e-mail address, or the RAF official website, or official social media platforms.

5. For items NOT yet requested for payment you need to engage with the relevant Region's Claims Department. In this regard, please refer to our website for the contact details of the Regional Offices.
6. With regard to interest on capital already paid, but that needs to be requested for payment, there is a process in place in the Regions that needs to be followed in this respect. Please engage with the relevant Region.
7. Please ensure that you allow a couple of days between the payment commitment of the organisation and that which you commit to your client.
8. The confidentiality of the payment information shared needs to be borne in mind constantly to ensure the safety of our claimants.
9. Please note that once a writ has been issued on a matter, the original payment request is cancelled and it is re-requested against the Sheriff. The RAF does not determine the priorities of the Sheriff and you need to engage directly with the Sheriff both in terms of when payment to the Sheriff is expected, as well as when you can expect payment from the Sheriff.
10. A remittance advice in terms of these payments is submitted to the Sheriff and should be obtained from such Sheriff. Once payment is made to the Sheriff, the RAF has adhered to its legal obligations and is no longer accountable for any amounts. The relationship then becomes one between yourself and the Sheriff's Office.
11. We are aware that many of you experience frustrations with the process to capture settled claims for payment and we are aware of our shortcomings in this regard. Please continue engaging with the relevant Region. The importance of establishing a relationship with the Regions cannot be emphasised enough.
12. Please do not encourage your clients to engage with the RAF as we are not prepared to engage directly with represented claimants.
13. The Treasury and Operations staff must be engaged professionally. Abusive and disrespectful correspondence is not appreciated.

Payment days

Please be reminded that the payment days we currently endeavour to honour are not more than 180 days from the date of request for payment.

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Warrants of Execution, Bank Attachments, Notices of Motion for the Liquidation of the RAF, Notices of Sale of Execution, Applications for Contempt of Court and Threats of Arrest of the CEO and Other Officials.

I have previously elaborated on the impact of the above on the Institution itself, but this correspondence will focus on the impact on you, the Plaintiff firm that endeavours to work with the RAF, and the fact that you are paying the price for actions deemed appropriate by fellow Plaintiff firms.

The rights of claimants in law are not disputed, but ultimately when all funds have been exhausted then none of the above measures will ensure payment. In fact, it only results in the matters of a few firms receiving preference, as a consequence of this aggressive and exploitative approach, at the expense of thousands of others with similar merits that inevitably are prejudiced due to the fact that they are prepared to engage towards a constructive outcome with the RAF.

The following trends have been observed during the course of the past year:

1. Large firms, despite efforts to engage via dedicated communication channels, with proposals for affordable payment plans within our available cash and distribution of such available cash based on the principles of equitable and fair allocation, have continued to issue large numbers of writs. Unfortunately, given the material disruption these firms cause to the RAF (operationally and as far as cash flow management is concerned) and the magnitude of the pressure they apply to the Sheriff, payments far beyond what is equitable in terms of our available cash take place. This comes at the expense of many medium sized and small firms that could have benefitted from an equitable distribution of funds.
2. A number of small and medium sized firms, despite efforts to engage, that have opted for the mechanisms referred to above as intimidation and scare tactics, often following avenues (and boasting about it) that can be described as 'irregular'. Again, when an amount of R1.2 million for example results in the bank account being attached (albeit on the back of a questionable administrative process) resulting in no further payments to any creditor being possible and the Fund effectively having to suspend operations, payment proceeds at the expense of thousands of plaintiff firms whose payments can no longer take place.
3. A number of firms persist with the actions above despite having engaged with the institution and having committed payment dates.

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4. Applications for the liquidation or sequestration of the RAF are a waste of time and money of all involved as the organisation is governed by its own founding legislation and not the Companies Act.
5. Of course these actions also come at a cost – an unnecessary cost that could have been used to settle more claims.

As such, it is time that firms that regularly engage in these activities at the cost of other plaintiff firms are identified as the calendar year draws to a close so that you may reflect on and consider the consequences of these actions on all creditors. Therefore see Annexure A.

A total amount of R8.7 billion is payable to 1,590 individual plaintiff firms. There are 27 (1.7%) plaintiff firms, as per Annexure A, who continuously engage in the activities mentioned above that will ultimately impact, and come at the expense of all the other 1,590 (98%) plaintiff firms.

In conclusion

Despite ongoing engagements with the relevant authorities we have no reason to believe that any relief can be expected for our cash flow constraints at this time.

The RAF concludes the 2016 calendar year having continued to navigate an aggressive external environment to the best of its ability with the ultimate goal of ensuring that the interest of thousands of claimants are top of mind and continuing to receive acknowledgement for exceptional service delivery and excellence.

Thank you to all the many firms that support and strive to engage constructively with the RAF under undeniably very difficult circumstances.

May you and your family have a safe and peaceful festive season.

Yours sincerely.
Ms Y van Biljon
Chief Financial Officer
Date: 22/11/16

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Annexure A

Below is a list (in no particular order) of the firms that continue with the aggressive and exploitative issuance of writs, attachment orders, applications for liquidation and sequestration, sales of execution and numerous other mechanisms to intimidated the Institution and to secure preferential treatment for themselves at the expense of thousands of others.

1. TL Kekana
2. Houghton Harper
3. Simpsons Attorneys
4. JA Venter
5. Selolo Tlou Inc
6. RFI/ Joe Hubbart
7. Kabelo Malau
8. Matsi Mailula Inc
9. Snyman Lotz
10. Gert Nel Att
11. Van Zyl le Roux Hurter
12. Bove Attorneys
13. Frans Schutte/Schutte de Jong
14. Ehlers Attorneys
15. Mabuli Khorommbi
16. BL Kretzmann
17. Spruyt Inc
18. O Joubert
19. Van der Merwe Attorneys
20. Collins Attorneys
21. J Mfundisi Att
22. Mlindazwe Attorneys
23. Gubevu Hlalukana Inc
24. Rayno Peo Attorneys
25. G P van Rhyn, Minnaar & Kie Ing
26. Roelofse Meyer Ing
27. Lawrence Masiza Vorster Inc

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