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DEPARTMENT OF POLICE

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PSiRA

Private Security Industry Regulatory Authority

CONSULTATION PAPER

REVIEW OF THE ANNUAL FEES FOR 2020/2021 FINANCIAL YEAR FOR THE PRIVATE SECURITY INDUSTRY

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1. Abbreviations and Definitions

In this document

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

Larger service provider (LSP) – a registered security business in terms of the PSIR Act, which employs more than 2000 but less than 5001 security officers.

Large service provider (LSP) – a registered security business in terms of the PSIR Act, which employs more than 800 but less than 2001 security officers.

Medium A-size service provider (MSPA) – a registered security business in terms of the PSIR Act, which employs more than 400 but less than 801 security officers.

Medium B-size service provider (MSPB) – a registered security business in terms of the PSIR Act, which employs more than 200 but less than 401 security officers.

Emerging service provider (ESP) – a registered security business in terms of the PSIR Act, which employs more than 100 but less than 201 security officers.

Small service provider (SSP) – a registered security business in terms of the PSIR Act, which employs more than 50 but less than 101 security officers

Smaller A service provider (SSSPA) – a registered security business in terms of the PSIR Act, which employs more than 20 but less than 51 security officers.

Smaller B service provider (SSSPB) – a registered security business in terms of the PSIR Act, which employs more than 5 but less than 21 security officers.

Smaller C service provider (SSSPC) – a registered security business in terms of the PSIR Act, which employs less than 6 security officers.

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

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 2020/2021 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.

During the 2019/2020 Financial year consultations the security service providers raised suggestions and concerns and below is the summary of the concerns and suggestion raised:

3.1 Security Businesses who are not generating revenue should not be charged annual fees

PSiRA is in the process of implementing the Levies Act, which is aimed at reducing the burden of paying annual fees especially on small security businesses. The Levies Act. The Act in its current form would not stand a constitutional test as advised by National Treasury and would therefore be revised to be in line with Section 77 of the Constitution. National Treasury has undertaken to assist and to take responsibility to run with the review of the Act as all Money Bills are introduced in Parliament by the Minister of Finance.

3.2 Special payment terms for small security businesses

As from 2017/2018 financial year, PSiRA introduced special payment terms from security businesses employing less than 100 security officers. Regulation 7 was therefore amended as follows:

- In the case of security business employing 21 – 100 security officers, 50% of the fees is payable by 7 May of each year. The remaining 50% is payable in 2 equal instalments. The first instalment will be due by 7 June and the second instalment due by 7 July of each year.
- In case of security business employing 0 – 20 security officers, 50% of the fees is payable by 7 May of each year. The remaining 50% is payable in 5 equal instalments, with the first instalment due on 7 June, second instalment due on 7 July, third instalment due on 7 August, fourth instalment due on 7 September and the fifth instalment due on 7 October of each year.

3.3 Failure by PSiRA's Inspectors to deal with unregistered businesses, especially in the malls and residential areas

PSiRA has conducted joint operations with SAPS and Department of Labour inspecting security service providers operating from malls and residential premises. Arrests and criminal cases have been opened against unregistered security service providers and code of conduct dockets against non-compliant security service providers.

3.4 Whether PSiRA's pricing structure was compulsory and if PSiRA was investigating businesses for under-quoting of tenders and security contracts

PSiRA investigates and conducts inspections to establish if a business complies with the Sectoral Determination and the National Minimum Wages Act. Matters relating to underpayment of wages and non-compliance with the Provident Fund are dealt with in terms of the Improper Conduct Regulations.

3.5 Opening of PSiRA offices in North West and Northern Cape

Considering the growth of the industry in all the provinces, PSiRA has embarked on not only establishing new offices in the provinces, particularly where it currently does not have any footprint. Moreover, increasing its current footprint to improve service delivery through identifying functions that can be best performed using technology platforms as opposed to manual processes. PSiRA will also be identify partners that will provide PSiRA services through a vendor system to improve the current footprint.

4. Consultation process

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

The draft regulation considers the categorisation 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 an 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 31 January 2020.

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 2020.

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 2019/2020 financial year are as follows

Class or category of Security Service provider	Class of Security Service Providers	Current fees	Method of payment
Business	Largest (>5 000 SOs employed)	R55 000	Fee payable by registered security service providers annually. Such fees are payable on or before 7 th May of each year. Extended payment terms are available for Security Businesses employing 100 and less security officers.
	Larger (2 001 to 5 000 SOs employed)	R50 800	
	Large (801 to 2 000 SOs employed)	R47 700	
	Medium A (401 to 800 SOs employed)	R35 000	
	Medium B (201 to 400 SOs employed)	R33 400	
	Emerging Small (101 to 200 SOs employed)	R15 900	
	Small (51 to 100 SOs employed)	R10 100	
	Smaller A (21 to 50 SOs employed)	R7 600	
	Smaller B (6 to 20 SOs employed)	R7 000	
	Smaller C (< 6 SOs employed)	R6 300	
Business	Largest (>5 000 SOs employed)	R2.70	

Class or category of Security Service provider	Class of Security Service Providers	Current fees	Method of payment
	Larger (2 001 to 5 000 SOs employed)		Fee payable for each security officer employed, on a monthly basis
	Large (801 to 2 000 SOs employed)		
	Medium A (401 to 800 SOs employed)		
	Medium B (201 to 400 SOs employed)		
	Emerging Small (101 to 200 SOs employed)		
	Small (51 to 100 SOs employed)		
	Smaller A (21 to 50 SOs employed)		
	Smaller B (6 to 20 SOs employed)		
	Smaller C (< 6 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 th 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 2019/2020 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 2020/2021 Financial year Budget including increasing PSiRA's footprint, increasing of inspectorate personnel and acquiring of new ERP system; 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 7th May of each year (extended payment terms are available for security businesses employing 100 and less security officers)

7.2 Special Levy Fees

Special Levy Fees are payable for each Security Officer employed by the 7th 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 7th May of each year. The last increase was effected over ten years ago.

8. Proposed Annual fees

The proposed annual fees for to be applicable in 2020/2021 financial year are as follows.

Class or category of Security Service provider	Class of Security Service providers	Proposed fees	Method of payment
Business	Largest (>5 000 SOs employed)	R58 300	Fee payable by registered security service providers annually. Such fees are payable on or before 7 th May of each year. Extended payment terms are available for Security Businesses employing 100 and less security officers.
	Larger (2 001 to 5 000 SOs employed)	R53 900	
	Large (801 to 2 000 SOs employed)	R50 500	
	Medium A (401 to 800 SOs employed)	R37 100	
	Medium B (201 to 400 SOs employed)	R35 400	
	Emerging Small (101 to 200 SOs employed)	R16 900	
	Small (51 to 100 SOs employed)	R10 700	
	Smaller A (21 to 50 SOs employed)	R8 000	
	Smaller B (6 to 20 SOs employed)	R7 300	
	Smaller C (< 6 SOs employed)	R6 500	
Business	Largest (>5 000 SOs employed)	R2.80	Fee payable for each security officer employed, on a monthly basis
	Larger (2 001 to 5 000 SOs employed)		

Class or category of Security Service provider	Class of Security Service providers	Proposed fees	Method of payment
	Large (801 to 2 000 SOs employed)		
	Medium A (401 to 800 SOs employed)		
	Medium B (201 to 400 SOs employed)		
	Emerging Small (101 to 200 SOs employed)		
	Small (51 to 100 SOs employed)		
	Smaller A (21 to 50 SOs employed)		
	Smaller B (6 to 20 SOs employed)		
	Smaller C (< 6 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 th 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 10 classes namely

- **Largest service provider (LSP)** – a registered security business in terms of the PSIR Act, which employs more than 5000 security officers.
- **Larger service provider (LSP)** – a registered security business in terms of the PSIR Act, which employs more than 2000 but less than 5001 security officers.
- **Large service provider (LSP)** – a registered security business in terms of the PSIR Act, which employs more than 800 but less than 2001 security officers.
- **Medium A-size service provider (MSPA)** – a registered security business in terms of the PSIR Act, which employs more than 400 but less than 801 security officers.
- **Medium B-size service provider (MSPB)** – a registered security business in terms of the PSIR Act, which employs more than 200 but less than 401 security officers.
- **Emerging service provider (ESP)** – a registered security business in terms of the PSIR Act, which employs more than 100 but less than 201 security officers.
- **Small service provider (SSP)** – a registered security business in terms of the PSIR Act, which employs more than 50 but less than 101 security officers.
- **Smaller A service provider (SSSPA)** – a registered security business in terms of the PSIR Act, which employs more than 20 but less than 51 security officers.
- **Smaller B service provider (SSSPB)** – a registered security business in terms of the PSIR Act, which employs more than 5 but less than 21 security officers.
- **Smaller C service provider (SSSPC)** – a registered security business in terms of the PSIR Act, which employs less than 6 security officers.

Below is a distribution of Security Officers employed per class (excluding in-house employed) comparing 2019/2020 and 2017/2018 financial years.

Class	Band	2019/2020			2018/2019		
		No. of SO employed	No. of SP's	Average SO's employed	No. of SO employed	No. of SP's	Average SO's employed
Smaller C	Below 6	9 617	6 314	2	9 004	5 811	2
Smaller B	6 - 20	17 390	1 552	11	16 935	1 504	11
Smaller A	21 - 50	28 080	871	32	26 739	817	33
Small	51 - 100	32 346	454	71	31 501	442	71
Emerging Small	101 - 200	45 087	320	141	44 151	311	142
Medium B	201 - 400	49 270	171	288	46 789	168	279
Medium A	401 - 800	55 023	101	545	53 805	99	543
Large	801 - 2 000	67 149	55	1 221	69 783	57	1 224
Larger	2 001 - 5 000	54 164	18	3 009	52 384	18	2 910
Largest	5 000 +	105 707	9	11 745	107 455	9	11 939
TOTAL		463 833	9 865	47	458 546	9 236	50

10. Categories of security service providers by numbers

The Authority's database encompasses categories of security service providers, as listed here below. The number of sectors represented are as provided by security service providers in their respective applications for registration. The Authority will soon embark on a project to segment the industry according to its represented sectors. The process of segmentation will assist the Authority to rationalise the regulations and focus on the 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 2018/2019	NUMBER OF SECURITY BUSINESSES 2017/2018
Security Guards	7 315	6 660
Security Guards: Cash-in-transit	3 226	2 868
Body Guards	2 739	2 074
Security Consultant	2 500	1 897
Reaction Services	4 004	3 451
Entertainment / Venue Control	2 783	2 094
Manufacture Security Equipment	1 227	779
Private Investigator	1 810	1 313
Training	1 989	1 426
Security Equipment Installer	2 226	1 586
Locksmith / Key Cutter	904	521
Security Control Room	2 441	1 794
Special Events	3 007	2 214

CATEGORY OF SECURITY SERVICES	NUMBER OF SECURITY BUSINESSES 2018/2019	NUMBER OF SECURITY BUSINESSES 2017/2018
Car Watch	1 824	1 260
Fire Prevention and Detection	43	45
Dog Training	20	18
Anti-Poaching	12	8
Other	350	1 542

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 2020/2021 Financial Year's annual fees. The stakeholders of the Authority would include relevant government entities, security officers' labour organisations, active security service providers' associations, consumers and employer organisations within the Private Security Industry.

The following are the dates and venues of consultations that are envisaged:

12. Consultation Schedule

CATEGORY OF CONSULTATIONS	METHODS / AREAS	LOCATION/DATES	CONTACT DETAILS	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: Fees.Comments@PSiRA.co.za Tel: 012 003 0683 Fax: 086 219 0670 (for all written presentations)	31 JANUARY 2020 16h00
Consultative Workshops	Gauteng Province	Midrand Conference Centre. Address: 661 Pendulum Rd , Halfway House ,Ext 12 , Midrand	Ms Siziwe Zuma Siziwe.zuma@PSiRA.co.za (RSVP for workshops) Tel : 012 003 0683	7 November 2019 09h30-13h00
Consultative Workshops	Western Cape Province	Durbanville Conference Centre. Address: 1st Floor ,Town Centre ,Wellington Rd , Durbanville , Cape Town	Mr Eddie Booyens Eddie.Booyens@PSiRA.co.za (RSVP for workshops) Mobile: 083 629 7621	11 November 2019 09h30-12h30
Consultative Workshops	Kwa Zulu Natal Province	The Waterfront Hotel and Spa. Address: 40 Mahatma Gandhi Road, Durban.	Ms Talent Zwane Sandile.Ngonyama@PSiRA.co.za (RSVP for workshops) Tel : 031 003 0558	8 November 2019 09h30-12h30

CATEGORY OF CONSULTATIONS	METHODS / AREAS	LOCATION/DATES	CONTACT DETAILS	DATES/TIME
Consultative Workshops	Limpopo Province	Polokwane Royal. Address: 34A, Corner Dorp and Jorissen , Polokwane.	Mr Peter Mafologela Peter.Mafologela@PSiRA.co.za (RSVP for workshops) Mobile: 072 624 2105	12 November 2019 09h30-12h30
Consultative Workshops	Mpumalanga Province	Mercure Hotel. Address: Corner N4 & Graniet Street, Nelspruit.	Mr Mlungisi Shongwe Mlungisi.shongwe@PSiRA.co.za (RSVP for workshops) Tel :013 752 4059/4060	13 November 2019 09h00-12h30
Consultative Workshops	North West Province	Royal Aloe Guest Lodge. Address: Corner Shippard & Jacaranda Street, Riviera Park North, Mahikeng.	Mr Jan Sambo Jan.Sambo@PSiRA.co.za (RSVP for workshops) Mobile: 083 629 7625	15 November 2019 09h30-12h30
Consultative Workshops	Northern Cape Province	Kimberly Club Boutique Hotel. Address: 35 Currey Streety, Kimberly.	Mr Gresham Singh Gresham.Singh@PSiRA.co.za (RSVP for workshops) Mobile: 083 629 7619	18 November 2019 10h00-12h30
Consultative Workshops	Free State Province	President Hotel & Conference Venue. Address: 1 Union Avenue , Naval Hill, Bloemfontein.	Mr Gresham Singh Gresham.Singh@PSiRA.co.za (RSVP for workshops) Mobile: 083 629 7619	14 November 2019 10h00-12h30

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 requests all parties who wish to send comments and/or representations to do so within the proposed time frames. PSiRA regrets that no extensions will be granted for written representations unless they are otherwise received in writing before the closing date.