

## Funding the PA

**The PA is funded through a combination of levies, regulatory fees and financial support from the SARB. Levies and fees are imposed in terms of legislation<sup>60</sup> to support the PA's supervisory and regulatory activities. For the year under review, these charges increased by 4.4%, in line with the average inflation rate for 2024.**

The PA's budgeted total operating expenditure for the year amounted to R1.8 billion, comprising R937 million in direct costs R491 million in indirect costs and R418 million in other costs.<sup>61</sup> Revenue collected from levies and fees amounted to R575 million, which covered only a portion of total operating costs. To bridge the funding gap, the SARB contributed R1.3 billion, representing 69% of total operating expenditure. The PA continues to rely on SARB funding to carry out its mandate effectively and meet its operational requirements.

Going forward, the PA's funding needs are expected to increase with the transitional arrangements to expand its mandate to include the prudential regulation and supervision of pension funds, collective investment schemes and friendly societies. As the scope of regulation grows, the funding model will need to be reviewed to ensure long-term sustainability.

60 Refer to the Financial Sector and Deposit Insurance Levies Act 11 of 2022, the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022 and the FSR Act.

61 Other operating costs include reserves and IT-related capital and operational costs.