



## **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

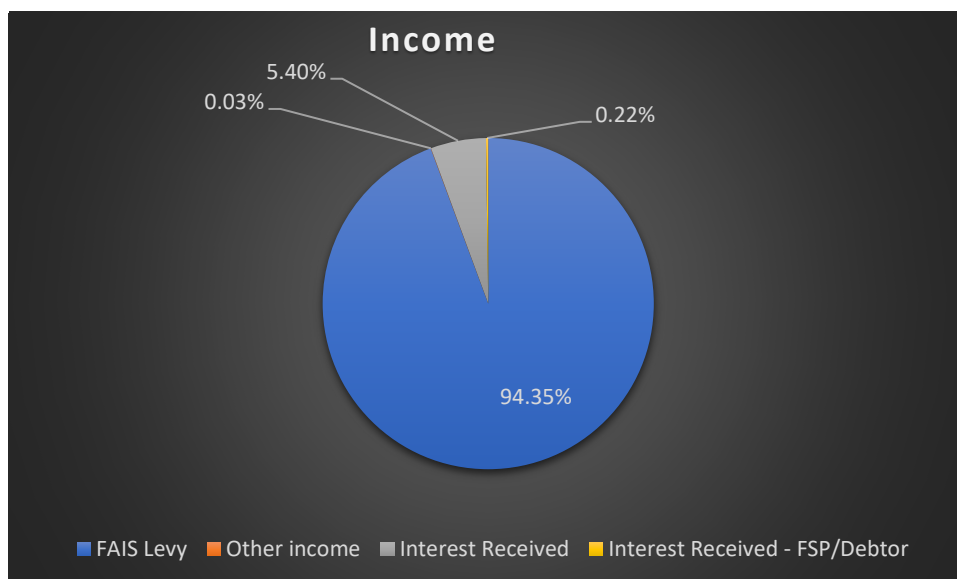
- 2.1 The FAIS Ombud was established to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated thereunder. In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial. The FAIS Ombud resolves complaints through mediation 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 2025/26, the FAIS Ombud is budgeting for gross income of R92,540 million (Budget 2024/25: R88,211 million), operating expenditure of R90,570 million (Budget 2023/24: R87.164 million) and CAPEX of R1,970 million (Budget 2024/25: R1.047 million), resulting in a breakeven position.
- 3.3 The gross revenue budget of R92,540 million comprises mainly of levies accounting for 94.4% (Budget 2024/25: 95,92%) of the gross income. 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 R90,570 million (Budget 2024/25: R87,164 million) comprises staff expenditure of R55,399 million (Budget 2024/25: R54.163 million) and general expenditure of R35,171 million (Budget 2024/25: R33 million). Staff expenses represent 61,1% 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. Overall expenditure increased by 4% but general expenditure decreased by 14% when compared to the previous year due to various cost savings measures that were implemented.
- 3.5 The FAIS Ombud is proposing a **4.6% (CPI – July 2024 as per Stats SA)** increase to the levy formula.
- 3.6 The proposed increase in the budgeted levy for the 2025/26 period is due to an overall increase in the number of key individuals and their representatives registered with the FSCA when compared to the 2024/25 budget and an increase to the levy tariffs itself. 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 2025/26**.

## 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 2025/2026 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 2025/2026 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 **4.6%** 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**”.

- 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 and the South African Reserve Bank (SARB) published a CPI of 4,6% for July 2024.
- 4.5 The levy variables for 2024/2025 should, therefore, automatically increase with the CPI by 4,6%. 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 2025/26 AND ESTIMATES OF EXPENDITURE FOR 2026/27 AND 2027/28**

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 2025/26 and estimates of expenditure for 2026/27 and 2027/28.

## 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 2025/26, as presented, was derived from the broader, longer-term Strategic Objectives of the office as set out in its Strategic Plan.

## **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.

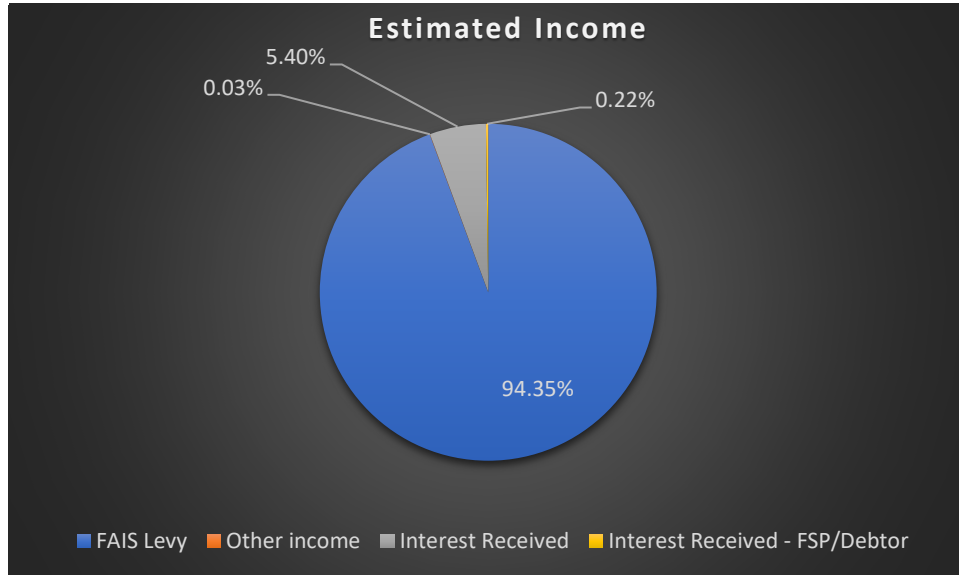
Effective 1 April 2023, the *Financial Sector and Deposit Insurance Levies Bill (Levies Bill) 2021 came into effect*, which results in the Office being financially independent from the FSCA. Accordingly, any shortfall in its funding requirements will no longer be bridged by the FSCA. The Office will 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 was entitled to a Special Levy equivalent to 7,5% of the estimated levy collectible in the 2023/24 and 2024/25 financial periods. However, this special levy has come to an end and the Office will no longer be entitled to this additional income.

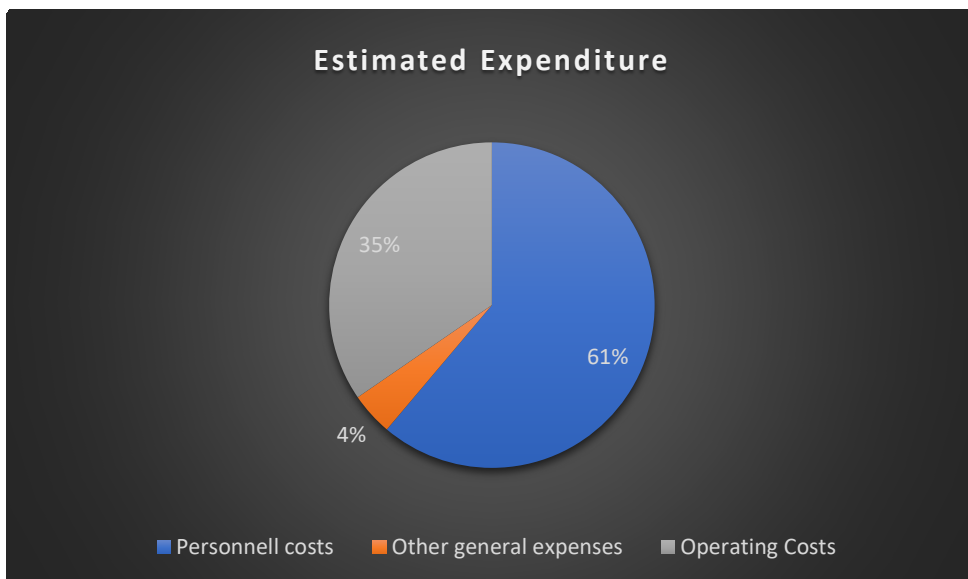


### 3 2025/26 BUDGET HIGHLIGHTS

Graph 1 – Gross Revenue



Graph 2 – Expenditure Breakdown



## 4 2025/26 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 4,6% (Effective July 2024 as per Stats SA and SARB).
Interest on investments	The current yield on Corporation of Public Deposits (CPD) is 8,25%

### b. Staff Expenses

Cost to Employer (CTE)	Actual salaries, with a budgeted increase
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 2025/26

Description	Notes	2025-2026	2024-2025	Variance	% Change
<b>Income</b>					
Levy Income	6.1	(87,310,110.10)	(78,708,180.00)	(8,601,930.10)	11%
Special Levy	6.2	-	(5,903,113.50)	5,903,113.50	-100%
Interest income	6.3	(5,229,980.07)	(3,600,000.00)	(1,629,980.07)	45%
<b>Expenses</b>		<b>90,570,041.47</b>	<b>87,164,293.50</b>	<b>3,405,747.97</b>	<b>4%</b>
Personnel costs	7	55,399,427.83	54,163,794.45	1,235,633.39	2%
Committee members	8	912,840.00	903,461.85	9,378.15	1%
Other general expenses	20	3,851,998.00	4,501,590.47	(649,592.47)	-14%
Annual report and promotions	-	400,000.00	400,000.00	-	0%
Communication costs	9	2,364,200.00	2,276,420.40	87,779.60	4%
Computer maintenance and support	10	7,232,000.00	3,929,000.00	3,303,000.00	84%
Operating lease - Printers	11	110,400.00	124,554.00	(14,154.00)	-11%
Capacity building	12	1,979,354.60	2,337,181.00	(357,826.40)	-15%
Consulting and professional fees	13	3,189,600.00	3,752,300.00	(562,700.00)	-15%
Subscription and membership	14	139,923.93	103,793.93	36,130.00	35%
External audit	15	2,340,250.00	2,035,000.00	305,250.00	15%
Internal audit	15	885,500.00	770,000.00	115,500.00	15%
Depreciation and amortization	16	2,938,000.00	3,470,500.00	(532,500.00)	-15%
Finance costs	17	153,600.00	72,000.00	81,600.00	113%
Operating lease - office premises	18	4,856,944.46	4,164,044.20	692,900.26	17%
Rates and electricity	18	2,480,322.35	2,849,978.59	(369,656.23)	-13%
Operating costs - Office building	18	810,680.29	810,674.61	5.68	0%
Litigation	19	525,000.00	500,000.00	25,000.00	5%
<b>Less: Capital expenditure</b>	<b>21</b>	<b>1,970,048.69</b>	<b>1,047,000.00</b>	<b>923,048.69</b>	<b>88%</b>
<b>(Surplus) / Shortfall</b>		<b>0.00</b>	<b>0.00</b>		

## 6 REVENUE

### 6.1. Levy Income – R87,310 million (2024/25 - R78,708 million)

Levy income is calculated based on the number of registered financial service providers and their key representatives. A four-point six percent (4,6%) (CPI as at 31 July 2024) increase has been factored into the levy for the 2025/26 financial period. The eleven percent (11%) increase reflected in the table above is due to the increase in the number of registered key individuals and their representatives, per the information maintained by the FSCA as well as the 4,6% CPI increase.

### 6.2. Special Levy – NIL (2024/25 - R5,903 million)

The Levies Act allowed the FAIS Ombud to raise a special levy in the first two years of its enactment to cover establishment costs. The levy is no longer applicable to the Office's funding.

### 6.3 Interest Income – R5,229 million (2024/25 – R3,6 million)

Relates to the funds invested at the South African Reserve Bank as per the Treasury Instruction on surplus funds as well as interest charged on outstanding levy debtors.

## 7 PERSONNEL COSTS

Description	2025/26	2024/25	Variance	% Change
Salaries and salary-related costs	54,678,529.85	53,462,726.00	1,215,803.86	2%
SETA levy	529,904.56	510,327.80	19,576.77	4%
UIF	150,293.42	153,740.66	(3,447.24)	-2%
Workmen's Compensation	40,700.00	37,000.00	3,700.00	10%
<b>Total</b>	<b>55,399,427.83</b>	<b>54,163,794.45</b>	<b>1,235,633.39</b>	<b>2,3%</b>

### *Salaries*

The high ratio of salaries to total expenditure is attributable to the FAIS Ombud's being a service-orientated business, with personnel costs being the largest cost driver. The increase is attributable to the Office's intention in filling key vacancies to effectively deliver on its mandate.

### *SETA Levy, UIF and Workmen's Compensation*

Statutory costs payable by the Office aligned to its wage bill.

## **8 COMMITTEE MEMBERS**

*Committee members R0,913 million (2024/25 – R0,903 million)*

Costs related to payment of the committee members that have been appointed to the Audit and Risk Committee and Human Resources and Remuneration Committees to ensure good corporate governance by the Office.

## **9 COMMUNICATION COSTS**

*Communication costs – R 2,364 million (2024/25 - R2,276 million)*

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

## **10 COMPUTER MAINTENANCE AND SUPPORT**

*Computer maintenance and support – R7,232 million (2024/25 - R3,929 million)*

Consists of the costs associated with the services required to ensure that the ICT environment including computer software and computer hardware are maintained optimally 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 various departments within the Office.

## 11 OPERATING LEASES – PRINTERS

*Operating Leases - Printers – R0,110 million (2024/25 - R0,124 million)*  
Contractual costs to be incurred for the lease of the Office printers.

## 12 CAPACITY BUILDING

*Capacity building – R1,979 million (2024/25 - R2,337 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 personal development plans of employees. The training needs are aligned to the office's strategic objectives in achieving its mandate.

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

## 13 CONSULTING AND PROFESSIONAL FEES

*Consulting and professional fees – R3,189 million (2024/25 - R3,752 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 R1,8 million:

- Disaster Recovery
- ICT Advisory services.

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

- Labour law updates
- Annual Fraud Perception surveys
- B-BBEE Verification services

- HR Advisory Support services
- Etc.

## 14 SUBSCRIPTIONS AND MEMBERSHIPS

*Subscriptions and Memberships – R0,140 million (2024/25 - R0,103 million)*

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

## 15 EXTERNAL AND INTERNAL AUDIT

*External and Internal Audit R3,225 million (2024/25 – R2,805 million)*

Relate to the costs to be incurred for the mandatory external audit. It is envisaged that there will be an increase due to the additional ICT audit to be conducted. Similar with the internal audits, additional audits are envisaged to take place based on the three-year rolling plan.

## 16 DEPRECIATION AND AMORTISATION

*Depreciation and Amortisation – R2,938 million (2024/25 - R3,470 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.

## 17 FINANCE COSTS

*Finance Costs – R0,154 million (2024/25 – R0,072 million)*

Estimated Interest costs to be incurred on future and existing finance lease arrangements entered into by the Office.

## 18 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) – R 8,147 million (2024/25 - R7,825 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 and/or load reduction initiatives.

## 19 LITIGATION COSTS

*Litigation Costs – R0,525 million (2024/25 - R0,500 million)*

The costs are attributable to the Office taking a decision not to pursue matters in the High Court of South Africa. The budgeted costs related to the finalization of certain legal matters and/or any HR-related matters.

## 20 OTHER GENERAL COSTS

*Other General Costs – R3,851 million (2024/25 - R4,501 million)*

Description	Notes	2025/26	2024/25	Variance	% Change
Relief staff	20.1	100,000.00	100,000.00	-	0%
Travel – Local and Foreign	20.2	725,500.00	630,000.00	95,500.00	15%
Pool car maintenance and fuel	20.3	41,000.00	30,000.00	11,000.00	37%
Offsite Storage	20.4	93,170.00	84,700.00	8,470.00	10%
Stationery	20.5	89,700.00	78,000.00	11,700.00	15%
Maintenance Office and consumables	20.6	165,000.00	144,936.86	20,063.14	14%
Strategic Planning & Workshops	20.7	-	120,000.00	(120,000.00)	-100%
Recruitment and Advertising	20.8	1,051,768.00	1,723,400.00	(671,632.00)	-39%
Bank charges	20.9	74,750.00	65,000.00	9,750.00	15%
Irrecoverable debts	20.10	250,000.00	-	250,000.00	100%



## BUDGET AND LEVIES PROPOSALS 2025/26

Consumables	20.11	138,000.00	120,000.00	18,000.00	15%
Employee Wellness costs	20.12	11,500.00	10,000.00	1,500.00	15%
Stakeholder engagement costs	20.12	30,000.00	30,000.00	-	0%
Insurance - Short Term	20.13	279,510.00	254,100.00	25,410.00	10%
Security Cost	20.14	23,100.00	23,100.00	-	0%
Postage and couriers	20.15	4,000.00	5,000.00	(1,000.00)	-20%
Tender Costs	20.15	50,000.00	40,000.00	10,000.00	25%
Consumables - Covid-19	20.16	-	93,353.61	(93,353.61)	-100%
Assets expensed (< R 5000)	20.17	-	50,000.00	(50,000.00)	-100%
Promotions	20.18	725,000.00	900,000.00	(175,000.00)	-19%
<b>Total</b>		<b>3,851,998.00</b>	<b>4,501,590.47</b>		

- 20.1 *Relief Staff – R0,100 million (2024/25 – R0,100 million)*  
Relief staff are utilised in positions when the need for temporary resources arise.
- 20.2 *Travel (Local and Foreign) – R0,726 million (2024/25 - R0,630 million)*  
The local travel budget includes cost estimations for local travel and accommodation for onsite visits and 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.
- 20.3 *Pool car maintenance and fuel – R0,041 million (2024/25 – R0,030 million)*  
The cost estimates include maintaining the Office vehicle and fuel costs for attending various consumer awareness drives.
- 20.4 *Offsite storage– R0,093 million (2024/25 - R0,085 million)*  
Offsite storage is utilised by the Office for the purposes of archiving purposes in terms of the respective legislative requirements.
- 20.5 *Stationery – R0,09 million (2024/25 – R0,078 million)*  
Estimated costs for the stationery for the year.
- 20.6 *Office maintenance – R0,165 million (2024/25 - R0,145 million)*  
Contractual costs associated with the maintenance of the office.

## BUDGET AND LEVIES PROPOSALS 2025/26

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- 20.7 *Strategic Planning and workshops– R NIL (2024/ 25 - R0,120 million)*  
Strategic planning workshops to be conducted in-house.
- 20.8 *Recruitment and Advertising– R 1,051 million (2024/25 - R1,723 million)*  
The Office has undertaken to prioritise the recruitment of staff to fill critical vacancies to achieve its mandate and to improve on achieving its 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.
- 20.9 *Bank charges – R0,074 million (2024/25 - R0,065 million)*  
Estimated costs of fees to be charged by the bank.
- 20.10 *Irrecoverable debt R0,250 million (2023/24 – NIL)*  
With the implementation of the Levies Bill in the 2023/24 financial period, it is envisaged that a certain amount of debtors will be irrecoverable.
- 20.11 *Consumables – R 0,138 million (2024/25 - R0,120 million)*  
Relates to the costs associated with the daily operations of the Office and includes refreshments, cleaning, disinfection and beautification of the office premises.
- 20.12 *Employee Wellness and Stakeholder engagement costs – R0,042 million (2024/25 – R0,040 million)*  
Cost associated with hosting of meetings and costs related to the well-being of the staff.
- 20.13 *Insurance – Short term – R0,280 million (2024/25 - R0,254 million)*  
Insurance cost based on the actual cost incurred with a predicted escalation due to the increase in cover required.
- 20.14 *Security Costs – R 0,023 million (2024/25 - R0,023 million)*  
Costs expected to be incurred for the security needs for the protection of the Office premises.
- 20.15 *Postage and Tender Costs – R0,054 million (2024/ 25 - R0,045 million)*  
Anticipated costs related to the tender process to be followed in terms of the annual procurement plan.
- 20.16 *Consumables – Covid-19 – NIL (2024/25 - R0,093 million)*  
The costs are no longer applicable for the current environment.

**BUDGET AND LEVIES PROPOSALS 2025/26**


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**20.17 Assets expensed – R NIL (2024/25 - R0,050 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.

**20.18 Promotions– R0,725 million (2024/25 - R0,900 million)**

Costs to be incurred for the consumer awareness drives which are planned to create awareness with respect to the Office in the various provinces and to also attend the various consumer awareness drives that the Office has been invited to by other entities.

**21 CAPITAL EXPENDITURE BUDGET (CAPEX)**

	<b>2025/26</b>	<b>2024/25</b>
Computer software and hardware	700 000.00	1 007 000.00
Office equipment	35 000.00	40 000.00
Website	1 235 049.00	-
<b>TOTAL</b>	<b>1 970 049.00</b>	<b>1 047 000.00</b>

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

**22 PROJECTED ESTIMATES OF EXPENDITURE FOR 2026/27 AND 2027/28**

	Projections 2025/26	Projections 2026/27
	R'000	R'000
<b>Revenue</b>	<b>92,238</b>	<b>96,159</b>
Levy Income	86,238	90,136
Interest income	6,000	6,023
<b>Expenses</b>		
Staff costs	51,630	54,007
Depreciation, amortization, and impairments	2,886	3,423
General expenses	32,250	30,930
Finance costs	72	72
<b>Operating Budget Surplus / (Deficit)</b>	<b>5,400</b>	<b>7.727</b>
<b>Transfer to Capital Expenditure</b>	<b>(5,400)</b>	<b>(7,727)</b>
<b>Budget Surplus / (Deficit)</b>	<b>0</b>	<b>0</b>

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 for 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 722 AA = W - BB	4,6%	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.

