

ANNUAL PERFORMANCE PLAN

2024-25

Date: 31 January 2024



Ombud Council

Ensuring an accessible and trusted
financial sector ombud system

EXECUTIVE AUTHORITY STATEMENT BY THE MINISTER OF FINANCE

I am pleased to acknowledge the Annual Performance Plan of the Ombud Council for the 2024/25 financial year. The Ombud Council is established by the Financial Sector Regulation Act, 2017, as the oversight body for the financial sector ombud system. Its role is to help ensure an accessible, effective, independent, and fair ombud system for financial customers.

The Ombud Council commenced its statutory functions, despite limited resources and no infrastructure, in May 2021, but only became listed as a Schedule 3A public entity under the Public Finance Management Act from the start of the 2023/24 financial year. The 2023/24 financial year also marked the commencement of the Financial Sector and Deposit Insurance Levies Act, 2022, as well as the funding arrangements in Chapter 16 of the Financial Sector Regulation Act.

Under these laws, the Ombud Council began to receive levy income from financial institutions, being its legislated funding model, in the latter half of 2023/24. In prior years, the Council was wholly reliant on interim funding through fiscal transfers and received operational support from the FSCA. Although this fiscal funding (to a lesser degree) and FSCA support continued during 2023/24, the upcoming 2024/25 year will mark the Ombud Council's full financial independence and operational autonomy.

This APP addresses the second phase of the Ombud Council's inaugural Strategic Plan, which covers the 2023/24 to 2024/25 period. The APP continues to build on the Ombud Council's delivery of the strategic priorities set out in the Strategic Plan: Building and capacitating the Council; Enhancing coverage and effectiveness of the ombud system; Supporting financial inclusion initiatives; Proactively

contributing to policy and regulatory reform of the ombud system; and Monitoring the performance of ombud schemes. As with the APP for 2023/24, this APP comprises two overarching programmes of work: An internally focused Administration programme, with outputs aimed at capacitating the Ombud Council and ensuring that it is sustainably financed with effective financial controls; and an externally focused Regulation and Oversight programme, with sub-programmes to implement the Council's core statutory functions.

The Regulation and Oversight programme also further entrenches the Ombud Council's admirable, proactive commitment to the significant planned National Treasury policy reforms of the ombud system. A key first step toward these reforms is already in progress, being the amalgamation of the four industry ombud schemes covering the banking, credit, long-term insurance, and short-term insurance sectors to form the National Financial Ombud Scheme South Africa (NFO). Once completed, this will result in the Council overseeing a more streamlined and cohesive ombud system.

I confirm my support to the Ombud Council and its Board and wish them every success as they aim to evolve into a fully capacitated entity, enabling access for South African financial customers to an increasingly effective financial sector ombud system, through the initiatives set out in this APP.

Hon. Enoch Godongwana
MINISTER OF FINANCE

REMARKS FROM THE CHAIRPERSON OF THE BOARD

I am pleased to present the Ombud Council's Annual Performance Plan for 2024/25. The APP confirms the goals the Ombud Council is committed to achieving for this financial year to support the outcomes set out in our Strategic Plan for 2023/24 to 2024/25 which was aligned to the legislative period.

This Annual Performance Plan is the second such planning document under the two-year Strategic Plan that the Ombud Council is formally submitting to the National Treasury and to Parliament, since the entity's listing as a Schedule 3A public entity under the Public Finance Management Act at the start of the 2023/24 financial year.

This Plan details the specific deliverables required in the course of the year to achieve the Council's two-pronged set of strategic priorities: On the one hand, these priorities are aimed at capacitating the Council and ensuring it is well governed and sustainably funded; and on the other hand at ensuring delivery of key aspects of its mandate - with plans for improving the coverage and co-ordination of the ombud system; enhancing its visibility and accessibility; facilitating positive regulatory reform; and holding ombud schemes to account by overseeing their conduct.

Externally, clarity is emerging on the future structure of the ombud system. The Ombud Council views the establishment of the National Financial Ombud scheme (NFO), which is expected to be completed by the start of the financial year, as a very positive step. It supports the Council's statutory functions of promoting co-ordination between the activities of ombuds and resolving jurisdictional overlaps between schemes (s.177 of FSR Act). The Ombud Council will continue facilitating and supporting this regulatory reform as the establishment of the NFO also provides a platform to further enhance the ombud system's coverage and cohesion.

The Ombud Council aims to play a transformational role in promoting accessibility for financial customers to the ombud system and strengthening the overall financial consumer protection framework through contributing to financial literacy and taking a rights-based approach to fair treatment by financial institutions. Supporting financial inclusion initiatives undertaken by ombud schemes and other regulators to create consumer awareness of the services offered by ombud schemes is therefore an important focus of this APP.

The Plan demonstrates the determined resolve of this young organisation to move toward its vision of ensuring that a known, trusted and easily accessible ombud system exists for all in the financial sector, and to capacitate itself to do so. For the progress that has been made on this journey so far, the Council is indebted to the leadership of its inaugural Chairperson, Ms Deanne Wood, the dedication of my predecessor, Ms Silindile Kubheka, the Deputy Chairperson, Advocate Dikeledi Chabedi, the sterling work and guidance of all its board members, and the skilled Chief Ombud, Ms Leanne Jackson.

As the new Chairperson of the Board and on behalf of my fellow board members we wish the Chief Ombud and her small, dedicated team every success in their endeavours to implement this APP and fulfil the important mandate of the Ombud Council. We pledge our support.



Eileen Meyer
CHAIRPERSON
Board of the Ombud Council

OVERVIEW FROM THE CHIEF OMBUD

I welcome the opportunity to present the Ombud Council's Annual Performance Plan for financial year 2024/25. This Plan is the Ombud Council's second APP to be submitted to Parliament since the Ombud Council's listing under Schedule 3A of the Public Finance Management Act, at the start of 2023/24. It underpins the final phase of the Ombud Council's inaugural Strategic Plan, which spans the two-year period of 2023/24 and 2024/25.

This APP maintains the Ombud Council's implementation of the five strategic priorities in our Strategic Plan, which are in summary to: (i) Build a well-governed, sufficiently capacitated institution; (ii) Enhance the jurisdictional coverage, effectiveness, and co-ordination of the ombud system; (iii) Promote financial inclusion by supporting initiatives to boost the visibility of ombud services; (iv) Proactively contribute to reform of the ombud system; and (v) Effectively monitor ombud scheme performance.

As was the case last year, these priorities are encapsulated in this APP through two programmes of work: An internally focused Administration programme aimed at fully capacitating the organisation from a staff and service provider perspective and embedding appropriate financial control systems; and an outwardly focused Regulation and Oversight programme focused on delivery of the Ombud Council's statutory regulation and supervision functions, as well as its commitment to supporting policy reform of the ombud system.

Although the specific performance targets set out in this APP therefore continue and build on our 2023/24 deliverables, the context differs from last year's planning cycle in several important ways:

Firstly, 2024/25 will begin with key senior Ombud Council positions filled, with remaining middle management positions to be filled in the course of the year. The Ombud Council's key internal policies, for finance, supply chain and human resources matters, will also be finalised before the start of the year. The Council's internal capacity and governance framework for achieving the Administration programme in this APP will therefore be in place and focus can shift to operationalising the necessary processes and controls, in line with PFMA and other prescripts. Importantly, the Ombud Council will be doing this independently, as the shared services agreement with the Financial Sector Conduct Authority under which the FSCA has provided all core corporate services for the Ombud Council since its inception, ends at the end of March 2024. I take this opportunity to express my gratitude to FSCA Commissioner, Mr Unathi Kamlana, and his team for their vital support in enabling the Ombud Council to reach this point.

Secondly, structural and policy reforms of the ombud system have made good progress in the past year. At the time of writing this overview, the recognition application for the new, consolidated industry ombud scheme, the National Financial Ombud Scheme South Africa, is well advanced and the NFO is expected to be operational by the end of the 2023/24 financial year. This is an important milestone toward the policy objective of a more streamlined, less fragmented ombud system for financial customers, and the Ombud Council is proud to have supported the process. In addition, the National Treasury is expected to finalise its policy response to the 2021 World Bank Diagnostic proposals for reform of the ombud system before the start of the financial year. These developments will allow the Ombud Council to implement the Regulatory & Oversight programme in this APP in a future-focused manner that is fit for purpose in a more cohesive and efficient ombud system.

The Ombud Council team looks forward, through this Performance Plan, to continuing our journey toward an accessible and trusted financial sector ombud system for all South Africans. Although there is still a long way to travel, we are confident that for the coming year our vehicle is better fuelled, the roadway is smoother, and the signposts are clearer.



Leanne Jackson
CHIEF OMBUD
Ombud Council

Sign Off:

It is hereby certified that this Annual Performance Plan:

- **Was developed by the management of the Ombud Council;**
- **Takes into account all the relevant policies, legislation, and other mandates for which the Ombud Council is responsible, as well as pending regulatory reforms;**
- **Accurately reflects the outcomes and outputs which the Ombud Council will endeavour to achieve over the period 2024/25.**



Siphwe Dube
Head of Operations



Leanne Jackson
Chief Ombud

Approved by:



Eileen Meyer
Chairperson of the Board

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1. GLOSSARY OF TERMS AND ABBREVIATIONS

Board	The Board of the Ombud Council, established by s.179 of the FSR Act.
COFI Bill	Conduct of Financial Institutions Bill, expected to be tabled in Parliament during 2024.
Council; or Ombud Council	The Ombud Council, established by s.175 of the FSR Act.
FSCA	Financial Sector Conduct Authority.
FSR Act	Financial Sector Regulation Act, 2017.
Levies Acts	The Financial Sector and Deposit Insurance Levies Act, 2022; and the Financial Sector and Deposit Insurance (Administration) and Deposit Insurance Premiums Act, 2022.
Ombud Schemes	Industry ombud schemes and statutory ombud schemes, as defined in the FSR Act.
PFMA	Public Finance Management Act, 1999.
World Bank Diagnostic	Report by the World Bank Group titled " <i>South Africa: Financial Ombud System Diagnostic</i> " (June 2021), commissioned by the National Treasury and the FSCA.

PART A: OUR MANDATE

2. THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The **main objective** of the Council, per section 176 of the FSR Act, is to assist in ensuring that financial customers have access to, and are able to use affordable, effective, independent, and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and services. Chapter 14 of the FSR Act establishes the Council and confers oversight, enforcement, and regulatory powers on it in relation to financial sector statutory and industry ombuds.

The FSR Act establishes a "Twin Peaks" system of financial regulation by establishing various regulatory authorities and structures to, among other objectives, ensure the protection and promotion of rights set out in the Constitution (particularly Chapter 2), for financial consumers. The Council is defined in the FSR Act as a **financial sector body** as well as a **national public entity** for purposes of the PFMA. It also operates within the larger body of financial sector laws. The Ombud Council became listed as a national public entity under Schedule 3A of the PFMA from 1 April 2023.

3. INSTITUTIONAL POLICIES AND STRATEGIES

Financial Sector Policy context

This is the second Annual Performance Plan for the Ombud Council since its listing as a public entity under Schedule 3A to the PFMA. It is the performance framework for the implementation of the second year of the Council's two-year Strategic Plan for 2023/24 – 2024/25 covering the remainder of the current legislative period.

The Ombud Council is a product of financial sector policy position statements such as "*A safer financial sector to serve South Africa better*" (2011) and "*A Known and Trusted Ombud System*" (2017). These National Treasury publications respectively set out the overall Twin Peaks regulatory framework for the financial sector (including the role of the ombud system within that framework); and put forward policy proposals for the

financial sector ombud system in particular. They were supplemented by the World Bank Diagnostic study. The National Treasury's policy response to the recommendations in this study are expected to be published before the end of the 2023/24 financial year, and is expected to have far-reaching implications for the ombud environment. Furthermore, the reform of the overall financial consumer protection framework through the ongoing evolution of the Twin Peaks legislative framework, particularly the proposed overarching COFI Bill will influence the strategy of the Ombud Council in the future. In addition, the Levies Acts will drive the Council's levy-based funding model.

The above policy developments are likely to change the strategic objectives of the Ombud Council in the future and the shape of future Annual Performance Plans. Nonetheless, the following strategic priorities of the Ombud Council are supportive of the National Development Plan (NDP) goal of enabling participation by all in the financial sector and contributing to economic inclusion. They speak to MTSF Priority 2 covering economic inclusion and job creation. The Ombud Council aims to play a transformational role in promoting accessibility for financial customers to the ombud system and strengthening the overall financial consumer protection framework through contributing to financial literacy and taking a rights-based approach to fair treatment by financial institutions.

4. OMBUD COUNCIL STRATEGIC PRIORITIES

Against the above policy background, the Council adopted the following five strategic priorities and related strategic outcomes as the basis of its two-year Strategic Plan for 2023/24 to 2024/25. These priorities were reviewed and re-confirmed at a strategic planning session of the Ombud Council's board in October 2023. This Annual Performance Plan focuses on implementation of the second and final phase of that Plan.

Table 1: Strategic Priorities and intended Outcomes.

Strategic Priorities	Intended Outcomes
Build a well-governed institution sufficiently capacitated to perform its functions efficiently and effectively.	<ul style="list-style-type: none"> • Adequate capacity and capability in place to perform statutory functions. • Effective governance framework exists. • Sustainable funding is ensured. • Financial management system and controls exist.
Enhance the coverage and effectiveness of the ombud system by addressing jurisdictional gaps and overlaps and promoting coordination and alignment of scheme processes.	<ul style="list-style-type: none"> • Jurisdictional gaps, overlaps and inconsistencies between scheme processes reduced. • Inconsistencies between ombud scheme reporting processes reduced.
Support financial inclusion initiatives undertaken by ombud schemes and other regulators to create consumer awareness of the services offered by ombud schemes.	<ul style="list-style-type: none"> • Enhanced consumer awareness of ombud services through OC support of awareness and education initiatives by stakeholders.
Contribute to reform of the ombud system through proactive participation in regulatory and policy reform and transition projects.	<ul style="list-style-type: none"> • The implementation of regulatory and institutional reform of the ombud system is well managed.
Effectively monitor the performance and compliance of ombud schemes in line with the Ombud Council's statutory objective (s. 176 of FSR Act).	<ul style="list-style-type: none"> • An effective supervision framework is in place to identify non-compliance or poor performance of ombud schemes.

5. UPDATES TO RELEVANT COURT RULINGS

The Ombud Council is not aware of any court rulings that impact on its operations.

PART B: STRATEGIC FOCUS

6. SITUATIONAL ANALYSIS

6.1. External environment analysis

The political, economic, social, technological, environmental, and legal context within which the Ombud Council operates remains largely unchanged from that summarised in our 2023/24 Annual Performance Plan.

Political Environment

The Ombud Council's immediate political environment, under the policy direction of the Minister of Finance and the National Treasury, remains stable. Notwithstanding regulatory reforms discussed in the Strategic Plan of 2023/24 - 2024/25, the overall policy goals and priorities for the financial sector, particularly in relation to the financial consumer protection sphere of which the Council forms a part, are clear.

Economic Environment

SA's economic growth remains severely constrained, with stubbornly high levels of unemployment, poverty, and inequality. Electricity supply and other infrastructure challenges present serious obstacles to economic recovery. These factors exacerbate already low levels of financial inclusion, while many South Africans (particularly individuals and small businesses) who do participate in the formal financial sector by utilising the products and services of licensed financial institutions, are over-indebted and struggling to make ends meet. In this challenging economic environment, protection of financial customers against unfair treatment by financial institutions remains a key risk mitigation.

Social Environment

The economic situation outlined above has negative social consequences, which particularly impact lower income and less sophisticated financial customers. This highlights the imperative for ombud schemes to have processes in place that are accessible, suitable, and empathetic for vulnerable complainants. Sadly, for most South African ombud schemes, a high proportion of complainants would qualify as "vulnerable" in terms of international standards. Customer outreach and consumer education initiatives by ombud schemes and the FSCA, and the Ombud Council's support to these, is also important in this context. South Africa's high levels of crime and social unrest also play out in the financial sector, impacting the ombud system. Both financial customers and financial institutions are victims of fraud, with "scams" becoming increasingly sophisticated. A high proportion of complaints to the Ombud for Banking Services, for example, continue to be fraud related and insurance industry bodies report persistent fraudulent claim data. This requires careful application of equity principles by ombud schemes, to impartially balance the need for financial institutions to protect their customers while also limiting their own exposure to criminal activity.

Technology Environment

Technological "FinTech" developments mean ongoing innovation in financial product and service design. Just as the regulatory framework needs to evolve to be able to effectively regulate these products and services, the ombud system needs to evolve to be able to deal with the new types of complaints they give rise to. This has implications for the scope of the jurisdiction of current schemes, and hence the Ombud Council's jurisdictional rule-making and designation powers. Technological advancement also gives rise to new consumer risks, with the prevalence of "scams" relating to crypto assets, online foreign exchange dealing platforms, "phishing", and other cyber-crime activities remaining high. With the FSCA's recognition of crypto assets as financial products for purposes of the Financial Advisory and Intermediary Services Act, 2002, the FAIS Ombud has begun dealing with complaints relating to advice on and selling of these products.

Environmental Issues

Although the Ombud Council is not materially directly impacted by environmental issues, they have indirect impacts - particularly in relation to the insurance sector. Examples of environmental factors that lead to spikes in insurance claims and thus complaint volumes include climate change related extreme weather events; energy supply challenges, such as Eskom load shedding leading to equipment damage and business interruption claims; and of course, health events, with the after-effects of the COVID pandemic still lingering.

Legal Environment

The Ombud Council, and the ombud schemes it oversees, find themselves amid far-reaching regulatory reforms expected to directly impact their roles and processes, and thus the Ombud Council's strategy. New legislation, including the COFI Bill which is awaiting tabling, in Parliament related changes to the FSR Act, and reforms proposed in the World Bank Diagnostic - all of which will impact the Ombud Council. This dimension is discussed further in our Strategic Plan of 2023/24 – 2024/25 and noted under point 2 of this document.

In anticipation of consolidation of the ombud system based on the World Bank Diagnostic recommendations, four of the current five industry ombud schemes embarked on a process of voluntary amalgamation. The Ombud Council is pleased to confirm that a recognition application for the amalgamated scheme, titled the National Financial Ombud Scheme South Africa(NFO) was submitted in November 2023, and public consultation on the scheme's governing rules has taken place. At the time of writing this document, the NFO is expected to come into operation effective 1 March 2024, subject to the outcome of the recognition application. The Ombud Council views the establishment of the NFO as a very positive step, as it supports the Council's statutory functions of promoting co-ordination between the activities of ombuds and resolving jurisdictional overlaps between schemes (s.177(1)(b) and (g) of FSR Act). The establishment of the NFO also provides a platform to further enhance the ombud system's coverage and cohesion, through the use of the Ombud Council's designation and rule-making powers, in the lead-up to the

implementation of the broader reforms proposed through the World Bank Diagnostic. See the sub-programme on reform of the ombud system under Programme 2: Regulation and Oversight.

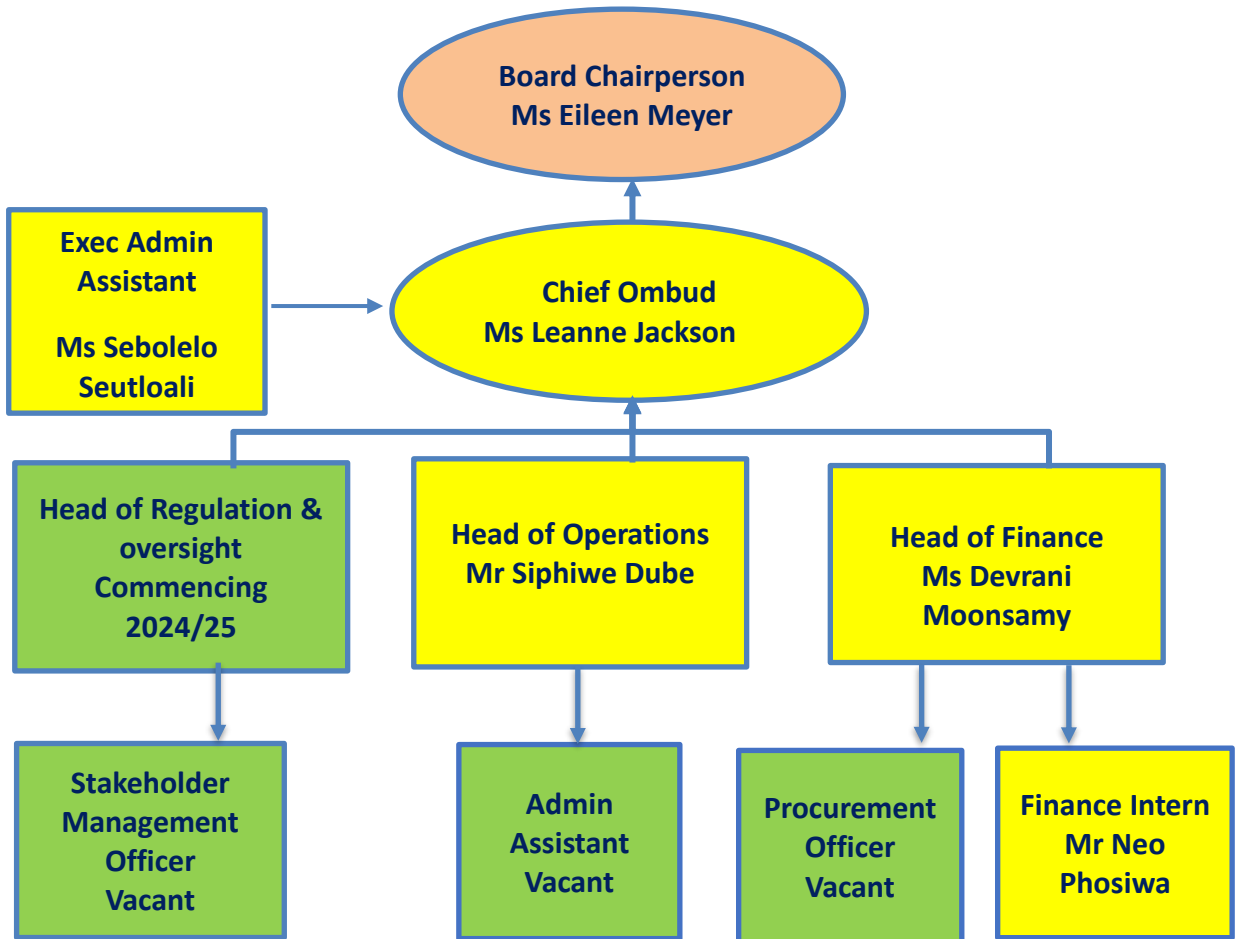
6.2. Internal environment analysis

Staff Establishment

A key focus of the Ombud Council for the 2023/24 financial year, after the appointment of the first permanent Chief Ombud in November 2022, was to implement a fit for purpose organisational structure and staff establishment. The 2023/24 APP targets in this regard have been substantially achieved with four of the five targeted permanent staff members placed during the 2023/24 financial year and the fifth, the Head of Regulation and Oversight, expected to commence employment at the start of the 2024/25 year.

A key focus for the 2024/25 financial year is the filling of the vacant positions on the budgeted organisational structure. Three additional positions have been added to the structure since the prior year, to provide support to the Heads of divisions within the entity to ensure that objectives are met.

Figure 1: Organisational Structure



Governance

The Ombud Council is governed by a skilled Board, with the initial Board members appointed by the Minister of Finance in late 2020. In October 2023, the Minister re-appointed several of the initial Board members for a second term, and also appointed Ms. Eileen Meyer (the former interim Chief Ombud) as Chairperson of the Board. This provides valuable continuity for the Ombud Council's governance and strategic direction. The Board is supported by an Audit and Risk Committee; and a Remuneration and Human Resources Committee.

Operational Capacity

Since its inception, the Ombud Council operated with the assistance of a shared services agreement (Memorandum of Agreement - MoA) with the FSCA to provide various corporate services to the Council until such time as it was internally capacitated. Services provided under the agreement included human resource management, financial management, and procurement support. This MoA expires at the end of the 2023/24 financial year. The 2024/25 year will therefore be the first year in which the Ombud Council manages its own operations, without the support of the FSCA under the MoA. To this end, the Ombud Council is at the time of writing in the process of finalising key internal operational policies (particularly for financial management and supply chain processes); procuring necessary ICT software and support services; and contracting appropriate outsourced service providers for certain functions. The focus during 2024/25 will be on ensuring all of these capabilities are fully operationalised and embedded.

Funding

In terms of the FSR Act, the Council's operations are funded through the imposition of levies, payable by financial institutions. The Council is also empowered to collect fees for the performance of specific functions. The Levies Acts and Chapter 16 of the FSR Act, which together enable the Ombud Council's financial processes, came into operation on 1 April 2023. This coincided with the Ombud Council becoming formally listed as a national public entity under Schedule 3A of the PFMA as from the same date. Accordingly, 2023/24 saw the Council putting processes in place to work toward PFMA compliance, and an important focus of the capacitation work referred to above will be to achieve full PFMA compliance for the Council, independent of the FSCA.

In light of delays in processing the Levies Acts, the Council was during its first two years of operation (financial years 2021/22 and 2022/23) allocated funding of R10 million for each year, as a ring-fenced component of funds derived from administrative penalties charged by the FSCA, to fund its operationalisation. Thereafter, the National Treasury initially approved funding of R13 million per year to the Council through budget appropriations, for each year of the MTEF period 2023/24 to 2025/26.

However, as the Ombud Council's levy funding began to flow during the second half of 2023/24 and is expected to stabilise over 2024/25, the contingency fiscal funding will no longer be required. Appropriate budget adjustments were made in the MTEF budget submission in December 2023. The final 2024/2025 annual budget and going forward does not include a National Treasury fiscal transfer.

The Ombud Council estimation of the budgeted levies for the year is R25.43 million which is calculated as 2.5% of levies payable by financial institutions to the FSCA, in accordance with the prescribed formula in the Levies Act. Revenue projections are therefore based on projections provided by the FSCA in relation to its anticipated levy income.

6.3. SWOT

Considering the analyses of the internal and external environment set out in paragraphs 5.1 and 5.2, the Ombud Council has assessed its Strengths, Weaknesses, Opportunities and Threats as follows:

Table 2: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Breadth, depth and diversity of skills and experience in the board and executive. • Reciprocal trust relationship with ombud schemes • Quality of relationships and engagement with National Treasury enables proactive participation in policy development. • Demonstrable commitment to good governance 	<ul style="list-style-type: none"> • Small staff establishment leads to key person risk, career advancement limitations, and recruitment and retention challenges.
Opportunities	Threats
<ul style="list-style-type: none"> • WB Diagnostic recommendations (with or without related NT reforms) provide opportunities for the Council to improve scheme performance. • Broader market conduct regulatory reforms create opportunities to improve coverage of the ombud system. • The consolidation of industry ombud schemes enables the Council to redefine its role and scope to ensure it is fit for purpose. • The Ombud Council could contribute to financial consumer education, protection, and inclusion through support to the initiatives of the ombud schemes and other regulators. • The opportunity to develop a more appropriate levy model, in the event it is established that the current (untested) model needs to be revisited 	<ul style="list-style-type: none"> • Untested levy model proves to be inappropriate to the Ombud Council's needs and scope of operations. • Uncertainty regarding Ombud Council's future powers and role pending implementation of new regulatory model. • Governance and compliance obligations (particularly under PFMA) resource intensive, particularly during establishment phase. • Stakeholders misunderstand the Council's role, for e.g., see it as the appeal mechanism for ombud rulings. • Operational challenges after cessation of FSCA MoA, depending on NT decisions regarding future shared services support.

Section C below provides detail of the Ombud Council's planned work programmes. The Regulation and Oversight sub-programmes, aside from ensuring delivery of the Council's core mandate, are also aimed at exploiting several of the opportunities noted in the SWOT analysis, particularly by participating in the developing structural reforms of the ombud system and by supporting stakeholder consumer outreach initiatives.

The implementation of the Ombud Council's levy-based funding model addresses a previously identified weakness that reliance on contingency fiscal funding was not ideal to ensure regulatory impartiality. The Ombud Council's levy model, which is prescribed in the Levies Act as a fixed percentage of FSCA levies, is however untested. Experience will need to be gained to determine whether this levy formula is appropriately proportionate to the Ombud Council's functions. The opportunity does however exist, albeit through a legislative process, to revisit the formula should experience prove this necessary.

The Ombud Council's PFMA listing brings associated compliance and governance obligations, particularly while the Ombud Council is still in its establishment phase. This, coupled with the fact that the FSCA shared services support under the MoA falls away at the end of 2023/24, results in resource pressure to set up and embed the necessary policies, infrastructure, and processes to operate independently and compliantly. The Council will continue to engage with the relevant public entity oversight structures in the National Treasury to ensure that the Ombud Council designs its governance and control environment to meet its PFMA obligations in a manner that will, as far as possible, be proportionate to its scale and risks. The Council also understands that the National Treasury is considering the extent to which shared services collaboration arrangements should be in place between public entities in the National Treasury finance entity family. The Council will continue to engage National Treasury to understand potential opportunities for improving operational efficiency in this regard.

PART C: MEASURING OUR PERFORMANCE

7. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

As was the case for 2023/24, the performance of the Ombud Council for the 2024/25 financial year will be managed through two programmes: Administration Management; and Regulation & Oversight. The Regulation & Oversight programme in turn comprises four sub-programmes.

Programme 1: Administration

The purpose of this programme is for the Ombud Council to meet its overall governance objective as per section 178 of the FSR Act - specifically, to deliver support services to the institution and towards performance and the delivery of services by other programmes in an efficient and effective way. This programme has to date been supported by an MoA between the Council and the FSCA, but the focus will now shift to achieving operational independence.

This programme therefore supports the Council's internally focused strategic priority to build a well-governed institution, sufficiently capacitated to perform its functions efficiently and effectively. More specifically, the Administration Management programme prioritises the following as an enabler to deliver on its mandate:

- ***Capacity and capability:* To fill staff vacancies to ensure that the Council is capacitated to deliver its mandate.**
- ***Finances:* To ensure full implementation of sustainable levy-based funding for the Council and implement efficient and responsible financial management systems and controls.**

This programme will also be underpinned by appropriate operational plans to ensure an effective Board and Committee governance framework, and the procurement of

adequate outsourced business support services to enable the Ombud Council to deliver on its mandate.

ANNUAL PERFORMANCE PLAN

Performance Outcomes, Outputs, Output Indicators and Targets: Programme 1

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
Programme 1: ADMINISTRATION						
Purpose - To deliver support services to the institution and towards performance and the delivery of services by other programmes.						
1. Adequate capacity and capability in place to perform statutory functions.	1.1. 4 vacant positions filled (includes 1 carried over from 2023/24 target).	1.1. Number of vacant staff positions filled.	3 vacant positions filled (target was 4 positions)	4 Vacant positions filled	N/A	N/A
	1.2. Employment Equity targets achieved.	1.2. Total staff establishment percentage achievement of EE quarterly targets reflects at least 51% Female and 49% Male 92% Black (including Coloured and Indian) representation and 8% White.	75% Female 25% Male 0% Disability 50% Black representation 25% White representation	51% Female 49% Male 2% Disability 92% Black representation 8% White representation	51% Female 49% Male 2% Disability 92% Black representation 8% White representation	51% Female 49% Male 2% Disability 92% Black representation 8% White representation
	1.3. Service providers appointed to perform operations previously performed by FSCA.	1.3. Number of service providers appointed.	N/A. New output	3 service providers appointed.	N/A	N/A

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
2. Sustainable funding is ensured.	2.1. Levy collection process operationalised as per Levies Act.	2.1. Levy collection process implemented.	Levy collection process agreed with FSCA and implemented.	Levy collection implemented per MoU with FSCA	Levy collection implemented.	Levy collection implemented.
3. Financial management system and controls exist.	3.1. Clean audit achieved for FY 2024/25 (to be confirmed in FY 2025/26).	4.1. Clean audit as per appointed external auditor report. (Auditor-General has opted not to audit the OC).	Clean audit.	Clean audit for 2023/24 confirmed. Maintain clean audit opinion.	Clean audit for 2024/25 confirmed. Maintain clean audit opinion.	Clean audit for 2025/26 confirmed. Maintain clean audit opinion.

Performance Indicators: Annual and Quarterly Targets 2024-25

Output indicator	Annual Targets				
	2024/25	Q1 Apr – Jun	Q2 July - Sept	Q3 Oct - Dec	Q4 Jan – Mar
Programme 1: ADMINISTRATION					
Purpose - To deliver support services to the institution and towards performance and the delivery of services by other programmes.					
1.1. Number of vacant staff positions filled.	4 Vacant positions filled	2 Vacant positions filled	1 vacant position filled	1 vacant position filled.	N/A
1.2. Total staff establishment percentage achievement of EE quarterly targets	51% Female 49% Male 2% Disability	51% Female 49% Male 2% Disability	51% Female 49% Male 2% Disability	51% Female 49% Male 2% Disability	51% Female 49% Male 2% Disability

Output indicator	Annual Targets				
	2024/25	Q1 Apr – Jun	Q2 July - Sept	Q3 Oct - Dec	Q4 Jan – Mar
reflects at least 51% Female and 49% Male 92% Black (including Coloured and Indian) representation and 8% White	92% Black representation 8% White representation	92% Black representation 8% White representation	92% Black representation 8% White representation	92% Black representation 8% White representation	92% Black representation 8% White representation
1.3. Number of service providers appointed.	3 service providers appointed.	1 service provider.	2 service providers.		
2.1. Levy collection process implemented.	Levy collection implemented per MoU with FSCA	Levy collection implemented.	Levy collection implemented.	Levy collection implemented.	Levy collection implemented.
4.1. Clean audit as per appointed external auditor report. (Auditor-General has opted not to audit the OC).	Clean audit for 2023/24 confirmed. Maintain clean audit opinion.	N/A	Clean audit for 2023/24 confirmed.	N/A	N/A

Programme 2: Regulation and Oversight

The purpose of this programme is to perform regulatory and supervisory functions in line with the Ombud Council's statutory mandate to ensure that financial customers have access to and can use affordable, effective, independent, and fair alternative dispute resolution processes. It entails ongoing delivery of the Ombud Council's core regulatory, supervisory and enforcement functions and also aims to promote consumer awareness of the ombud system and to proactively contribute to meaningful structural reform of the system in the interest of financial customers. Indirectly, this programme will contribute to the Medium-Term Strategic Framework's Priority 2 which addresses economic inclusion and job creation.

This programme will comprise four sub-programmes:

Sub-programme 2.1: Jurisdiction and co-ordination.

This sub-programme will focus on the following specific Ombud Council functions:

- ***Managing jurisdiction of ombud schemes: Using rule-making and designation powers to resolve jurisdictional gaps and overlaps in the ombud system, to ensure adequate scheme coverage.***
- ***Promoting co-operation and co-ordination of scheme activities: Using rule-making and information gathering powers to reduce inconsistencies between scheme complaint handling and reporting processes, to enhance the efficiency of the ombud system.***

Sub-programme 2.2: Financial inclusion and consumer awareness.

The purpose of this sub-programme is to collaborate with stakeholders to promote consumer awareness of the ombud system and, in so doing, to support financial inclusion. The sub-programme aims to deliver the Ombud Council's mandates to promote public awareness of ombuds and their services; to publicise ombud schemes; and to support financial inclusion.

Sub-programme 2.3: Reform of the ombud system.

Under this sub-programme the Ombud Council will facilitate reforms of the ombud system, being led by the National Treasury and informed by the World Bank Diagnostic recommendations, to help ensure that the system better supports the Ombud Council's statutory objective. This will entail ongoing proactive participation in reform and transition projects, to help ensure that the reform is well managed. It will also entail supporting and overseeing the newly amalgamated industry ombud scheme (National Financial Ombud) as it operationalises its new business model.

Sub-programme 2.4: Ombud system oversight.

The purpose of this sub-programme is to exercise oversight over ombud systems, in line with the Council's mandate to monitor scheme performance and compliance, using the Council's statutory supervision powers.

Performance Outcomes, Outputs, Output Indicators and Targets: Programme 2

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
Programme 2: REGULATION AND OVERSIGHT						
Purpose - To perform regulatory and supervisory functions and deliver on the statutory mandate						
Subprogramme 2.1: Jurisdiction and co-ordination - To use statutory powers to deliver on mandate to clarify jurisdiction and promote co-ordination in ombud system						
4. Jurisdictional gaps, overlaps and inconsistencies between scheme processes reduced.	4.1. Regulatory Plan setting out the nature, type and timelines for Rules to be made in the course of the year, with milestones for each quarter.	4.1. Regulatory Plan finalised.	Finalised Regulatory Plan for 2023/24.	Finalised updated Regulatory Plan.	Finalised updated Regulatory Plan.	Finalised updated Regulatory Plan.
	4.2. Ombud Council Rules made in accordance with Regulatory Plan milestones.	4.2. % of Regulatory Plan milestones achieved.	40% achievement of Regulatory Plan milestones. (Target was 80%)	Achievement of 80% of Regulatory Plan milestones.	Achievement of 80% of Regulatory Plan milestones.	Achievement of 80% of Regulatory Plan milestones.

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
5. Develop consistent ombud scheme reporting processes .	5.1. Finalised reporting framework for industry ombud schemes, including aligned requirements for complaint categorisation and statistics.	5.1. Finalised reporting framework for industry schemes implemented.	Reporting framework with aligned reporting requirements finalised for industry ombud schemes.	Industry scheme reports submitted in accordance with reporting framework.	Industry scheme reports submitted in accordance with reporting framework.	Industry scheme reports submitted in accordance with reporting framework.
	5.2. Finalised reporting framework for statutory ombud schemes, including requirements for complaint categorisation and statistics.	5.2. Finalised reporting framework agreed and communicated to statutory schemes.	N/A. New output.	Reporting framework finalised for statutory ombud schemes.	Statutory scheme reports submitted in accordance with reporting framework .	Statutory scheme reports submitted in accordance with reporting framework .
	5.3. Reporting methodology for reporting complaints information to Minister. (s.184(d) of FSR Act).	5.3. Reporting methodology agreed with NT.	N/A. New output.	Reporting methodology finalised.	Reporting methodology implemented.	Reporting methodology implemented.
Subprogramme 2.2: Financial inclusion and consumer awareness – To collaborate with stakeholders to promote consumer awareness of the ombud system to support financial inclusion, to deliver on mandate per s.177(1)(d) and (g)						
6. Enhanced consumer awareness of ombud services through Ombud Council	6.1. Consumer awareness initiatives implemented in	6.1. % of Stakeholder Engagement Plan deliverables achieved.	Stakeholder Engagement Plan agreed	Achievement of 80% of Stakeholder	Achievement of 80% of Stakeholder	Achievement of 80% of Stakeholder

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
support of awareness and education initiatives by stakeholders.	accordance with Stakeholder Engagement Plan setting out Council participation in awareness and education activities.		with FSCA and ombud schemes.	Engagement Plan deliverables.	Engagement Plan deliverables.	Engagement Plan deliverables.
Subprogramme 2.3: Reform of the ombud system – To facilitate reform of the ombud system to better support the Ombud Council's statutory objective						
7. The implementation of regulatory and institutional reform of the ombud system is well managed.	78.1. Technical and regulatory inputs into stakeholder engagements on regulatory, policy and structural reform of the ombud system.	7.1. Technical and regulatory inputs produced.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.
	7.2. Responses to stakeholder requests for technical and regulatory inputs into proposals on regulatory, policy or structural reform of the ombud system.	7.2. % of stakeholder requests for input responded to within 60 days.	100% of requests for input responded to within 60 days.	100%	100%	100%
	7.3. Feedback, including action plan, in response to review of governing rules of	7.3. Feedback on governing rules review report, including action	N/A. New output.	Written feedback, including agreed action	N/A	N/A

Outcome	Output	Output indicator	Estimated Performance 2023/24	MTEF Targets		
				2024/25	2025/26	2026/27
	new NFO ombud scheme .	plan, agreed with NFO scheme. .		plan, provided to NFO scheme in response to review of governing rules.		
Subprogramme 2.4: Ombud system oversight – to exercise oversight over ombud schemes to deliver on mandate to monitor the performance of ombud schemes (s. 177(1)(h) of FSR Act						
8. An effective supervision framework is in place to identify non-compliance or poor performance of ombud schemes.	8.1. 4 On-site inspections conducted.	8.1. Number of on-site inspections conducted.	4 on-site inspections.	On-site inspections conducted	On-site inspections conducted in accordance with supervision plan.	On-site inspections conducted in accordance with supervision pan.

Performance Indicators: Annual and Quarterly Targets 2024-25

Output indicator	Annual Targets				
	2024/25	Q1 April – Jun	Q2 July – Sept	Q3 Oct – Dec	Q4 Jan – Mar
Programme 2: REGULATION AND OVERSIGHT					
Purpose - To perform regulatory and supervisory functions and deliver on the statutory mandate					
Subprogramme 2.1: Jurisdiction and co-ordination - To use statutory powers to deliver on mandate to clarify jurisdiction and promote co-ordination in ombud system					
4.1. Regulatory Plan finalised.	Finalised updated Regulatory Plan.	Finalised updated Regulatory Plan.	N/A	N/A	N/A
4.2. % of Regulatory Plan milestones achieved.	Achievement of 80% of Regulatory Plan milestones.	N/A	80% of Regulatory Plan targets for the quarter achieved.	80% of Regulatory Plan targets for the quarter achieved	80% of Regulatory Plan targets for the quarter achieved
5.1. Finalised reporting framework for industry schemes implemented.	Industry scheme reports submitted in accordance with reporting framework.	N/A	Industry scheme reports submitted in accordance with reporting framework	N/A	N/A
5.2. Finalised reporting framework agreed and communicated to statutory schemes schemes.	Reporting framework finalised for statutory ombud schemes.	Consultation with statutory schemes on reporting framework completed.	Reporting framework for statutory schemes finalised and communicated.	N/A	N/A
5.3. Reporting methodology agreed with NT.	Reporting methodology finalised.	N/A	Consultation with NT regarding reporting methodology.	Reporting methodology agreed with NT.	Report/s submitted to Minister in accordance with

Output indicator	Annual Targets				
	2024/25	Q1 April – Jun	Q2 July – Sept	Q3 Oct – Dec	Q4 Jan – Mar
					agreed reporting methodology.
Subprogramme 2.2: Financial inclusion and consumer awareness – To collaborate with stakeholders to promote consumer awareness of the ombud system to support financial inclusion, to deliver on mandate per s.177(1)(d) and (g)					
6.1. % of Stakeholder Engagement Plan deliverables achieved.	Achievement of 80% of Stakeholder Engagement Plan deliverables.	80% of Stakeholder Engagement Plan deliverables for the quarter achieved.	80% of Stakeholder Engagement Plan deliverables for the quarter achieved.	80% of Stakeholder Engagement Plan deliverables for the quarter achieved.	80% of Stakeholder Engagement Plan deliverables for the quarter achieved.
Subprogramme 2.3: Reform of the ombud system – To facilitate reform of the ombud system to better support the Ombud Council's statutory objective					
7.1. Technical and regulatory inputs produced.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.	Technical and regulatory inputs submitted to stakeholders.
7.2. % of stakeholder requests for input responded to within 60 days.	100%	100%	100%	100%	100%
7.3. Feedback on governing rules review report, including action plan, agreed with NFO scheme. .	Written feedback, including agreed action plan, provided to NFO scheme in response to review of governing rules.	N/A	N/A	Consultation with NFO on review of governing rules. .	Review report received and feedback and action plan agreed with NFO.
Subprogramme 2.4: Ombud system oversight – to exercise oversight over ombud schemes to deliver on mandate to monitor the performance of ombud schemes (s. 177(1)(h) of FSR Act					
8.1. Number of on-site inspections conducted.	On-site inspections conducted	1x on-site inspection	1x on-site inspection	1x on-site inspection	1x on-site inspection

8. FINANCIAL RESOURCES (PROGRAMME RESOURCE CONSIDERATIONS)

In terms of the FSR Act read with the Levies Acts, the Council's operations are primarily funded through the imposition of levies payable by financial institutions. Please see paragraph 5.2 above ("Internal environment analysis") for more detail on the Council's funding position.

The entity has budgeted to receive R25.43 million from levies for the 2024/2025 financial year which is 11% higher than the prior year estimate, as per the final budget submission of the Ombud Council as part of the December 2023 Estimate of National Expenditure (ENE) budget process. Please refer to the ENE summary in Annexure A.

Table 3: Annual budget for the year

ANNUAL BUDGET		
Rand thousand	2023/24	2024/25
Revenue		
FSCA Levies	22 926	25 430
National Treasury Transfer	8 000	-
Total Revenue	30 926	25 430
Expenditure		
Compensation of employees	8 594	12 890
Goods and services	14 292	12 500
Depreciation	40	40
Total Expenditure	22 926	25 430
Surplus/Deficit	8 000	-

The Annual budget set out above is based on the budget and levy proposals published for comment by the Ombud Council in August 2023, with some subsequent updates to the expenditure budget as submitted to the National Treasury during the December 2023 ENE budget process (including compensation of employees in order to address capacity needs) and to reflect the subsequent agreement with the National Treasury that the Council will not require a fiscal transfer in 2024/25. These proposals

in turn are based on the Ombud Council's expected levy income (per the prescribed formulae in the Levies Act), totaling R25.43 million for 2024/25.

As discussed in paragraph 5.3 (SWOT analysis), the appropriateness of the prescribed levy formula, which underpins this budget and which the Ombud Council did not have an opportunity to influence, is also new and untested¹.

Annual expenditure per programme

The annual expenditure budget for the year is R25.43 million whereby 60% will be spent on Programme 1 and 30% on Programme 2. The table below shows the detailed annual budgeted expenditure by programme for the year.

Table 4: Annual expenditure budget by programme

Item	ANNUAL EXPENDITURE BUDGET				Explanation of allocation
	2023/24	2024/25			
	Total	Total	Programme 1	Programme 2	
EXPENDITURE Rand thousands ('000)					
Compensation of employees	8 594	12 890	8 024	4 866	Aligned to personnel allocations below.
Goods and Services					
Administrative fees	1 510	218	218	-	All administrative costs related to travel agency, personnel agency fees, bank charges, etc. have been allocated to Programme 1.
Advertising	350	181	181	-	Advertising, tenders, RFP's and for creating awareness of the Council through media channels are allocated to Programme 1.
Recruitment	1 104	958	958	-	Recruitment costs for filling of vacancies

¹ As explained in our Strategic Plan for 2023/24 to 2024/25, the Ombud Council will have an opportunity to apply to the Minister of Finance for changes to its levy model in future years, through a legislative process, should it deem this necessary.

Item	ANNUAL EXPENDITURE BUDGET				Explanation of allocation
	2023/24	2024/25			
	EXPENDITURE Rand thousands ('000)	Total	Total	Programme 1	
Consumer Education	3,000	3,500	-	3,500	Supporting consumer education and awareness initiatives are allocated to Programme 2.
Audit costs: External	818	619	619	-	Payment to AG and / or private auditors for external audit are allocated to Programme 1.
Bursaries: Employees	-	500	500	-	Supporting employee development is allocated to Programme 1.
Catering	50	58	58	-	Providing of catering services for meetings with external guests allocated in Programme 1
Communication (G&S)	251	-	-	-	Data and telephone charges are allocated to Programme 1.
Computer services	500	972	972	-	Website development, ICT system development and software licenses are allocated to Programme 1.
Consultants: Business and advisory services	4,399	2 724	1524	1 200	Includes Board members' remuneration and contracting consulting services for Council work. Anticipated services for Programme 1 relate to corporate services such as HR and board secretariat support; those for Programme 2 relate to regulatory and enforcement support.
Legal services (G&S)	500	800	400	400	Hiring of legal firms for legal advice. Legal advice for Programme 1 would relate to the Council's internal affairs, while advice for Programme 2 would relate to its regulatory and oversight activities.
Consumables: Stationery, printing, and office supplies	60	65	65	-	Purchasing of Stationery and printing paper and cartridges

Item	ANNUAL EXPENDITURE BUDGET				Explanation of allocation
	2023/24	2024/25			
	EXPENDITURE Rand thousands ('000)	Total	Total	Programme 1	
					for the office, allocated to Programme 1.
Operating leases	1,010	570	570	-	Leases for office space and printing machines, allocated to Programme 1.
Travel and subsistence	290	368	208	160	Travelling for staff (primarily the Chief Ombud) and other official business of the Council will be required for performing internal functions such as for e.g., attendance of Board meetings or workshops under Programme 1; but also, for regulatory & oversight activities such as on-site inspections, ombud scheme meetings, awareness activities, and other stakeholder engagements under Programme 2.
Training and development	300	315	315	-	Costs for training of staff and board members is allocated to Programme 1,
Operating payments	50	551	551	-	Courier services, printing of publication, resettlement costs, etc., allocated to programme 1.
Venues and facilities	100	45	20	25	Conference venues may be required for both Programmes.
Depreciation	40	40	40		Computer equipment depreciation
Total	22 926	25 430	15 283	10 147	
Percentage	100%	100%	60%	40%	

Compensation of Employees

The Compensation of employee’s budget for the 2024/25 year is R12.89 million and includes the funding of 8 positions on the budgeted organisational structure (see diagram above) and a finance intern and is listed in Table 4 below.

Table 5: Personnel

Personnel Information				
Executive Management	1	-	-	The Chief Ombud is responsible for delivery of both Programmes.
Senior Management	3	2	1	Heads of Operations and Head of Finance to take responsibility for Programme 1; Head of Regulation & Oversight to take responsibility for Programme 2.
Manager	1	-	1	Stakeholder Liaison Officer support the delivery of Programme 2.
Junior	3	3	-	An Executive assistant, additional admin assistant and Procurement Officer will primarily support the delivery of Programme 1.

Notes:

Since the Ombud Council is a very small organisation in the early stages of development, please note the following:

- Although 2023/24 budgeted amounts are shown for information, it is difficult to use these as the baseline budget given that the entity was not fully capacitated throughout the year. In addition, the Ombud Council did not have its own financial management or other internal operational processes in place during 2023/24 as this support was provided by the FSCA under the MoA, without the cost of this support being charged to the Ombud Council. For 2024/25 the Ombud Council has assumed that it will operate independently from the FSCA, unless current National Treasury deliberations result in the continuation of some degree of shared services support.

- Although the above table presents our best estimate of the basis on which resources will be allocated between Programmes 1 and 2, the early stage of development of the Council's processes and infrastructure, makes clear demarcation difficult.
- Although Programme 2 (Regulation & Oversight) is split into four sub-programmes for performance reporting purposes (see paragraph 6 above), the budget allocation for Programme 2 has not been further broken down into sub-programmes. The very small staff complement and early stages of development of the Council's financial management processes provide limited scope to allocate dedicated resources to specific sub-programmes at this stage.
- The annual budget is still in review process and may be adjusted based on the essential needs of the entity to achieve its objectives.
- National Treasury transfers derived from fiscal funding in 2023/2024 that are not utilised will be transferred back to National Treasury if there is no essential need for them.

9. KEY RISKS

In line with the risk management process, the Council has identified, assessed, and put measures in place to reduce the impact and probability of risks to an acceptable level.

Table 6: Overview of Ombud Council strategic risks.

Strategic Objective	Business Risk	Risk Mitigation
<p>Build a well-governed institution sufficiently capacitated to perform its functions efficiently and effectively.</p>	<p>Funding risk:</p> <p>Untested levy model.</p> <p>Untested FSCA-linked levy model may not align with scope of Ombud Council oversight activities.</p>	<p>Consider proposing legislative amendment to levy formula if and when it becomes apparent that model is inappropriate.</p>
	<p>ICT infrastructure risk:</p> <p>Inadequate ICT infrastructure.</p> <p>Adequate ICT infrastructure arrangements to enable OC to perform key operations not in place by the time FSCA MoA ends at end of financial year.</p>	<p>Appointment of service provider/s to develop, implement and support an appropriate (virtual) ICT framework. Procurement process prioritised.</p>
	<p>Cyber security risk:</p> <p>Current cyber security controls rudimentary.</p>	<p>Ensure procurement process for ICT service provider/s includes requirements for security systems that reduce risk and potential impact of a cyber breach.</p>
	<p>Talent risk: Difficulty attracting and retaining staff with appropriate skills mix.</p> <p>Small staff complement requires combinations of relatively scarce skills. Challenges in developing an adequate employee value proposition due to small scale of operations, including limitations on career advancement opportunities.</p>	<p>Recruitment for key positions to include head hunting where necessary.</p> <p>Appropriate, fit for purpose remuneration policy.</p>
	<p>Mandate risk:</p> <p>Governance and compliance obligations are resource intensive especially in the establishment phase. One-size-fits-all public entity (esp. PFMA) compliance obligations absorb disproportionate share of Ombud Council resources.</p>	<p>Ongoing engagement with NT to ensure that OC designs its governance and control environment to meet its PFMA obligations in as proportionate a way as possible.</p> <p>Opting for cost-effective procurement methods and processes including participation in contracts; outsourcing where appropriate to ensure resource</p>

Strategic Objective	Business Risk	Risk Mitigation
		flexibility; and exploring shared service options.
	<p>Reputational risk:</p> <p>OC perceived as inefficient or under-performing due to surplus position.</p>	<p>Fiscal contingency funding has been discontinued with levy funding model now stabilised.</p> <p>As per risk above re Funding risk: Untested levy model,</p> <p>Ensure effective mechanisms in place for budgeted spending items, particularly consumer awareness / education initiatives and finalising recruitment of budgeted headcount.</p>
	<p>Compliance risk:</p> <p>Non-compliance with information protection obligations.</p>	<p>Prioritise development and implementation of POPIA and PAIA policies and processes.</p>
<p>Enhance the coverage and effectiveness of the ombud system by addressing jurisdictional gaps and overlaps and promoting coordination and alignment of scheme processes.</p>	<p>Mandate risk:</p> <p>Jurisdictional gaps in ombud system due to changes in scope of broader financial sector conduct framework under COFI Bill.</p> <p>Future licensing framework for financial institutions not aligned with jurisdiction of schemes.</p>	<p>Keeping abreast of NT and FSCA COFI developments to assess opportunities for improving coverage through designations and rule-making.</p>
	<p>Mandate risk: Uncertainty regarding Ombud Council's future mandate.</p> <p>Final decisions on policy and regulatory framework for ombud system not yet known.</p>	<p>Ongoing proactive engagement with National Treasury to remain abreast of and where feasible influence regulatory and policy developments.</p>
<p>Contribute to reform of the ombud system through proactive participation in regulatory and policy reform and transition projects.</p>	<p>Unfocussed ombud system.</p> <p>Lack of clarity on policy response and transition plan for ombud system reform compromises focus and commitment of schemes.</p> <p>Delays in policy finalisation leads to delays in legislative changes necessary for system reform; Delays in</p>	<p>Work closely with NT to support development of policy response, design of new legislation, and transition planning.</p> <p>Support voluntary new amalgamated industry scheme to embed merged operations in lead-up to more comprehensive reform.</p>

Strategic Objective	Business Risk	Risk Mitigation
	NFO board selection process leads to delays in recognition of amalgamated scheme.	
Effectively monitor the performance and compliance of ombud schemes in line with the OC's statutory objective.	Reputational risk: Stakeholders misunderstand the OC mandate. Financial customers and others incorrectly assume OC is an appeal mechanism for ombud rulings; or overestimate extent of OC's enforcement powers in relation to ombud schemes.	Effective communication strategy to clarify OC role and functions.

10. INFRASTRUCTURE PROJECTS

The Council does not have any infrastructure projects.

11. PUBLIC PRIVATE PARTNERSHIPS

The Council does not have any Public Private Partnerships.

PART D – TECHNICAL INDICATOR DESCRIPTIONS

PROGRAMME 1: ADMINISTRATION

Indicator Title	1.1. Number of vacant staff positions filled.
Definition	Number of vacant positions filled according to budgeted organisational structure in this APP.
Source of Data	(a) APP. (b) Signed employment contracts.
Method of Calculation	Simple count.
Assumptions	(a) Being able to source applicants with the necessary skills and experience in a rapidly evolving regulatory environment. (b) Efficient HR processes.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	4 vacant positions filled by the end of the 2024/25 financial year.
Indicator Responsibility	Chief Ombud.

Indicator Title	1.2. Employment Equity targets achieved
Definition	The Ombud Council's commitment to Employment Equity is reflected in the targets set out in this APP.
Source of Data	Human Resources records.
Method of Calculation	Simple count expressed as percentage. Note: Chief Ombud's appointment is outside management or the Board's control (Ministerial appointment).
Assumptions	(a) Being able to source applicants with the necessary combinations of skills in the applicable demographic. (b) Practical difficulty in achieving specific percentages in light of Ombud Council's small staff complement will be acknowledged.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	51% Female 49% Male

	2% Disability 92% Black representation. 8% White representation
Indicator Responsibility	Chief Ombud.

Indicator Title	1.3. Number of service providers
Definition	Number of service providers required as per the procurement plan for 2024/25 and this APP.
Source of Data	(a) APP. (b) Procurement Plan 2024/25.
Method of Calculation	Simple count
Assumptions	(a) Efficient procurement processes.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	3 service providers contracted by the end of 2024/25 FY.
Indicator Responsibility	Head of Operations.

Indicator Title	2.1. Levy collection process implemented.
Definition	A process for collection of levies payable to the Ombud Council must be implemented in accordance with the FSR Act and the Levies Act.
Source of Data	(a) Documented levy collection process. (b) Financial records of levies collected and credited to Ombud Council bank account.
Method of Calculation	N/A
Assumptions	(a) Efficient financial management systems in place. (b) Efficient levy collection implemented by FSCA.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Levy collection process agreed with FSCA and implemented in full compliance with Levies Act.
Indicator Responsibility	Head of Finance.

Indicator Title	3.1. Clean audit as per Auditor-General report.
Definition	Achievement of an unqualified audit opinion.
Source of Data	External auditor's audit report.
Method of Calculation	N/A.
Assumptions	Efficient audit and financial management systems in place.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Unqualified audit opinion for 2023/24 financial year (per external auditor's report to be received during following financial year).
Indicator Responsibility	Head of Finance

PROGRAMME 2: REGULATION AND OVERSIGHT

SUB-PROGRAMME 2.1: Jurisdiction and co-ordination

Indicator Title	4.1. Regulatory Plan finalised.
Definition	A Regulatory Plan setting out the nature, type and Timelines for Ombud Council Rules to be made in the course of the year, with milestones for each quarter.
Source of Data	(a) Regulatory Plan signed off by Chief Ombud and noted by the Board. (b) Board minutes.
Method of Calculation	N/A
Assumptions	That National Treasury policy reforms do not result in the making of OC Rules being unnecessary or inappropriate.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Updated Regulatory Plan finalised during Q1.
Indicator Responsibility	Head of Regulation & Oversight.

Indicator Title	4.2. % of Regulatory Plan milestones achieved.
Definition	Ombud Council Rules to be developed according to a Regulatory Plan, setting out the nature, type, and timelines for Rules to be made, with milestones for each quarter.
Source of Data	(a) Documented Regulatory Plan. (b) Records of achievement of Regulatory Plan milestones (As applicable: Proposals and drafts circulated for informal consultation; Drafts published on OC website for formal consultation; Drafts submitted to Parliament; Finalised Rules published on OC website).
Method of Calculation	Number of quarterly Regulatory Plan milestones achieved divided by milestones targeted, expressed as a %.
Assumptions	That the process is not unduly delayed by stakeholders (for e.g., delayed Parliamentary processes; delays caused by industry scheme amalgamation progress).
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	80% achievement of Regulatory Plan milestones from Q2 onwards.
Indicator Responsibility	Head of Regulation & Oversight.

Indicator Title	5.1. Finalised reporting framework for industry schemes implemented.
Definition	Ombud Council will develop, consult on, and finalise and implement new reporting requirements for industry ombud schemes.
Source of Data	(a) Records of reporting requirement communicated to schemes. (b) Records of Industry reports submitted.
Method of Calculation	N/A
Assumptions	(a) Industry scheme amalgamation progress will not unduly delay process. (b) Schemes will be reasonably co-operative and responsive.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A

Desired Performance	Reporting requirements finalised; New reporting requirements implemented and Industry reports submitted during Q2.
Indicator Responsibility	Head of Regulation & Oversight.

Indicator Title	5.2. Finalised reporting framework agreed and communicated to statutory schemes schemes
Definition	Ombud Council will develop, consult on, and finalise new reporting requirements for industry ombud schemes.
Source of Data	(a) Records of consultation with industry schemes on draft reporting requirements. (b) Records of finalised reporting requirements communicated to schemes.
Method of Calculation	N/A
Assumptions	(a) Regulatory reforms impacting statutory schemes will not unduly delay process. (b) Schemes will be reasonably co-operative and responsive.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	(a) Consultation with statutory schemes on reporting requirements completed. (b) Reporting requirements for statutory schemes finalised and communicated.
Indicator Responsibility	Head of Regulation & Oversight..

Indicator Title	5.3. Reporting Methodology agreed with NT
Definition	Ombud Council will engage with the National Treasury to reach agreement on expectations and requirements for reporting ombud system information to National Treasury
Source of Data	(a) Records of consultation and agreement with National Treasury on reporting methodology. (b) Records of reports submitted by Ombud Council in accordance with agreed methodology.
Method of Calculation	N/A
Assumptions	(a) National Treasury will be reasonably co-operative and responsive.

Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Reporting methodology agreed with National Treasury in Q3; Reports submitted according to methodology during Q4.
Indicator Responsibility	Chief Ombud.

SUB-PROGRAMME 2.2: Financial inclusion and consumer awareness

Indicator Title	6.1. % of Stakeholder Engagement Plan deliverables achieved.
Definition	The Ombud Council will agree on a Stakeholder Engagement Plan with the FSCA and ombud schemes, setting out details of the Council's consumer awareness activities, including participation in consumer awareness and education activities conducted by the FSCA and the schemes.
Source of Data	(a) Records of consultation with FSCA, ombud schemes and other relevant stakeholders regarding participation in awareness and education activities. (b) Stakeholder Engagement Plan, signed off by FSCA and schemes.
Method of Calculation	N/A
Assumptions	(a) FSCA and schemes have their own plans for consumer and awareness activities. (b) FSCA and schemes will be reasonably co-operative and responsive.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	80% of Stakeholder Engagement Plan deliverables achieved in each quarter.
Indicator Responsibility	Head of Regulation & Oversight.

SUB-PROGRAMME 2.3: Reform of the ombud system

Indicator Title	7.1. Technical and regulatory inputs produced.
Definition	<p>The Ombud Council will make technical and regulatory inputs into stakeholder engagements on regulatory, policy and structural reform of the ombud system.</p> <p>Relevant stakeholders may include but are not limited to: The NT, FSCA, NCR, World Bank Group, ombud scheme amalgamation team, individual ombud schemes, financial sector industry bodies, consumer bodies.</p>
Source of Data	<p>Records of -</p> <ul style="list-style-type: none"> (a) Participation in stakeholder engagements and forums. (b) Inputs on policy proposals. (c) Inputs on transition proposals. (d) Inputs on scheme amalgamation proposals. (e) Inputs on current or draft legislation or regulatory instruments. (f) Other relevant inputs.
Method of Calculation	N/A
Assumptions	Relevant stakeholders will be co-operative and consultative.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Relevant inputs provided on an ongoing basis.
Indicator Responsibility	Chief Ombud.

Indicator Title	7.2. % of stakeholder requests for input responded to within 60 days.
Definition	<p>The Ombud Council will respond to all stakeholder requests for technical and regulatory inputs into proposals on regulatory, policy or structural reform of the ombud system within at most 60 days of request.</p> <p>Relevant stakeholders may include but are not limited to: The NT, FSCA, NCR, World Bank Group, ombud scheme amalgamation team, individual ombud schemes, financial sector industry bodies, consumer bodies.</p>
Source of Data	(a) Records and dates of stakeholder requests for input.

	(b) Records and dates of Ombud Council inputs in response to requests for input.
Method of Calculation	(a) Number of business days from date of request for input to date of response. (b) Number of responses provided within 60 business days, divided by number of requests, expressed as a %.
Assumptions	Relevant stakeholders will be co-operative and consultative.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	100% of input requests responded to within 60 days or less.
Indicator Responsibility	Head of Regulation & Oversight.

Indicator Title	7.3. Feedback on governing rules review report, including action plan, agreed with NFO scheme.
Definition	The Ombud Council agreed on the Governing Rules with the FSCA and NFO scheme, setting action plan.
Source of Data	(a) Records of consultation with FSCA and NFO scheme (b) Records of Governing Rules signed off with NFO scheme.
Method of Calculation	N/A
Assumptions	(a) Industry scheme amalgamation progress will not unduly delay process. (b) Scheme will be reasonably co-operative and responsive.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	Consultation with NFO on review of governing rules in Q3; and Review report received and feedback and action plan agreed with NFO in Q4.
Indicator Responsibility	Chief Ombud.

SUB-PROGRAMME 2.4: Ombud system oversight

Indicator Title	8.1. Number of on-site inspections conducted
Source of Data	(a) Supervision Plan. (b) Documented post-inspection reports.
Method of Calculation	Simple count.
Assumptions	(a) Co-operation from ombud schemes identified for inspection. (b) Industry scheme amalgamation process may influence number and timing of inspections.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Desired Performance	One inspection per quarter.
Indicator Responsibility	Head of Regulation and Oversight.

ANNEXURE A:

SUMMARY OF OMBUD COUNCIL FINANCIAL PERFORMANCE SUBMISSION FOR ESTIMATED NATIONAL EXPENDITURE PROCESS (ENE)

Statement of financial performance	Audited	Audited	Audited	Approved budget	Average	Expen-	Medium-term estimate			Average	Expen-
	outcome	outcome	outcome		growth	diture/	2024/25	2025/26	2026/27	growth	diture/
R thousand	2020/21	2021/22	2022/23	2023/24	rate	total:				rate	total:
					(%)	Average				(%)	Average
						(%)					(%)
Revenue											
Tax revenue	-	-	-	-	-	-	-	-	-	-	-
Non-tax revenue	-	-	-	22 926	-	-	25 430	22 708	23 161	0,3%	93,5%
Sale of goods and services other than capital assets	-	-	-	22 926	-	-	25 430	22 708	23 161	0,3%	93,5%
Sales of goods and services produced by entity	-	-	-	22 926	-	-	25 430	22 708	23 161	0,3%	93,5%
<i>of which:</i>											
Administrative fees	-	-	-	-	-	-	-	-	-	-	-
Sales by market establishment	-	-	-	22 926	-	-	25 430	22 708	23 161	0,3%	93,5%
Other sales	-	-	-	-	-	-	-	-	-	-	-
Sales of scrap, waste, arms and other used current goods	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	-	-	-	-	-	-	-	-	-	-	-
Transfers received	-	10 000	10 000	8 000	-	-	-	-	-	-100,0%	6,5%
Total revenue	-	10 000	10 000	30 926	-	-	25 430	22 708	23 161	-9,2%	100,0%
Expenses											
Current expenses	-	2 448	6 105	22 926	-	-	25 430	22 708	23 161	0,3%	100,0%
Compensation of employees	-	2 096	3 954	8 594	-	-	12 890	13 763	14 692	19,6%	53,1%
Goods and services	-	352	2 131	14 292	-	-	12 500	8 845	8 369	-16,3%	46,6%
Depreciation	-	-	20	40	-	-	40	100	100	35,7%	0,3%
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-
Total expenses	-	2 448	6 105	22 926	-	-	25 430	22 708	23 161	0,3%	100,0%
Surplus/(Deficit)	-	7 552	3 895	8 000	-	-	-	-	-	-100,0%	

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