Summary:
This judgment deals with the proper interpretation of section 17(4)(c) as read with section 17(4A)(b) of the Road Accident Fund Act 56 of 1996. The latter subsection has not yet been the subject of any previous judicial interpretation.

In this case the dispute is about what the correct amount is for the plaintiff's past and future loss of earnings. The question discussed in this judgment pertains to the methodology to be adopted when applying the limit, or as is commonly known, the annual "cap", set out in section 17(4)(c). The actuaries employed by the respective parties differ in regard to their interpretation of how this cap is to be applied in calculating the plaintiff's past and future loss of earnings.

The different approaches can be explained as follows:

1. The plaintiff's actuary interprets the section as permitting the plaintiff's annual capped loss of earnings to be adjusted for every future year after the date upon which the cause of action arose (the date of the collision), with a factor representing:

   i. for past loss of earnings up to date of trial: the actual gazetted annual increase in inflation; and
   ii. for future years up to the date upon which the plaintiff will retire, a projected rate of increase in inflation.

2. The defendant's actuary interprets the sub-section as:

i. permitting one adjustment for inflation in the year that the loss was sustained; and

ii. thereafter multiplying such amount for the remaining future years up to the date of the plaintiff’s retirement. The rationale is that inflationary increases for the future are subject to fluctuations and, as such, inexact and at best speculative.

It is concluded that in calculating the future loss of earnings beyond the date upon which such calculation is made, an actuary is duty-bound to incorporate a projected future inflation rate on an annual basis.