



ANNEXURE A

EXPLANATION OF BUDGET, ESTIMATES OF EXPENDITURE AND LEVIES PROPOSAL

1. INTRODUCTION

- 1.1 In terms of section 239(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), the Office of the Ombud for Financial Services Providers (FAIS Ombud) must for each financial year prepare and adopt:
 - (a) a budget in accordance with section 248 that includes an estimate of its expenditure;
 - (b) a proposal for the levies that will be imposed by the financial sector body; and
 - (c) projected estimates of its expenditure for the next 2 financial years.
- 1.2 In terms of section 240 of the FSR Act, Part 1 of Chapter 7 of the FSR Act applies (with the necessary changes) to the adoption of the budget, estimates of expenditure as well as the levies proposals as provided for in section 239.
- 1.3 As such, in adopting the budget and determining levies, the FAIS Ombud must publish the following documents for public comment:
 - (a) The budget, including estimates of expenditure;
 - (b) the levies proposal for the relevant financial year;
 - (c) an explanation of the budget, estimates of expenditure and levies proposals, and of the variation of the budget, estimates of expenditure and levies proposals against the budget, estimates of expenditure and levies proposals adopted for the previous financial year (section 240(2)(b) of the FSR Act).
- 1.4 The FAIS Ombud hereby provides the explanation referred to in paragraph 1.3(c) above.

2. BACKGROUND

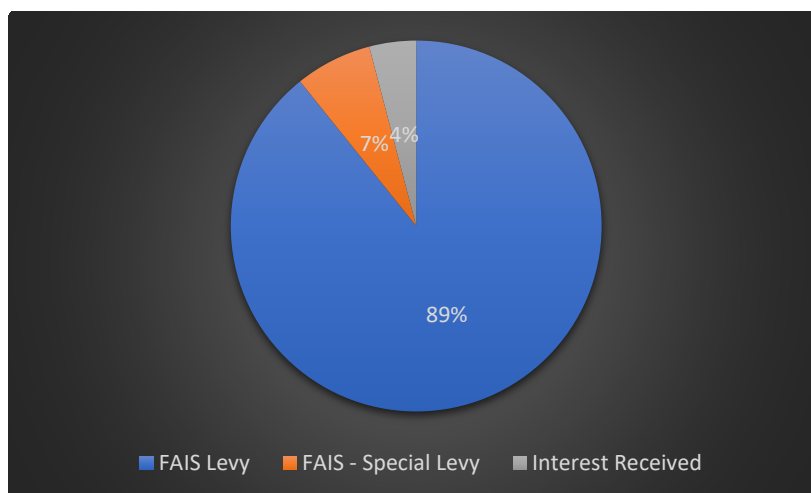
- 2.1 The FAIS Ombud was established to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated thereunder. In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial. The FAIS Ombud resolves complaints through mediation or conciliation and if these methods are not successful, then the FAIS Ombud will issue a determination. The determination is binding and, subject to fulfillment of the requirements of section 28(5) of the FAIS Act, is enforceable like a judgment of a Court of Law and may be subject to reconsideration by the Financial Services Tribunal in terms of the FSR Act.
- 2.2 Since its inception, the FAIS Ombud (Office) has been funded by levies collected on its behalf by the Financial Sector Conduct Authority (FSCA) (previously the Financial Services Board (FSB)). The levy applicable to the Office was calculated based on an approved formula per the FSB Act which used the number of service providers and the key representatives employed by the service providers as a key indicator as the basis of the calculation. Any shortfalls in the Office's funding requirements have always been augmented by the FSCA with the approval of the Accounting Authority at the time.
- 2.3 Subsequently, the Financial Sector and Deposit Insurance Levies Act, 2022 (Act No. 11 of 2022) (Levies Act) was assented to by the President on 6 December 2022 and commenced on 1 April 2023. The Levies Act provides for the imposition of financial sector levies on supervised entities for the funding of the FAIS Ombud. Schedule 5 to the Levies Act (Schedule 5) provides for the calculation of the financial sector levy in respect of the FAIS Ombud.

- 2.3 One of the fundamental principles set out in National Treasury's document titled 'A safer financial sector to serve South Africa better released by National Treasury, 23 February 2011', is that regulators of the financial sector should be appropriately and adequately funded to enable them to effectively execute their mandates. According to this policy document, the regulated entities should ideally fund the operational budgets of regulators in a way that eliminates conflict of interest.
- 2.4 Further, section 237(1)(b) of the FSR Act provides that –
- (b) levies may be imposed in accordance with the FSR Act, read with the Levies Act, to fund the operations of the FAIS Ombud.
- 2.5 After the completion of the process prescribed in section 239 of the FSR Act, -
- (a) the FAIS Ombud must publish the levies that have been determined (Levy Determination) on its website in terms of section 237(2); and
- (b) the Minister of Finance (Minister)–
- (i) must amend the Schedules to give effect to the increase of the levies by the arithmetic mean of the Consumer Price Index as published by Statistics South Africa in the preceding calendar year as contemplated in section 10(4)(b) of the Levies Act; or
- (ii) may amend the Schedules to the Levies Act as contemplated in section 10(2)(a) of that Act to give effect to a proposal for levies made by the financial sector body in terms of section 239(7)(b) of the FSR Act).
- 2.7 The FAIS Ombud's budget, supported by levies, is therefore critical to ensure the FAIS Ombud is adequately funded to effectively execute its mandate.

3. FUNDING MODEL

- 3.1 The FAIS Ombud is funded by levies charged to the industry. The levies are a major contributor to the FAIS Ombud revenue and as such, the costs associated with the ongoing oversight are funded primarily from the levy's income.
- 3.2 The FSCA invoices the financial services industry on behalf of the FAIS Ombud to raise sufficient levies to cover its operational requirements and the FAIS Ombud does not, as a rule, budget for a surplus/deficit unless necessary. For the financial year 2024/25, the FAIS Ombud is budgeting for gross revenue of R88,211 million (Budget 2023/24: R83,485 million), operating expenditure of R87.164 million (Budget 2023/24: R81,606 million) and CAPEX of R1.047 million (Budget 2023/24: R1.88 million), resulting in a breakeven position.
- 3.3 The gross revenue budget of R88.211 million comprises mainly of levies accounting for 96% (Budget 2023/24: 99%) of the gross revenue. The levy income is charged to the financial services industry based on levy formula (schedule 5) and invoiced by the FSCA on behalf of the FAIS Ombud annually.

Figure: 1: Revenue budget composition



- 3.4 The operations expenditure budget of R87,164 million (Budget 2023/24: R81.606 million) comprises staff expenditure of R54.163 million (Budget 2023/24: R49.935 million) and general expenditure of R33 million (Budget 2023/24: R31.67 million). Staff expenses represent 62% of the total expenditure budget which is attributable to the FAIS Ombud being a service-driven organisation with personnel costs being the main cost driver. General expenditure only increased marginally by 4% when compared to the previous year due to various cost savings measures that were implemented.
- 3.5 The FAIS Ombud is proposing **NO** increase to the levy fixed and variable costs per the applicable formula.
- 3.6 The proposed increase in the budgeted levy for the 2024/25 period is due to an overall increase in the number of key individuals and their representatives registered with the FSCA when compared to the 2023/24 budget and not an increase to the levy tariffs itself. This is a result of new entrants and fluctuations in the levy data which are used to calculate levies. Due to fees being applied on the user-pay principle, the budget is based on historical data as well as the anticipated levels of activity.
- 3.7 For detailed information on the budget and explanatory notes refer to **Annexure B: FAIS Ombud Budget Template 2024/25**.

4. LEVIES PROPOSAL

- 4.1 The levy payable by a supervised entity to the FAIS Ombud as contemplated in Part A of the Levies Act, read with Schedule 5 of that Act, in respect of the 2024/2025 levy year, is an amount equal to the sum of the amounts specified in or calculated in accordance with Table in Schedule 5, in relation to that key individual and their average number of total number of representatives and applying the formula in the corresponding line of the column "Formula" in the Table.
- 4.3 The FAIS Ombud levy proposal for the 2024/2025 financial year as per **Annexure C** illustrates the proposed **NIL** increase in the base amount for each supervised entity in the column "**Proposed Base Amount**", the proposed **NIL** change to the variable amount in the column "**Proposed Variable Amount**" and the proposed **NIL** increase in

the maximum amount applicable to each supervised as contemplated in section 4(2) and (3) of the Levies Act in the column “**Proposed Maximum**”. The percentage increase for each of these items is shown in the column directly next to the mentioned columns and represents a **0%** increase.

- 4.4 Section 10(4)(b) of the Levies Act provides that the levies in the Schedules to that Act must be increased by the arithmetic mean of the Consumer Price Index (CPI) as published by Statistics South Africa in the preceding calendar year. Statistics South Africa published a 6.9% CPI in December 2022.
- 4.5 The levy variables for 2024/2025 should therefore automatically increase with the CPI by 6.9%. However, the FAIS Ombud proposes to apply a **0%(Zero)** increase. The Minister may, in terms of section 10(4)(b) of the Levies Act, by notice in the *Gazette*, determine that there must be no increase or an increase less than the reported CPI increase.
- 4.6 Section 10(4)(a) of the Levies Act provides that a Schedule may be amended by the Minister by notice in the *Gazette* to give effect to an increase referred to in paragraph 4.4, and does not require submission to Parliament for approval, but a copy of the notice must be tabled in Parliament for information purpose. An amended Schedule takes effect on the date of publication of the notice in the *Gazette*.

ANNEXURE B

FAIS OMBUD BUDGET FOR 2024/25 AND ESTIMATES OF EXPENDITURE FOR 2025/26 AND 2026/27

The FAIS Ombud, in terms of section 239(1)(a) and (c) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby proposes its budget for 2024/25 and estimates of expenditure for 2025/26 and 2026/27.

1. INTRODUCTION

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated there under. A complaint could arise where, in the rendering of a financial service by a financial service provider or his representative, it is alleged that the financial service provider:

- has contravened the provisions of the FAIS Act and that the complainant has or is likely to suffer financial prejudice or damages.
- has acted wilfully and negligently in rendering the financial service and has caused or is likely to cause prejudice or damage to the complainant; and
- has treated the complainant unfairly.

In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial. The FAIS Ombud resolves complaints through mediation or conciliation and if these methods are not successful in resolving the complaint, then the FAIS Ombud will issue a determination. The determination is binding and, subject to fulfillment of the requirements of section 28(5) of the FAIS Act, is enforceable like a judgment of a Court of Law and may be subject to reconsideration by the Financial Services Tribunal in terms of the FSR Act.

Due to the dynamic nature of the environment that the FAIS Ombud operates within, as well as the needs and requirements of the various stakeholders, more specific objectives have been highlighted.

- The need to ensure that cases are properly assessed and appropriately handled until finalisation;
- The need to inform stakeholders on the role and functions of the FAIS Ombud;
- The need to acquire appropriate skills to properly discharge the important mandate of the FAIS Ombud and to ensure that such skills are retained;
- The need to ensure that risk is adequately managed across the enterprise;
- The need to ensure proper financial functions; and
- The need to ensure that appeals/reviews of decisions of the FAIS Ombud are appropriately dealt with.

The FAIS Ombud Budget for the financial year 2024/25 as presented was derived from the broader longer-term Strategic Objectives of the office as set out in its Strategic Plan 2020-2025.

2 HISTORICAL FUNDING AND CURRENT FUNDING

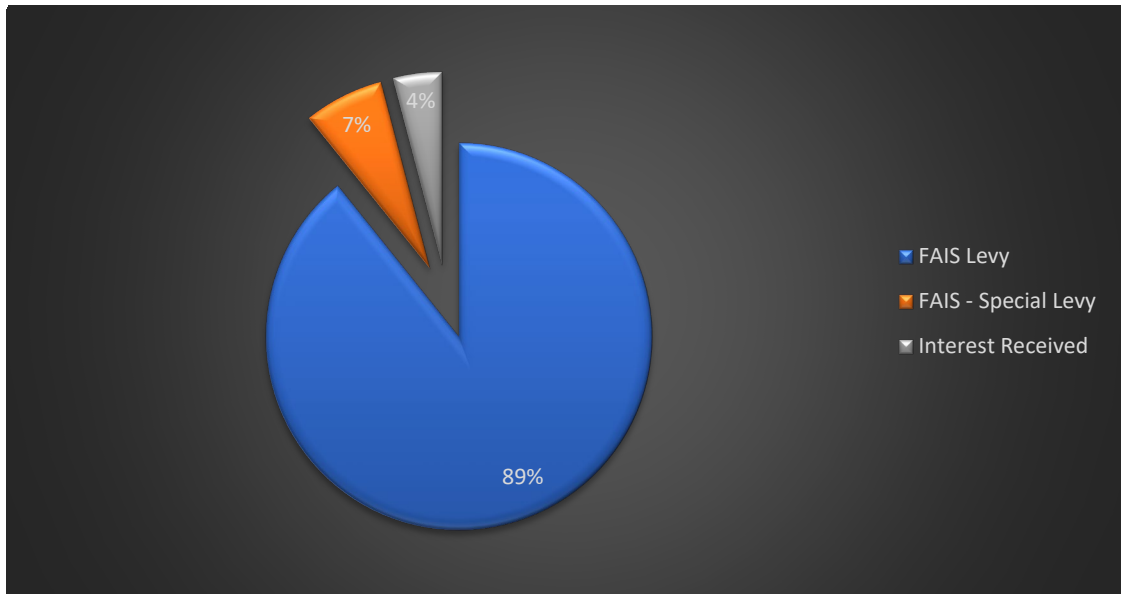
Since inception, the Office of the FAIS Ombud (Office) has been funded by levies collected by the Financial Sector Conduct Authority (FSCA) (previously the Financial Services Board (FSB)) on behalf of the Office from the Financial Services industry. The levy applicable to the Office was previously calculated based on an approved formula per the FSB Act which used the number of service providers and the key representatives employed by the service providers as a key indicator as the basis of the calculation. Any shortfalls in the Office's funding requirements have always been augmented by the FSCA with the approval of the then Accounting Authority.

Effective 1 April 2023, the *Financial Sector and Deposit Insurance Levies Bill (Levies Bill), 2021* came into effect which results in the Office being financially independent from the FSCA. Accordingly, any shortfall in its funding requirements will no longer be bridged by the FSCA. The Office will be required to maintain its operational and capital requirements within the constraints of the levy received from industry and/or any reserves accumulated and retained from prior period operations.

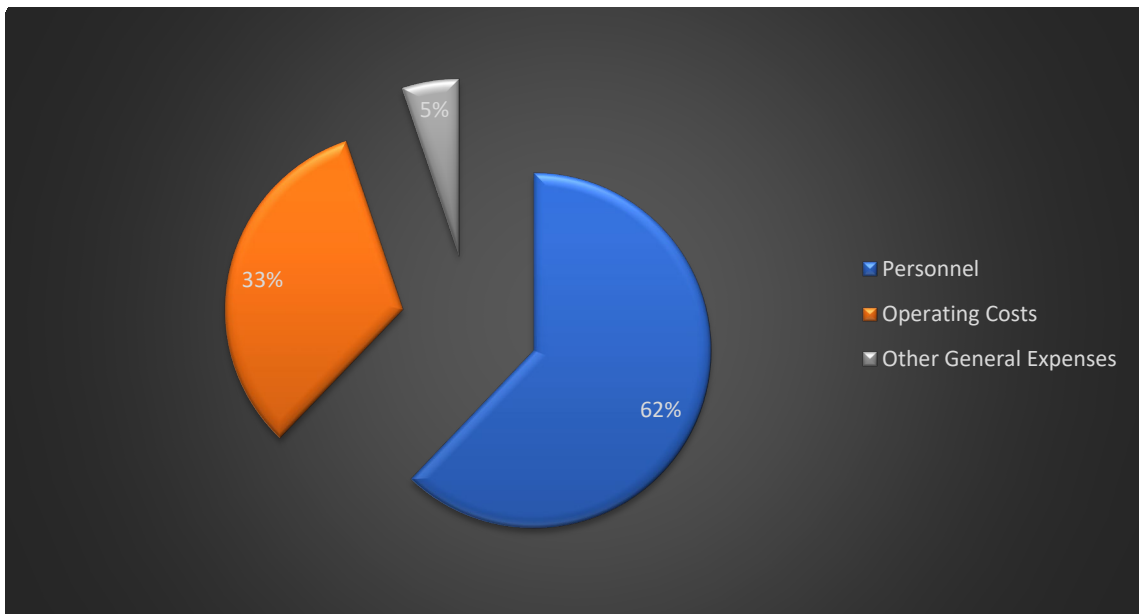
For the first two years of implementation of the Levies Bill, the Office will be entitled to a Special Levy equivalent to 7,5% of the estimated levy collectible in the 2023/24 and 2024/25 financial period. These additional funds will be utilised for any operational and ad-hoc costs during this transitional period.

3 2024/25 BUDGET HIGHLIGHTS

Graph 1 – Gross Revenue



Graph 2 – Expenditure Breakdown



4 2024/25 BUDGET ASSUMPTIONS

a. General budget assumptions applied– Economic Indicators

MTEF budgeting guidelines	Where practically possible, budgeting is aligned with MTEF guidelines in reducing costs overall.
CPI	Annual CPI inflation 6%.
Interest on investments	The current yield on Corporation of Public Deposits (CPD) is 8.25%

b. Staff Expenses

Cost to Employer (CTE)	Actual salaried, with a budgeted increase of 6% from 1 January 2024.
Contractors	Actual cost adjusted for CPI increase on renewal of contracts.
Outsourcing	Specialist skills as required on ad-hoc basis by business units.
Staff Training	As budgeted by HR based on user department requirements.
UIF	Per the statutory requirement.
SETA levy	Per the statutory requirement.

5 FAIS OMBUD BUDGET 2024/25

		2024/25	2023/24	Difference	% Variance
Revenue		(88 211 293,50)	(83 485 072,50)	(4 874 562,00)	3%
Levy Income	6.1	(78 708 180,00)	(76 730 300,00)	(2 126 221,00)	3%
Special Levy	6.2	(5 903 113,50)	(5 754 772,50)	(148 341,00)	3%
Interest income	6.3	(3 600 000,00)	(1 000 000,00)	(2 600 000,00)	260%
Expenses		87 164 293,50	81 606 149,62	5 558 143,88	
Personnel costs	7	54 163 794,45	49 935 741,21	4 228 053,24	8%
Committee members	-	903 461,85	949 604,00	(46 142,15)	-5%
Other general expenses	17	4 501 590,47	4 524 562,76	(22 972,29)	-1%
Annual report and promotions	-	400 000,00	400 000,00	-	0%
Communication costs	8	2 276 420,40	2 037 120,00	239 300,40	12%
Computer maintenance and support	9	3 929 000,00	2 407 220,00	1 521 780,00	63%
Operating lease - Printers	10	124 554,00	120 000,00	4 554,00	4%
Capacity building	11	2 337 181,00	2 101 679,53	235 501,47	11%
Consulting and professional fees	12	3 752 300,00	3 086 000,00	666 300,00	22%
Subscription and membership	13	103 793,93	76 550,75	27 243,18	36%
External audit	-	2 035 000,00	1 850 000,00	185 000,00	10%
Internal audit	-	770 000,00	700 000,00	70 000,00	10%

Depreciation and amortization	14	3 470 500,00	3 512 000,00	(41 500,00)	-1%
Finance costs	-	72 000,00	70 000,00	2 000,00	3%
Operating lease - office premises	15	4 164 044,20	4 164 044,20	-	0%
Rates and electricity	15	2 849 978,59	2 676 600,00	173 378,59	6%
Operating costs - Office building	15	810 674,61	695 027,17	115 647,44	17%
Litigation	16	500 000,00	2 300 000,00	(1 800 000,00)	-78%
Surplus/ Deficit		(1 047 000,00)	(1 878 922,88)		
Capital expenditure	18	1 047 000,00	1 878 922,88	(831 922,88)	-44%
Surplus/ Deficit		0,00	(0,00)		

6 REVENUE

6.1. Levy Income – R78,708 million (2023/24 – R76,730 million)

There is a zero percent increase in the general levy for the 2024/25 period. The increase is purely as a result of the increase in registered key individuals and their representatives per the information maintained by the FSCA.

6.2. Special Levy – R5,903 million (R5.754 million)

The Levies Act allows the FSCA to raise a special levy in the first two years of its enactment to cover establishment costs. The levy is calculated at 7.5% of the amount to be invoiced as is included in the overall FSCA levy.

6.3 Interest Income – R3.6 million (2023/24 – R1 million)

Funds invested in the CPD Account at the South African Reserve Bank as per the Treasury Instruction on surplus funds.

7 PERSONNEL COSTS

Description	2024/25	2023/24	Difference	% Difference
Salaries	53 384 726,00	49 169 295,42	4 215 430,58	9%
Long Service Awards	78 000,00	102 000,00	(24 000,00)	-24%
UIF	153 740,66	153 094,60	646,06	0%
SETA levy	510 327,80	476 351,19	33 976,61	7%
Workmen's Compensation	37 000,00	35 000,00	2 000,00	6%

Salaries

The high ratio of salaries to total expenditure is attributable to the FAIS Ombud being a service organisation with personnel costs being the main cost driver. Salaries are budgeted to increase by an average of 6% effective from 1 January 2025 aligned mainly to the forecasted SA consumer price index.

SETA Levy, UIF and Workmen's Compensation

Statutory costs catered for under the personnel costs of the organisation.

8 COMMUNICATION COSTS

Communication costs – R2,276 million (2023/24 – R2,037 million)

Relates to the costs, mainly contractual that are related to the costs associated with telephone, email and internet which is essential for the operations of the office to achieve on its mandate.

9 COMPUTER MAINTENANCE AND SUPPORT

Computer maintenance and support – R3,929 million (2023/24 – R2,407 million)

Consists of the costs associated with the services required to ensure that the ICT environment including computer software and computer hardware are kept at their optimal to ensure no disruption in service delivery. The costs also include the costs of service providers providing ICT security needs as well the applicable licensing of the software utilised by the Office.

10 OPERATING LEASES - PRINTERS

Operating Leases - Printers – R0,124 million (2023/24 – R0,120 million)

Contractual costs to be incurred for the lease of the Office printers.

11 CAPACITY BUILDING

Capacity building – R2,337 million (2023/24 – R2,101 million)

The Office encourages staff to keep abreast with developments within their fields of expertise and to address identified gaps in individual staff performance through relevant training. Departments are required to submit their training requirements in accordance with the staff personal development. The training is to also align staff to the office's strategic objectives in achieving its mandate.

Also, included are the costs of staff attendance at seminar and conferences aligned to the requirements of the Office to ensure that the staff are up to date with the relevant changes to the industry and environment.

12 CONSULTING AND PROFESSIONAL FEES

Consulting and professional fees – R3,752 million (2023/24 – R3,086 million)

The expenses to be incurred relate mainly to the services required for the support to the ICT department and include the following which amount to approximately

R1,7 million:

- SIEM Security
- Disaster Recovery
- Advisory services.

The remainder of the amount budgeted have been allocated to amongst other the following services required by the various departments:

- Performance management and job profiling
- Anti-Fraud programmes
- Secretarial fees
- End-term performance management evaluations
- Ethics seminars
- HR Advisory Support services
- Etc.

13 SUBSCRIPTIONS AND MEMBERSHIPS

Subscriptions and Memberships – R0,103 million (2023/24 – R0,076 million)

The Office pays the professional membership fees of the employees belonging to recognised professional bodies.

14 DEPRECIATION AND AMORTISATION

Depreciation and Amortisation – R3,470 million (2023/24 – R3,512 million)

The depreciation budget includes the depreciation and amortisation charge for the existing assets and the projected depreciation and amortisation charge for acquisition assets and intangible assets as detailed per capital expenditure budget on note 18 of this document. The decrease in the depreciation and amortisation charge is mainly attributable to the revision of the useful life of certain existing assets, namely the CRM system, computer equipment and office furniture etc.

15 OPERATING LEASE (OFFICE PREMISES); ELECTRICITY AND RATES AND TAXES; OPERATING COSTS (OFFICE PREMISES)

Operating lease (Premises); Electricity and Rates and Taxes; Operating Costs (Office premises) – R7,825 million (2023/24 – R7,536 million)

The increase relates to the rental of the office premises which incorporates the above costs. The budgeted costs of the rental have been aligned to the contractual obligations of the office whilst the electricity costs have been budgeted for considering the effects of loadshedding. These costs escalate based on the diesel costs charged by the landlord for use of the generators to power the office whilst loadshedding occurs.

16 LITIGATION COSTS

Litigation Costs – R0,500 million (2023/24 – R2,3 million)

The decrease is attributable to the Office taking a decision not to pursue matters in the High Court of South Africa, the budgeted costs relates to the finalisation of certain matters.

17 OTHER GENERAL COSTS

Other General Costs – R4,501 million (2023/24 – R4,525 million)

Description	Notes	2024/25	2023/24	Difference	% Variance
Relief staff	17.1	100 000,00	52 500,00	47 500,00	90%
Travel - Local and Foreign	17.2	630 000,00	294 729,09	335 270,91	114%
Pool car maintenance and fuel	-	30 000,00	30 000,00	-	0%
Offsite Storage	17.3	84 700,00	77 000,00	7 700,00	10%
Stationery	-	78 000,00	75 000,00	3 000,00	4%
Office Maintenance	17.4	144 936,86	261 250,00	(116 313,14)	-45%

Strategic Planning & Workshops	17.5	120 000,00	-	120 000,00	100%
Recruitment and Advertising	17.6	1 723 400,00	1 603 082,78	120 317,23	8%
Library costs	-	-	756 377,37	(756 377,37)	-100%
Bank charges	17.7	65 000,00	40 000,00	25 000,00	63%
Consumables	17.8	213 353,61	220 000,00	-	-3%
Wellness Costs	-	10 000,00	-	10 000,00	100%
Entertainment (Internal)	-	30 000,00	32 000,00	(2 000,00)	-6%
Insurance - Short Term	17.9	254 100,00	231 000,00	23 100,00	10%
Security Cost	17.10	23 100,00	21 000,00	2 100,00	10%
Postage and couriers	-	5 000,00	4 000,00	1 000,00	25%
Tender Costs	17.11	40 000,00	140 000,00	(100 000,00)	-71%
Assets expensed	17.12	50 000,00	-	50 000,00	100%
Promotions	17.13	900 000,00	686 623,52	213 376,48	31%
		4 501 590,47	4 524 562,76	(22 972,28)	-1%

17.1 *Relief Staff – R0,100 million (2023/24 – R0,053 million)*

Relief staff are utilised in positions when the need for temporary resources arise.

17.2 *Travel (Local and Foreign) – R0,630 million (2023/24 – R0,295 million)*

The local travel budget includes budget for local travel and accommodation for onsite visits, attendance of local seminars, conferences and meetings. Foreign travel relates to the attendance of the INFO conference and other Ombud conferences abroad by the Ombud.

BUDGET AND LEVIES PROPOSALS 2024/25

- 17.3 *Offsite storage– R0,085 million (2023/24 – R0,077 million)*
Offsite storage is utilised by the Office for the purposes of archiving purposes in terms of the respective legislative requirements.
- 17.4 *Office maintenance – R0,145 million (2023/24 – R0,261 million)*
Contractual costs associated with the maintenance of the office.
- 17.5 *Strategic Planning and workshops– R0,120 million (2023/24 – R NIL)*
Costs to be incurred in preparation of the updated strategic plan for the 2025/26 to 2029/30 periods.
- 17.6 *Recruitment and Advertising– R1,723 million (2023/24 – R1,603 million)*
Due to the instability of having three Ombuds over the last four years, the Office has undertaken to prioritise the recruitment of staff to fill critical vacancies to achieve its mandate and to improve on its set KPIs.
Further, the Office has embarked on an advertising drive to create awareness of the Office in provinces outside of Gauteng where the services provided by the Office are relatively unknown.
- 17.7 *Bank charges – R0,065 million (2023/24 – R0,040 million)*
Estimated costs of fees to be charged by the bank.
- 17.8 *Consumables – R0,213 million (2023/24 – R0,220 million)*
Relates to the costs associated with the daily operations of the Office and includes refreshments, cleaning, disinfection and beautification of the office premises.
- 17.9 *Insurance – Short term – R0,254 million (2023/24 – R0,220 million)*
Insurance cost based on the actual cost incurred with a predicted escalation due to the increase in cover required.
- 17.10 *Security Costs – R0,023 million (2023/24 – R0,021 million)*
Costs expected to be incurred for the security needs for the protection of the Office premises.
- 17.11 *Tender Costs – R0,040 million (2023/24 – R0,140 million)*
Anticipated costs related to the tender process to be followed in terms of the annual procurement plan.
- 17.12 *Assets expensed – R0,050 million (2023/24 – R NIL million)*
Anticipated costs associated with the assets to be purchased that are less than R5,000 will not be capitalized, as per the policy requirements.

17.13 *Promotions– R0,900 million (2023/24 – R0,687 million)*

Relief staff are utilised in positions when the need for temporary resources arise.

18 CAPITAL EXPENDITURE BUDGET (CAPEX)

	2024/25	2023/24
Computer software and hardware	1 007 000.00	1 495 000.00
Office equipment	40 000.00	-
Website	-	383 922.88
TOTAL	1 047 000.00	1 878 922,88

It is anticipated that the office will incur the above investment in capital items for the financial period to ensure up to date tools are available to the staff to carry out their functions efficiently and effectively.

19 PROJECTED ESTIMATES OF EXPENDITURE FOR 2025/26 AND 2026/27

	Projections 2025/26	Projections 2026/27
	R	R
Revenue	83 289 154	87 120 455
Levy Income	80 336 624	84 032 109
Interest income	2 952 530	3 088 346
Expenses	-82 639 154	-86 590 555
Staff costs	-51 339 192	-53 850 795
Depreciation, amortization, and impairments	-2 776 141	-2 903 843
General expenses	-28 450 532	-29 759 256
Finance costs	-73 290	-76 661
Operating Budget Surplus / (Deficit)	650 000	529 900
Transfer to Capital Expenditure	-650 000	-529 900
Budget Surplus / (Deficit)	0	0

The above expenditure has been projected with respect to the future financial periods 2025/26 and 2026/27. The projections were aligned to the recommendations of National Treasury.

ANNEXURE C

LEVIES PROPOSAL IN TERMS OF SECTION 239(1)(b) OF THE FINANCIAL SECTOR REGULATION ACT

The Financial Sector Conduct Authority on behalf of the FAIS Ombud, in terms of section 239(1)(b) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby proposes levies as reflected below in the form of proposed amendments to Schedule 5 of the Financial Sector and Deposit Insurance Levies Act, 2022 (Act No. 11 of 2022).

SCHEDULE 5

FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES IN RESPECT OF STATUTORY OMBUDS

(Section 4(1)(a))

Application

Table E must be applied to calculate the levy payable by a supervised entity that is—

- (a) pension fund; or
- (b) financial services provider.

TABLE E
Office of the Ombud fsor Financial Services Providers (FAIS Ombud)

Statutory Ombud Scheme	Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Proposed Base Amount (Rands)	% Change	Variable Amount(s) (Rands)	Proposed Variable Amount (s) (Rands)	% Change	Description of Variable	Formula	Maximum (Rands)	Maximum (Rands)	% Change
Office of the Ombud for Financial Services Providers	Financial Services Provider	One	R1100	R1100	0%	AA x 690 AA = W - BB	AA x 690 AA = W - BB	0%	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the pre- ceding levy year to 31 August of the levy year BB = Average total number of key individuals that are also appointed as representatives, calculated over the period 1 September of the pre- ceding levy year to 31 August of the levy year	Levy = Base Amount + Variable Amount	R333 275	R333 275	0%

Alleviation of double levy payment in respect of clearing house

A clearing house that is approved in terms of section 110(6) of the Financial Markets Act to perform the functions of a central counterparty or a licensed independent clearing house that is also licensed as a central counterparty is liable to pay the levy applicable to a central counterparty but is not liable to pay the levy applicable to an associated clearing house or an independent clearing house.

Levy payment in respect of reinsurer

A reinsurer that is licensed under the Insurance Act to conduct both life insurance business and non-life insurance business must be levied separately for its life insurance business and non-life insurance business.

