MEMORANDUM

Request for Deviation in terms of Treasury Regulations 16A.6.4

TO	Chief Director: Professional Services Procurement					
REQUESTING BUSINESS UNIT	Institutional Development Support (IDS)					
HEAD OF BUSINESS UNIT	Emmanuelle Gille					
DATE	6 July 2026					
SUBJECT	Request in terms of Treasury Regulation 16A 6.4 for the procurement of actuarial review services for the Road Accident Fund (RAF)					
NAME OF SUPPLIER	Insight Actuaries & Consultants (Pty) Ltd					
TERM REQUESTED	4 months					
AMOUNT REQUESTED	R1 119 226.35					
REASON FOR DEVIATION FROM TR 16A.6.4	SOLE SUPPLIER:		CASE OF EMERGENCY:		OTHER (IMPRACTICAL):	X

Forwarded to you for:

☒ Approval

☐ Verification

☐ For Your Records

☐ Information

☐ Action as required

1. PURPOSE

The purpose of this memorandum is to request approval for the single-source procurement of actuarial review services from Insight Actuaries & Consultants in respect of the Road Accident Fund (RAF), as formally requested by the Director-General of National Treasury, Dr Duncan Pieterse, in correspondence addressed to the Acting Head of GTAC dated 8 June 2026.

2. BUSINESS REQUIREMENT BACKGROUND

The RAF has been insolvent since 1981 and continues to represent a significant fiscal and contingent liability for government. The Fund is financed primarily through the RAF fuel levy but has historically accumulated liabilities in excess of available assets. National Treasury has a long-standing interest in understanding the drivers of the RAF deficit, the sustainability of the funding model and the implications of changes to the design of road accident compensation benefits.

In 2017, National Treasury requested GTAC support to undertake an independent actuarial assessment of the financial implications of changes to the RAF and the proposed Road Accident Benefit Scheme (RABS). The purpose of the assignment was to review the actuarial methodologies used to determine RAF liabilities, assess the affordability and sustainability of the compensation system, evaluate the financial implications of proposed reforms and develop a financial model to support Treasury decision-making regarding future funding arrangements.

Ms Shivani Ranchod through Insight Actuaries & Consultants, was appointed by GTAC to undertake this assignment. The work resulted in a comprehensive actuarial assessment of the RAF and proposed RABS; the development of a financial projection and funding model; an analysis of the drivers of the RAF deficit; an assessment of the sustainability of the RAF fuel levy; and an evaluation of alternative benefit designs and sensitivities. The assignment also provided the National Treasury with a scenario-testing tool to assess future funding requirements under alternative policy and fiscal scenarios.

The Director-General has now requested a further independent actuarial review of the RAF. Specifically, National Treasury requires an independent review of all RAF liabilities, an updated assessment of the cost of the RAF in terms of the levy charged on fuel, and an assessment of the benefit designs and sensitivities that impact the cost of the scheme.

A particular concern relates to significant revisions in the liabilities reported by the RAF since the previous GTAC review. Following the completion of the earlier assignment, the RAF implemented changes to its accounting policy and financial reporting approach, resulting in material changes to the liabilities reflected in its financial statements. These changes have been subject to audit findings, legal proceedings and parliamentary scrutiny.

Although the Fund subsequently aligned its financial reporting with GRAP, the liabilities reported by the RAF have remained materially different from those reported prior to 2020. The National Treasury, therefore, requires an independent actuarial assessment to determine the extent to which changes in reported liabilities are attributable to changes in underlying obligations, actuarial assumptions, valuation methodologies, accounting treatment or other factors, and the implications thereof for fiscal sustainability and future funding requirements.

The requested work will support the National Treasury's fiscal oversight, funding policy and risk management responsibilities in relation to the RAF.

3. PROCUREMENT BACKGROUND

This is a single-source procurement because it would be impractical and not cost-effective to subject this requirement to a competitive bidding process.

Insight Actuaries & Consultants, previously undertook the actuarial assessment of the financial implications of changes to the RAF on behalf of GTAC and National Treasury. As part of this assignment, she developed the actuarial and financial modelling framework used by the National Treasury to assess RAF liabilities, funding requirements, fuel levy scenarios and the implications of alternative benefit structures. She also authored the final technical report and developed the associated RAF funding model delivered to the National Treasury.

The Director-General's current request is fundamentally an extension and update of the previous assignment. The proposed work requires updating, recalibrating and extending the existing actuarial and financial modelling framework using revised actuarial valuations, updated RAF data, new assumptions and additional policy scenarios.

Insight Actuaries & Consultants possesses detailed institutional knowledge of:

- The original modelling architecture and methodology;
- The actuarial assumptions underpinning the previous assessment;
- The historical RAF and RABS funding scenarios;
- The drivers of RAF liabilities and deficits;
- The datasets and analytical framework used to assess sustainability and affordability; and
- The policy and fiscal context that informed the original assignment.

Appointing an alternative service provider would require the reconstruction and validation of a new modelling framework, duplication of work already undertaken, and significant additional costs and delays. It would also reduce comparability between previous and updated analyses and increase the risk of inconsistent conclusions arising from methodological differences rather than actual changes in RAF experience.

The proposed assignment, therefore, represents an update and extension of an existing actuarial modelling and analytical framework. The appointment of Insight Actuaries & Consultants is considered the most efficient, cost-effective and technically appropriate approach to meeting the National Treasury's requirements.

Furthermore, the primary value of the appointment lies not only in updating the existing model, but in enabling a like-for-like comparison between the 2020 GTAC assessment and the current RAF liability position, thereby providing National Treasury with an independent explanation of the drivers of changes in reported liabilities and funding requirements over time.

No competitive bidding process was conducted for this requirement. The procurement is motivated under Treasury Regulation 16A.6.4 read with paragraph 5.10.5.2 of the Accounting

Officer's Guide, on the basis that it would be impractical to invite competitive bids given the nature, history, and technical requirements of the work.

4. SCOPE OF SERVICES

4.1. Review of RAF Liability Valuation Methodology

The service provider shall:

- Review the current actuarial valuation of RAF liabilities.
- Assess the methodologies, assumptions and data used to estimate RAF liabilities.
- Compare current methodologies and assumptions with those applied during the previous GTAC review.
- Identify and explain material changes in liabilities since the previous review.
- Assess the extent to which changes in reported liabilities arise from changes in actuarial assumptions, claims experience, valuation methodologies, accounting treatment or other factors.
- Provide an assessment on the reasonableness of the current liability valuation methodology and the extent to which reported liabilities reflect the underlying obligations of the RAF.

4.2. Review of Funding Requirements

The service provider shall:

- Update the RAF funding model using the latest available data.
- Assess the adequacy and sustainability of the current RAF fuel levy.
- Estimate the levy required under alternative funding and policy scenarios.
- Assess the sensitivity of funding requirements to changes in claims experience, inflation, economic growth, fuel consumption and other relevant variables.

4.3. Review of Benefit Design and Sensitivities

The service provider shall:

- Assess the impact of alternative benefit designs on liabilities, costs and funding requirements.
- Evaluate the financial implications of alternative benefit structures and policy reforms.
- Undertake scenario and sensitivity testing on key policy and actuarial variables.

4.4. Sustainability Assessment

The service provider shall:

- Assess the long-term sustainability of the RAF funding model.
- Provide recommendations regarding the long-term financial sustainability of the RAF and the management of financial and actuarial risks arising from the Fund.

5. DELIVERABLES

The assignment shall include:

- Inception Report (maximum 5 pages).
- Actuarial Projection Model.
- Interim Findings Presentation.
- Draft Technical Report.
- Final Technical Report.
- Final Presentation to National Treasury and GTAC.

6. DUE-DILIGENCE / SOURCING STRATEGY

Given that Insight Actuaries & Consultants was the service provider that developed actuarial models for the RAF in previous GTAC engagements, they are uniquely positioned to update and extend this work. The rationale for single-source procurement is as follows:

- Insight Actuaries & Consultants holds the proprietary models developed during prior engagements, which form the foundation of the current review requirement.
- Engaging a different service provider would require constructing new actuarial models from the ground up, resulting in significantly higher costs and delays.
- The current scope of work is predominantly an update of existing models based on new data and information — a task for which Insight Actuaries & Consultants is best suited, given their institutional continuity on this work.
- No other suppliers were approached, as the nature of the work renders competitive bidding impractical in terms of Treasury Regulation 16A.6.4.

Insight Actuaries & Consultants has been previously engaged by GTAC for substantially similar services, as referenced in the formal request from the Director-General of the National Treasury. This prior relationship further supports the single-source motivation.

7. FINANCIAL IMPLICATIONS

The budget for this engagement is to be confirmed upon receipt of the service provider's proposal and quotation. Once the proposal is received, confirmation of budget availability will be obtained from the National Treasury, as the cost will be recovered from the client.

Payment terms will be negotiated with the service provider upon receipt of their proposal and will be confirmed before final approval of this deviation request.

8. LEGAL IMPLICATIONS

GTAC will enter into a formal contract or Agreement with the service provider for the services described in this memorandum. The contract will incorporate a schedule of deliverables with clearly defined timelines and milestones.

There are no existing contractual obligations between GTAC and the service provider that conflict with this proposed engagement; however, the prior engagement history will be taken into account in the contracting process.

9. RECOMMENDATIONS

It is recommended that approval be granted for the single-source procurement of actuarial review services from Insight Actuaries & Consultants for the independent review of the RAF, in terms of Treasury Regulation 16A.6.4 (impractical to invite competitive bids), on the basis that:

- Insight Actuaries & Consultants undertook the original GTAC actuarial assessment of the financial implications of changes to the RAF and developed the RAF funding model and analytical framework that underpin the current review.
- The current requirement represents an update and extension of the previous assignment and requires a detailed understanding of the methodologies, assumptions, datasets and modelling architecture used in the original assessment.
- Engaging an alternative service provider would require the reconstruction and validation of a new modelling framework, duplication of work already undertaken, and significant additional cost and time.
- The requirement was formally initiated by the Director-General of National Treasury, underscoring the strategic importance of the review and the need for a timely response.
- The appointment of Insight Actuaries & Consultants will ensure consistency and comparability between the original GTAC assessment and the updated review, enabling National Treasury to understand the drivers of changes in RAF liabilities, valuation methodologies, funding requirements and fiscal risks over time.
- The procurement represents the most cost-effective and technically appropriate approach to delivering an independent actuarial review of RAF liabilities, funding requirements and long-term sustainability.

Submitted by

EMMANUELLE GILLE

CHIEF DIRECTOR: INSTITUTIONAL DEVELOPMENT SUPPORT

Date: 06/07/2026

Recommended / ~~Recommended with Comments / Not Recommended~~

TUMELO KWINANA

DIRECTOR: PROFESSIONAL SERVICES PROCUREMENT

Date: 06-07-2026

Recommended / ~~Recommended with Comments / Not Recommended~~

NTUTHUZELO GOBOZI

CHIEF DIRECTOR: PROFESSIONAL SERVICES PROCUREMENT

Date: 06/07/2026

Approved / ~~Approved with Comments / Not Approved~~

R. Engela.

RONETTE ENGELA

ACTING HEAD: GTAC

Date: 7 July 2026

CHECKLIST - SUBMISSION TO CHIEF DIRECTOR: PSP (REQUESTING BUSINESS UNIT TO COMPLETE)					
Tick the applicable box:		**N/A**	**Yes**	**No**	**Comments**
1.	**Current deviation submission**				
1.1	• Is the submission completed in full and correctly signed off?		X		
1.2	• Does the submission articulate the Purpose, Background, Scope, Sourcing Strategy, Stakeholders, Legal & Financial Implications, Recommendations and Signatures?		X		
2.	**Sole supplier**				
2.1	• Is the sole supplier certificate attached?	X			
3.	**Impractical**				
3.1	• Is the National Treasury approval attached?	X			
4.	**Memo of previous approval**				
4.1	• Are the memos of the previous approval(s) attached?	X			
4.2	• Were the previous approved memo, action plans and recommendations considered in this submission?	X			
5.	**Approved business case**				
5.1	• Is the approved business case attached?		X		
6.	**Confirmation of budget availability**				
6.1	• Is a signed confirmation from Finance of budget availability attached?		X		The Project Charter confirming the budget and

					cost recovery with NT is attached.
6.2	• Is the request (inclusive of VAT) within the approved budget?		X		
7.	**Demand plan**				
7.1	• Was the project registered on the approved demand plan?	X			This is a request from NT
8.	**Supplier(s) proposal, quotation and/or pricing schedule**				
8.1	• Is the supplier's proposal, quotation and/or pricing schedule attached?		X		
8.2	• Does the financial implication in the submission agree to the supplier's pricing?		X		

CHECKLIST PSP - SUBMISSION TO HEAD OF GTAC (PSP TO COMPLETE)					
Tick the applicable box:		**N/A**	**Yes**	**No**	**Comments**
1.	**Due diligence**				
1.1	• If the supplier is a foreign supplier, is the supplier's SBD 1 attached?				
1.2	• Is the supplier's CSD registration report attached?				
1.3	• Is the supplier's tax compliance status verification in order?				
1.4	• Is the supplier's SBD 4 attached?				
1.5	• Are the responses provided by the supplier on the SBD 4 verified, and the directorship(s) on the SBD 4 confirmed against the CSD report?				

1.6	• Is it confirmed that the supplier is not blacklisted and not on the NT list of restricted suppliers?				
2.	**B-BBEE**				
2.1	• Is the supplier(s)' valid B-BBEE certificate(s) attached?				
3.	**Other documents attached**				
3.1	•				
3.2	•				
3.3	•				

(For Professional Services Procurement Use):	
Deviation number:	