

GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF POLICE

NOTICE 69 OF 2016



PSiRA
Private Security Industry Regulatory Authority

CONSULTATION PAPER

**REVIEW OF THE ANNUAL FEES 2016 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 less than 101 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 the course of 2016 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. The Private Security Industry Amendment bill also seeks to introduce new funding source by way of funds appropriated by parliament.

3. Background

Currently, PSIRA is totally funded by the fees it receives from the registered security service providers representing the industry under its 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 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 costs drivers and we have to consider their significance both on a short term and our financial sustainability over the longer term. In determining our budget forecasts for future years and the levels of our fees, we have to make careful assumptions about our costs and our activity levels; for example, the volume of applications for registrations we receive 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 consultations process takes 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 11th March 2016.

All comments and submissions from interested parties, stakeholders and Industry participants will be taken into account by Council 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 25th of March 2016.

5. Current Fee structure

The Authority introduced fees payable by Security Service Providers commenced in 1 November 2001. These fees were reviewed in 2015 and implemented in April 2015 as follows

| Class or category of Security Service provider | Class of Security Service providers | Current fees | Method of payment |
|--|--|--------------|---|
| Business | Large (>5000 SOs employed) | R31,500 | Fee payable by registered security service providers annually. Such fees are payable on or before 7 th April of each year. |
| | Medium (501 to 5000 SOs employed) | R25,500 | |
| | Emerging Small (101 to 500 SOs employed) | R10,800 | |
| | Small (<100 SOs employed) | R7,650 | |
| Business | Large (>5000 SOs employed) | R1.98 | 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 (<100 SOs employed) | | |

| | | | |
|--------------------------------|--|--------|--|
| Individual (Security officers) | | R84.00 | Fee payable by employed security officers annually. Such fees are payable on or before 7 th April 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 2015 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 2015/2016 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 2015/2016 Financial Year Budget; 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 April of each year.

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 April of each year.

8. Proposed Annual fees

The proposed annual fees for businesses are R35, 000.00 for Large, R25, 000.00 for Medium, R12, 000.00 for Emerging Small and R8, 500.00 for Small Security Service providers. The proposed Service Provider Levy is R2.25 per month for all Security Service providers and the Security Officer's annual fees will remain at R84 per annum.

| Class or category of Security Service provider | Class of Security Service providers | Proposed 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 th April of each year. |
| | Medium (501 to 5000 SOs employed) | R25,000 | |
| | Emerging Small (101 to 500 SOs employed) | R12,000 | |
| | Small (<100 SOs employed) | R8,500 | |
| Business | Large (> 5000 SOs employed) | R2.30 | 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 (<100 SOs employed) | | |
| Individual (Security officers) | | R84.00 | Fee payable by employed security officers annually. Such fees are payable on or before 7 th April of each year. |

9. Distribution of security officers employed per class

| Class | Band | 2015 | | | 2014 | | |
|--------------|---------------|--------------------|--------------|-----------------------|--------------------|--------------|-----------------------|
| | | No. of SO employed | No. of SP's | Average SO's employed | No. of SO employed | No. of SP's | Average SO's employed |
| SSP | Below 36 | 40 606 | 7 624 | 6 | 39 550 | 7 020 | 6 |
| SSP | 36 - 100 | 46 320 | 753 | 61 | 43 011 | 706 | 61 |
| ESP | 101 - 500 | 109 229 | 528 | 207 | 106 666 | 514 | 208 |
| MSP | 501 - 1000 | 52 052 | 76 | 685 | 52 499 | 76 | 691 |
| MSP | 1001 - 2000 | 61 564 | 44 | 1 399 | 58 158 | 42 | 1 385 |
| MSP | 2001 - 3000 | 26 079 | 11 | 2 370 | 30 994 | 13 | 2 384 |
| MSP | 3001 - 4000 | 10 180 | 3 | 3 393 | 3 838 | 1 | 3 838 |
| MSP | 4001 - 5000 | 9 670 | 2 | 4 835 | 4 031 | 1 | 4 031 |
| LSP | 5001 - 10000 | 42 426 | 6 | 7 071 | 46 680 | 7 | 6 669 |
| LSP | 10001 - 15000 | 13 548 | 1 | 13 548 | 22 987 | 2 | 11 494 |
| LSP | 15001 - 20000 | 16 792 | 1 | 16 792 | 0 | 0 | 0 |
| LSP | 20001 - 25000 | 0 | 0 | 0 | 0 | 0 | 0 |
| LSP | 25000 + | 34 503 | 1 | 34 503 | 35 767 | 1 | 35 767 |
| TOTAL | | 462 969 | 9 050 | 51 | 444 181 | 8 383 | 53 |

10. 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 2016 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 (venue TBA) categories of consultations that are envisaged:

11. 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) | 11 th March 2016 16h00 |
| Consultative Workshops | Gauteng Province | 420 Witch-Hazel Avenue, Block B – Eco Glades 2 Office Park, Highveld Ext 70 | Ms Siziwe Zuma Siziwe.zuma@psira.co.za (RSVP for workshops) Tel : 012 003 0502 | 1 st March 2016 10H00 |
| Consultative Workshops | Western Cape Province | 2nd Floor, Thibault House, Thibault Square, Hans Strydom Avenue, Cape Town | Mr Xolani Gwala Xolani.gwala@psira.co.za (RSVP for workshops) Tel:021 425 2370/1/2/3 ext 210 | 3 rd March 2016 10H00 |
| Consultative Workshops | Kwa Zulu Natal Province | 26 Mathew Meyiwa Street, Cnr Fynn and Methew Meyiwa Str Greyville, Durban, 4001 | Ms Talent Zwane Talent.zwane@psira.co.za (RSVP for workshops) Tel : 031 003 0558 | 2 nd March 2016 10H00 |
| Consultative Workshops | Eastern Cape Province | Blue Lagoon Hotel, Blue Bend Place , Beacon bay , East London | Mr Sidney Stander Sidney.stander@psira.co.za (RSVP for workshops) Tel :041 585 1848 | 4 th March 2016 10H00 |
| Consultative Workshops | Limpopo Province | Parklane Building, 76 Hans van Rensburg Street Polokwane, Bendor Park | Mr Peter Mafologela Peter.Mafologela@psira.co.za (RSVP for workshops) Tel : 015 297 0209 | 7 th March 2016 10H00 |

| | | | | |
|------------------------|--|---|--|---|
| Consultative Workshops | Mpumalanga Province | 21 Brander Street, Nelspruit | Mr Rocco Van Zyl Rocco.vanzyl@psira.co.za (RSVP for workshops) Mobile: 083 629 7618 | 8 th March 2016 10H00 |
| Consultative Workshops | North West Province | Protea Hotel Mahikeng, 80 Nelson Mandela Drive, Mahikeng | Mr Johannes Maduna Johannes.Maduna@psira.co.za (RSVP for workshops) Mobile: 083 629 7623 | 10 th March 2016 10H00 |
| Consultative Workshops | Northern Cape Province/ Free State Province | Anta Boga Boutique Hotel, 6 Stabelberg Street, Brandwag, Bloemfontein | Ms Selina Mohlala Selina.mohlala@psira.co.za (RSVP for workshops) Mobile: 082 907 6663 | 11 th March 2016 10H00 |

12. Conclusion

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