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## GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

## STATE SECURITY AGENCY

NO. R. 1457

30 NOVEMBER 2016

**REVIEW OF THE ANNUAL FEES 2017 FOR THE PRIVATE SECURITY INDUSTRY****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 service provider (SSSP)** – a registered security business in terms of the PSIR Act, which employs less than 51 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 10 February 2017.

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 10<sup>th</sup> of March 2017.

### 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 (>5000 SOs employed)	R35,000	Fee payable by registered security service providers annually. Such fees are payable on or before 7 <sup>th</sup> May of each year.
	Medium (501 to 5000 SOs employed)	R25,000	
	Emerging Small (101 to 500 SOs employed)	R12,000	
	Small (51 to 100 SOs employed)	R7,650	
	Smaller (< 51 SOs employed)	R6,000	
Business	Large (>5000 SOs employed)	R2.28	Fee payable for each security officer employed, on a monthly basis
	Medium (501 to 5000 SOs employed)		
	Emerging Small (101 to		



Class or category of Security Service provider	Class of Security Service providers	Current fees	Method of payment
	500 SOs employed)		
	Small (51 to 100 SOs employed)		
	Smaller (< 51 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 2016/2017 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 2016/2017 Financial year Budget including increasing PSiRA's footprint, increasing of Inspectorate personnel and acquiring of new ERP system;
- The sectoral determination applicable in 2016/2017 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, 000.00 for Large, R28, 000.00 for Medium, R13, 000.00 for Emerging Small, R8, 300.00 for Small and R6, 500 for Smaller Security Service providers. The proposed Service Provider Levy is R2.50 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	Proposed fees	Method of payment
Business	Large (>5000 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 (501 to 5000 SOs employed)	R28,000	
	Emerging Small (101 to 500 SOs employed)	R13,000	
	Small (51 to 100 SOs employed)	R8,300	
	Smaller (< 51 SOs employed)	R6,500	
Business	Large (>5000 SOs employed)	R2.50	Fee payable for each security officer employed, on a monthly basis
	Medium (501 to 5000 SOs employed)		
	Emerging Small (101 to 500 SOs employed)		
	Small (51 to 100 SOs)		

Class or category of Security Service provider	Class of Security Service providers	Proposed fees	Method of payment
	employed)		
	Smaller (< 51 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.
Individual Car Guards	All Security Officers	R192.00	Fee payable by Car Guards 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 5 classes namely **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 and **Smaller service provider (SSSP)** – a registered security business in terms of the PSIR Act, which employs less than 51 security officers. Below is a distribution of Security Officers employed per class comparing 2015 and 2016 financial years.

Class	Band	2016			2015		
		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	41 159	7 436	6	40 606	7 624	6
SSSP & SSP	36 - 100	43 670	716	61	46 320	753	61
ESP	101 - 500	111 446	531	210	109 229	528	207
MSP	501 - 1000	54 020	75	720	52 502	76	685
MSP	1001 - 2000	63 985	46	1 391	61 564	44	1 399
MSP	2001 - 3000	26 157	11	2 378	26 079	11	2 370
MSP	3001 - 4000	12 923	4	3 230	10 180	3	3 393
MSP	4001 - 5000	8 978	2	4 489	9 670	2	4 835
LSP	5001 - 10000	0	0	0	42 426	6	7 071
LSP	10001 - 15000	53 513	7	7 645	13 548	1	13 548
LSP	15001 - 20000	0	0	0	16 792	1	16 792
LSP	20001 - 25000	21 793	1	21 793	0	0	0
LSP	25000 +	34 453	1	34 503	34 503	1	34 503
<b>TOTAL</b>		<b>472 097</b>	<b>8 830</b>	<b>53</b>	<b>462 969</b>	<b>9 050</b>	<b>51</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	NUMBER OF SECURITY BUSINESSES
	2015/2016	2014/2015
Security Guards	6 847	6 940
Security Guards: Cash-in-transit	2 474	2 137
Body Guards	2 465	2 683
Security Consultant	2 308	2 564
Reaction Services	3 433	3 136
Entertainment / Venue Control	2 588	2 897
Manufacture Security Equipment	876	971
Private Investigator	1 509	1 698
Training	1 683	1 913
Security Equipment Installer	1 868	2 108
Locksmith / Key Cutter	542	622
Security Control Room	2 187	2 503
Special Events	2 648	3 018
Car Watch	1 502	1 790

CATEGORY OF SECURITY SERVICES	NUMBER OF SECURITY BUSINESSES	NUMBER OF SECURITY BUSINESSES
	2015/2016	2014/2015
Insurance	99	118
Security and Loss Control	101	70
Fire Prevention and Detection	55	70
Consulting Engineer	25	28
Dog Training	15	11
Alarm Installer	71	59
Anti-Poaching	8	7
Rendering of Security Services	1 846	2 172

## 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 2017 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

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: <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)	10 FEBRUARY 2017 16h00
Consultative Workshops	Gauteng Province	<b>KLEINKAAP HOTEL</b> Address: 87 Jim Van der Merwe Street, Club view, Centurion 0140	Ms Siziwe Zuma <a href="mailto:Siziwe.zuma@PSiRA.co.za">Siziwe.zuma@PSiRA.co.za</a> (RSVP for workshops) Tel : 012 003 0502	28 NOVEMBER 2016 10:00-12:30
Consultative Workshops	Western Cape Province	<b>PROTEA HOTEL CAPE TOWN</b> <b>Address:</b> 273 Beach Road Sea Point	Mr Xolani Gwala <a href="mailto:Xolani.gwala@PSiRA.co.za">Xolani.gwala@PSiRA.co.za</a> (RSVP for workshops) Tel:021 425 2370/1/2/3 ext 210	29 NOVEMBER 2016 10:00-12:30
Consultative Workshops	Kwa Zulu Natal Province	<b>PROTEA HOTEL EDWARDS</b> <b>Address:</b> 149 OR THAMBO PARADE DURBAN 2146	Ms Talent Zwane <a href="mailto:Talent.zwane@PSiRA.co.za">Talent.zwane@PSiRA.co.za</a> (RSVP for workshops) Tel : 031 003 0558	29 NOVEMBER 2016 10:00-12:30
Consultative Workshops	Eastern Cape Province	<b>BLUE LAGOON</b> <b>Address:</b> Blue Bend Place, Beacon Bay, East London, Eastern Cape, 5205	Mr Sidney Stander <a href="mailto:Sidney.stander@PSiRA.co.za">Sidney.stander@PSiRA.co.za</a> (RSVP for workshops) Tel :041 585 1848	07 DECEMBER 2016 10:00-12:30
Consultative	Limpopo Province	<b>BOLOVIA LODGE</b>	Peter Mofologela	05 DECEMBER

Workshops		<b>Address:</b> Road R81, 600m from Mall of the North, Polokwane	Peter Mofologela@psira.co.za (RSVP for workshops) Tel : 015 297 0209/072 624 2105	2016 10:00-12:30
Consultative Workshops	Mpumalanga Province	<b>PROTEA</b> <b>NELSPRUIT</b> <b>HOTEL</b> <b>Address:</b> 30 Jerepico Street Nelspruit 1200	Mlungisi Shongwe <a href="mailto:Mlungisi.shongwe@PSIRA.co.za">Mlungisi.shongwe@PSIRA.co.za</a> (RSVP for workshops) Tel :013 752 4059/4060	07 DECEMBER 2016 10:00-12:30
Consultative Workshops	North West Province	<b>PROTEA HOTEL HUNTERS REST</b> <b>Address:</b> R24 Rustenburg/Krugersdorp Road Rustenburg North West 0300	Mr Rocco Van Zyl <a href="mailto:Rocco.vanzyl@PSIRA.co.za">Rocco.vanzyl@PSIRA.co.za</a> (RSVP for workshops) Mobile: 083 629 7618	06 DECEMBER 2016 10:00-12:30
Consultative Workshops	Northern Cape Province	<b>THE KIMBERLY CLUB</b> <b>Address:</b> 72 Du Toitspan Road Kimberley	Mr Jan Sambo <a href="mailto:Jan.Sambo@PSIRA.co.za">Jan.Sambo@PSIRA.co.za</a> (RSVP for workshops) Mobile: 083 629 7625	30 NOVEMBER 2016 10:00-12:30
Consultative Workshops	Free State Province	<b>BON HOTEL BLOEM</b> <b>Address:</b> East Burger St Bloemfontein 9301	Mr Jan Sambo <a href="mailto:Jan.Sambo@PSIRA.co.za">Jan.Sambo@PSIRA.co.za</a> (RSVP for workshops) Mobile: 083 629 7625	06 DECEMBER 2016 10:00-12:30

### **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.

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