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## GENERAL NOTICES • ALGEMENE KENNISGEWINGS

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DEPARTMENT OF POLICE

NOTICE 890 OF 2017



**PSiRA**  
Private Security Industry Regulatory Authority

CONSULTATION PAPER

**REVIEW OF THE ANNUAL FEES 2018 FOR THE PRIVATE SECURITY  
INDUSTRY**

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## 1. Abbreviations and Definitions

In this document

**Large service provider (LSP)** – a registered security business in terms of the PSIR Act, which employs more than 5000 security officers.

**Medium-size service provider (MSP)** – a registered security business in terms of the PSIR Act, which employs more than 500 but less than 5000 security officers.

**Emerging service provider (ESP)** – a registered security business in terms of the PSIR Act, which employs more than 100 but less than 500 security officers.

**Small service provider (SSP)** – a registered security business in terms of the PSIR Act, which employs more than 50 but less than 100 security officers

**Smaller A service provider (SSSPA)** – a registered security business in terms of the PSIR Act, which employs more than 21 but less than 50 security officers.

**Smaller B service provider (SSSPB)** – a registered security business in terms of the PSIR Act, which employs less than 21 security officers.

**Registered and active service providers** – these are security service providers both individual and businesses who are actively operating in the industry.

**Car guard** – Any person protecting or safeguarding a car or a motor vehicle in any manner.

**PSiRA** – Private Security Industry Regulatory Authority

**PSIR Act** – The enabling Act

**Effective Date** - The Annual Fees Regulations shall commence at a date to be determined by the Minister.

## 2. Policy statement

The Authority was established in terms of Section 2 of the Private Security Industry Regulation Act (56 of 2001) in 2002, hereinafter referred to as the “Act”. The strategic mandate of PSiRA originates from the Act and the regulations issued in terms thereof. The primary objectives of PSiRA are to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider in the public and national interest and in the interest of the private security industry itself.

The Authority is funded through annual fees payable by registered security services providers as well as other tariffs as determined by Council. Other income includes registrations fees, training fee income, fine income, infrastructure assessment fees and other charges as determined by the PSIR Act.

The entire revenue is utilized to defray operational and capital expenditure of the PSiRA incurred in the normal course of discharging its mandate in terms of the PSIR Act.

During the course of 2017 financial year, the Authority will embark on a review of the Private Security Levies Act 23 of 2002. The purpose of the review will be to align the Act prior to implementation and to effectively address the funding gaps which currently exist.

### **3. Background**

Currently, PSiRA is fully funded by the annual fees it receives from the registered security service providers representing the industry within its regulatory jurisdiction. These annual fees are used to cover the costs of the Authority to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider, the public and national interest and the interest of the private security industry itself. The costs associated with meeting this regulatory mandate includes but not limited to;

- Conducting studies ,monitoring and investigations on the rendering of security service,
- Instituting legal proceedings and defend or oppose any legal proceeding against the Authority,
- Receive and consider applications for registration of security service providers,
- Develop and maintain a computerized database.

From time to time, there are changes that impact on these cost drivers and there is a need to consider the significance of short and long term financial sustainability of the entity. In determining the authority's budget forecasts for future years and the levels of fees, the Authority has to make careful assumptions about costs and activity levels; for example amongst others, the volume of applications for registrations received vis-à-vis a reliable information infrastructure to house and store such information as provided for in Sections 4(m) and 24 of the PSIR Act 56 of 2001.

### **4. Consultation process**

The consultation process took into account, the principles as pronounced by the Promotion of Administrative Justice Act, budget of the Authority and the judgment of the Supreme Court of Appeal (SCA) delivered on 15 August 2014 in respect of the Annual Fees Review.

The draft regulation takes into account the categorization of security service provider in the determination of the proposed fees structures. In order to broaden scope and enhance transparency, the consultation process will be in two-fold.

First, the Industry will be given the opportunity to submit their initial written comments and representations on the proposed annual fee review. The second process will be oral representations from the industry and relevant stakeholders. The two processes will run concurrently during the consultation period. The due date for submission of representations from interested parties shall be on 02 February 2018.

All comments and submissions from interested parties, stakeholders and Industry participants will be considered before a request for concurrence is submitted to the Minister of Police for his independent consideration.

It is anticipated that, upon the Minister's independent consideration and concurrence with the proposed review of the annual fees, final annual fees regulations will be published from the 02 March 2018.

### 5. Current Fee structure

The Authority introduced fees payable by Security Service Providers in November 2001. These fees are reviewed annually and the current applicable fees for 2016/2017 financial year are as follows

Class or category of Security Service provider	Class of Security Service providers	Current fees	Method of payment
Business	Large (>800 SOs employed)	R37,200	Fee payable by registered security service providers annually. Such fees are payable on or before 7 <sup>th</sup> May of each year.
	Medium (201 to 800 SOs employed)	R26,600	
	Emerging Small (101 to 200 SOs employed)	R12,800	
	Small (50 to 100 SOs employed)	R8,150	
	Smaller A (21 to 49 SOs employed)	R6,300	
	Smaller B (< 21 SOs employed)	R5,900	
Business	Large (>800 SOs employed)	R2.28	Fee payable for each security officer employed, on a monthly basis
	Medium (201 to 800 SOs employed)		

Class or category of Security Service provider	Class of Security Service providers	Current fees	Method of payment
	SOs employed)		
	Emerging Small (101 to 200 SOs employed)		
	Small (50 to 100 SOs employed)		
	Smaller A (21 to 49 SOs employed)		
	Smaller B (< 21 SOs employed)		
Individual (Security Officers)	All Security Service Providers	R84.00	Fee payable by employed security officers annually. Such fees are payable on or before 7 <sup>th</sup> May of each year.



## **6. Basis for the review**

Historically, the annual fees were reviewed based on inflationary increases of each financial year. The fees were successfully reviewed by the Authority in 2016 after consulting with different industry stakeholders. Due to the continuing increase in operational costs the Authority decided to increase the fees on an annual basis and the increase is based on the CPI and operational costs requirements of the Authority to effectively execute its mandate as required by PSIR Act. In reviewing the current fees the Authority will take the following into account:

- The average CPI for 2017/2018 Financial year;
- The number of security officers employed by a security business or made available by it to render a security service during a calendar month;
- The operational costs as indicated in the 2017/2018 Financial year Budget including increasing PSiRA's footprint, increasing of Inspectorate personnel and acquiring of new ERP system;
- The sectoral determination applicable in 2017/2018 Financial year; and
- Equitable contribution by different classes or categories of security service providers.

## **7. Method of payment**

The payment method of different fees is as follows:

### **7.1 Annual Fees**

Annual Fees are payable by the 7<sup>th</sup> May of each year.

### **7.2 Special Levy Fees**

Special Levy Fees are payable for each Security Officer employed by the 7<sup>th</sup> of each month.

### **7.3 Individual Security Officer Fee**

This fee is deducted from each Security Officer employed and paid over to the Authority by the 7<sup>th</sup> May of each year. The last increase was effected over ten years ago.

## 8. Proposed Annual fees

The proposed annual fees for businesses are R40, 000 for Large, R28, 500 for Medium, R13, 700 for Emerging Small, R8, 800 for Small, R6, 700 for Smaller A and R6, 200 for Smaller B Security Service providers. The proposed Service Provider Levy is R2.55 per month for all Security Service providers and the Security Officer's annual fees will remain at R84.00.

Class or category of Security Service provider	Class of Security Service providers	Current fees	Method of payment
Business	Large (>800 SOs employed)	R40,000	Fee payable by registered security service providers annually. Such fees are payable on or before 7 <sup>th</sup> May of each year.
	Medium (201 to 800 SOs employed)	R28,500	
	Emerging Small (101 to 200 SOs employed)	R13,700	
	Small (50 to 100 SOs employed)	R8,800	
	Smaller A (21 to 49 SOs employed)	R6,700	
	Smaller B (< 21 SOs employed)	R6,200	
Business	Large (>800 SOs employed)	R2.55	Fee payable for each security officer employed, on a monthly basis

Class or category of Security Service provider	Class of Security Service providers	Current fees	Method of payment
	Medium (201 to 800 SOs employed)		
	Emerging Small (101 to 200 SOs employed)		
	Small (50 to 100 SOs employed)		
	Smaller A (21 to 49 SOs employed)		
	Smaller B (< 21 SOs employed)		
Individual (Security Officers)	All Security Service Providers	R84.00	Fee payable by employed security officers annually. Such fees are payable on or before 7 <sup>th</sup> May of each year.

## 9. Distribution of security officers employed per class

PSIRA has categorized Security Businesses depending on a number of Security Officers employed by that Business. Currently there are 6 classes namely

- **Large service provider (LSP)** – a registered security business in terms of the PSIR Act, which employs more than 800 security officers,
- **Medium-size service provider (MSP)** – a registered security business in terms of the PSIR Act, which employs more than 200 but less than 800 security officers,
- **Emerging service provider (ESP)** – a registered security business in terms of the PSIR Act, which employs more than 100 but less than 200 security officers,
- **Small service provider (SSP)** – a registered security business in terms of the PSIR Act, which employs more than 50 but less than 100 security officers and
- **Smaller A service provider (SSSPA)** – a registered security business in terms of the PSIR Act, which employs more than 49 but less than 21 security officers.
- **Smaller B service provider (SSSPB)** – a registered security business in terms of the PSIR Act, which employs less than 21 security officers.

Below is a distribution of Security Officers employed per class comparing 2015/2016 and 2016/2017 financial years.

Class	Band	2016/2017			2015/2016		
		No. of SO employed	No. of SP's	Average SO's employed	No. of SO employed	No. of SP's	Average SO's employed
SSSP	Below 36	47 143	7 530	6	41 159	7 436	6
SSSP & SSP	36 - 100	50 910	778	65	43 670	716	61
ESP	101 - 500	122 559	535	229	111 446	531	210
MSP	501 - 1000	60 009	83	723	54 020	75	720
MSP	1001 - 2000	62 003	43	1 442	63 985	46	1 391
MSP	2001 - 3000	28 796	12	2 400	26 157	11	2 378
MSP	3001 - 4000	6 694	2	3 347	12 923	4	3 230
MSP	4001 - 5000	8 613	2	4 307	8 978	2	4 489
LSP	5001 - 10000	57 095	8	7 137	53 513	7	7 645
LSP	10001 - 15000	0	0	0	0	0	0
LSP	15001 - 20000	0	0	0	0	0	0
LSP	20001 - 25000	21 083	1	21 083	21 793	1	21 793
LSP	25000 +	33 530	1	33 530	34 453	1	34 503
<b>TOTAL</b>		<b>498 435</b>	<b>8 995</b>	<b>55</b>	<b>472 097</b>	<b>8 830</b>	<b>53</b>

## 10. Categories of security service providers by numbers

The Authority database host the following categories of security service providers. The numbers of the sectors represented are as provided by security service providers in their applications for registration. The Authority will soon embark a project to segment the industry according to the sectors represented. The process of segmentation will assist the Authority to rationalize the regulations and focus implementation of the monitoring of the code of conduct to specific sectors of the industry. This process will result in specific regulations for specific sectors, separate registration licenses for specific sectors and ultimate specific sectors.

CATEGORY OF SECURITY SERVICES	NUMBER OF SECURITY BUSINESSES 2016/2017	NUMBER OF SECURITY BUSINESSES 2015/2016
Security Guards	6 482	6 847
Security Guards: Cash-in-transit	2 717	2 474
Body Guards	2 062	2 465
Security Consultant	1 911	2 308
Reaction Services	3 604	3 433
Entertainment / Venue Control	2 119	2 588
Manufacture Security Equipment	747	876
Private Investigator	1 278	1 509
Training	1 401	1 683
Security Equipment Installer	1 572	1 868
Locksmith / Key Cutter	461	542
Security Control Room	1 824	2 187
Special Events	2 178	2 648
Car Watch	1 245	1 502

CATEGORY OF SECURITY SERVICES	NUMBER OF SECURITY BUSINESSES	NUMBER OF SECURITY BUSINESSES
	2016/2017	2015/2016
Insurance	86	99
Security and Loss Control	86	101
Fire Prevention and Detection	47	55
Consulting Engineer	22	25
Dog Training	16	15
Alarm Installer	77	71
Anti-Poaching	7	8
Rendering of Security Services	1 528	1 846

## 11. Industry Stakeholders Consultations

The Authority calls on all stakeholders of the Private Security Industry to participate in the consultation process for the review of the 2018 Annual fees. The stakeholder's of the Authority include relevant government entities, security officers' labour organizations, active security service providers associations and consumers and employer organizations within the Private Security Industry. The following are the dates and venues of consultations that are envisaged:

## 12. Consultation Schedule

## URGENT Request for quotations for venues

CATEGORY OF CONSULTATIONS	METHODS AREAS	VENUES	CONTACT PERSON	DATES/TIME
Written Representations	Email, Letters and Facsimile(All 9 Provinces)	420 Witch-Hazel Avenue, Block B – Eco Glades 2 Office Park, Highveld Ext 70	Ms Siziwe Zuma Email: <a href="mailto:Fees.Comments@PSIRA.co.za">Fees.Comments@PSIRA.co.za</a>  Tel: 012 003 0683 Fax: 086 219 0670 (for all written presentations)	30 January 2018  16h00
Consultative Workshops	Gauteng Province	<b>Constantia Hotel</b> 546 16 <sup>th</sup> Road, Constantia Park, Halfway House Midrand 1685	Ms Siziwe Zuma  <a href="mailto:Siziwe.zuma@PSIRA.co.za">Siziwe.zuma@PSIRA.co.za</a> (RSVP for workshops) Tel : 012 003 0696	20 NOVEMBER 2017  09:30-12:30
Consultative Workshops	Western Cape Province	<b>Southern Sun -Cape Sun</b> 23 Strand Street Cape Town 8000	Ms Koleka Faba  <a href="mailto:Koleka.Faba@psira.co.za">Koleka.Faba@psira.co.za</a> (RSVP for workshops) Tel: 021 492 4065	24 NOVEMBER 2017  09:30-12:30



Consultative Workshops	Kwa Zulu Natal Province	<b>Protea Hotel Marriot Edward</b>  149 O.R Tambo Parade  Durban 4001	Mr Bafundi Tshingana  <a href="mailto:Bafundi.Tshingana@psira.co.za">Bafundi.Tshingana@psira.co.za</a>  (RSVP for workshops) Tel : 012 003 0696	23 NOVEMBER 2017  09:30-12:30
Consultative Workshops	Eastern Cape Province	<b>Garden Court</b> Nelson Mandela Drive Mthatha 5100, South Africa	Mr Bafundi Tshingana  <a href="mailto:Bafundi.Tshingana@psira.co.za">Bafundi.Tshingana@psira.co.za</a>  (RSVP for workshops) Tel :012 003 0696	29 November 2017  09h30-12:30
Consultative Workshops	Limpopo Province	<b>Garden Court</b> Cnr Paul Kruger & Thabo Mbeki Street, Polokwane 0700	Ms Pfano Ranwedzi  <a href="mailto:pfano.Ranwedzi@psira.co.za">pfano.Ranwedzi@psira.co.za</a>  (RSVP for workshops) Tel: 012 003 0715	27 November 2017  09:30-12:30
Consultative Workshops	Mpumalanga Province	Southern Sun (Emnotweni) 15 Government Blvd Riverside Park Nelspruit, 1200	Ms Katekani Mkhavale  <a href="mailto:Katekani.Mkhavale@PSIRA.co.za">Katekani.Mkhavale@PSIRA.co.za</a>  (RSVP for workshops) Tel :012 003 0683	30 November 2017  09:30-12:30

Consultative Workshops	North West Province	<b>Protea Hotel Marriot</b> 80 Nelson Mandela Drive Mahikeng 2745	Ms Katekani Mkhavale <a href="mailto:Katakani.Mkhavale@PSIRA.co.za">Katakani.Mkhavale@PSIRA.co.za</a> (RSVP for workshops) Tel: 012 003 0683	28 November 2017 09:30-12:30
Consultative Workshops	Northern Cape Province	<b>Kalahari Lodge</b> CNR of Landbou & Memorial Road (N12)   Kimberley   Northern Cape	Ms Katekani Mkhavale <a href="mailto:Katekani.Mkhavale@psira.co.za">Katekani.Mkhavale@psira.co.za</a> (RSVP for workshops) Tel: 012 003 0683	28 NOVEMBER 2017 09:30-12:30
Consultative Workshops	Free State Province	<b>Anta Boga Hotel</b> <b>Physical address:</b> 8 Stapelberg Str, Bloemfontein 9301	Ms Katekani Mkhavale <a href="mailto:Katekani.Mkhavale@psira.co.za">Katekani.Mkhavale@psira.co.za</a> (RSVP for workshops) Tel: 012 003 0683	30 November 2017 09:30-12:30

### **13. Conclusion**

The Authority wishes to reaffirm its commitment to service the private security industry in a transparent and effective manner. To this end, the Authority request all parties who wish to send comments and or representations to do so within the time frames proposed. PSiRA regrets that no extensions will be granted for written representations unless they are received in writing before the closing date.