**REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2020/21 BUDGET, ANNUAL PERFORMANCE PLAN AND 2020-2025 STRATEGIC PLAN OF The PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY (PSIRA), DATED 27 MAY 2020.**

The Committee examined the Budget, Annual Performance Plan for the 2020/21 financial year and the 2020-2025 Strategic Plan of the Private Security Industry Regulatory Authority (PSIRA) and reports as follows:

1. **INTRODUCTION**

The Private Security Industry Regulatory Authority (PSIRA) was established in terms of section 2 of the Private Security Industry Regulation Act (2001). The Entity is mandated to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and in the interest of the private security industry itself.

**1.1 Structure of the report**

The Report provides an overview of the 2020/21 Budget Hearings of the PSIRA and is divided into the following sections:

* Section 1: Introduction. This section provides an introduction to this Report as well as a summary of meetings held during the hearings.
* Section 2: Strategic Priorities of the PSIRA for the 2020/21 financial year. This section provides a summary of the strategic focus areas for the Authority for the year under review.
* Section 3: PSIRA Budget and Performance targets for 2020/21. This section provides an overall analysis of the operating expenditure and revenue of the PSIRA for the 2020/21 financial year. This section also provides a programme analysis of the Authority.
* Section 4: Committee observations. This section highlights selected observations made by the Portfolio Committee on Police on the annual performance targets and programme specific issues during the 2020/21 budget hearings and subsequent responses by the Authority.
* Section 5: Recommendations. This section summarises the recommendations made by the Portfolio Committee on Police.
* Section 6: Conclusion. This section provides a conclusion to this Report.

**1.2 IMPACT OF COVID-19 PANDEMIC**

On 15 March 2020, President Ramaphosa declared the COVID-19 pandemic a national disaster and on 23 March 2020, announced a national lockdown that started from midnight on 26 March 2020 and would run for 21 days ending on 16 April 2020. On 09 April, the lockdown was extended to 30 Aril 2020. With the President’s announcement, the Disaster Management Act, 2002 (Act No. 57 of 2002) was activated and based on the lockdown restrictions, the Minister of Cooperative Governance and Traditional Affairs (GOGTA), Dr Dlamini Zuma gazetted the Regulations in terms of the Act, on 25 March 2020. This provided clarity on the restrictions of movement of people and trading in non-essential items. The SAPS, together with the South African Defence Force (SANDF) and the Metro Police Services, were tasked to enforce these restrictions.

As part of the Regulations, private security services were identified as an essential service.

There have been reports of private security guards overstepping their mandate and abusing their power. However, PSIRA is a regulatory body and not an oversight or investigative body. PSIRA should encourage the private security service providers to monitor employees’ behaviour and also encourage the public to report cases of misconduct to the PSIRA hotline. The Covid-19 pandemic is not expected to have any impact on PSIRA.

**2**. **STRATEGIC PRIORITIES OF PSIRA FOR 2020/21**

**2.1**. **Legislative mandate**

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. In terms of the Private Security Industry Regulation Act, 2001 (Act No. 56 of 2001), the Authority must:

a) Promote a legitimate private security industry which acts in terms of the principles contained in the Constitution and other applicable law;

b) Ensure that all security service providers act in the public and national interest in the rendering of security services;

c) Promote a private security industry that is characterized by professionalism, transparency, accountability, equity and accessibility;

d) Promote stability of the private security industry;

e) Promote and encourage trustworthiness of security service providers;

f) Determine and enforce minimum standards of occupational conduct in respect of security service providers;

g) Encourage and promote efficiency in and responsibility with regard to the rendering of security services;

h) Promote, maintain and protect the status and interests of the occupation of security service provider;

i) Ensure that the process of registration of security service providers is transparent, fair, objective and concluded timeously;

j) Promote high standards in the training of security service providers and prospective security service providers;

k) Encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination;

l) Encourage equal opportunity employment practices in the private security industry;

m) Promote the protection and enforcement of the rights of security officers and other employees in the private security industry;

n) Ensure that compliance with existing legislation by security service providers is being promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers;

o) Protect the interests of the users of security services;

p) Promote the development of security services which are responsive to the needs of users of such services and of the community; and

q) Promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.

**2.2**. **Strategic Goals and Objectives**

The PSIRA has identified the following Annual Performance Plan priorities for the 2020/21 Financial year:

* Review the funding model through the Guarantee Fund and Levies Act.
* Implementation of Organisational Redesign to ensure adequate capacity to support mandate.
* Continuous review of Training Standards for the Private Security Industry.
* Capacitating the Law Enforcement Programme: to reduce inspector/security business ratio from 1: 127 to 1: 120.
* Strengthening Corporate Governance: Industry Sector Committees.
* Transformation of the Private Security Industry.
* Continuous awareness of PSIRA brand.
* Development and Implementation of regulations.
* Digitalisation of services.
* Decentralisation of PSIRA services.
* Research and Development.

The 2020-2025 Strategic Plan highlights six key outcomes for the Authority during this period:

• Maintain financial sustainability, accountability, relevance and performance;

• A professional, accountable and trustworthy private security industry;

• A capable and trained private security industry;

• Enhance relations and collaborations with stakeholders;

• The private security industry is vetted and efficiently registered; and

• The private security industry is transformed.

**The Authority’s five-year Strategic Plan is aligned to Government’s MTSF 2019-2024 priorities with a specific focus on the following key outcomes:**

• Strengthened relationships with all stakeholders, especially other entities of the Justice, Crime Prevention and Security (JCPS) cluster;

• Improved overall organisational performance;

• Effective implementation of the compliance and law enforcement strategy which is aimed at changing behaviour in the industry and improving industry compliance;

• Protection of the public interest through a more professional and trustworthy private security industry;

• A legitimate private security industry that contributes to improved relationships with state law enforcement agencies in the fight against crime;

• Build capacity through industry research and continuous stakeholder engagements;

• Improved IT infrastructure to enhance organisational efficiencies and service delivery mandate; and

• Improved industry training standards to ensure industry professionalisation and attracting the youth to consider a career in one or more of the growing sectors of the industry.

**3**. **PSIRA BUDGET AND PERFORMANCE TARGETS FOR 2020/21**

**3.1. Overall analysis**

The budget analysis of the PSIRA is different to that of government departments. PSIRA, as a public entity does not receive funds from Government, but generates revenue through the collection of annual and registration fees from private security businesses and security officers, as mandated in section 3 of the Private Security Industry Regulation Act (2001).

The financial position of PSIRA is measured on potential revenue. National and provincial governments are on a modified cash basis of accounting, while local authorities and public entities use accrual accounting. Accrual accounting is best defined as “when transactions are recorded in the books of accounts as they occur even if the payment for that particular product or service has not been received or made. This method is more appropriate in assessing the health of the organisation in financial terms”. Furthermore, accrual accounting records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term "accrual" refers to any individual entry recording revenue or expense in the absence of a cash transaction.

In 2018/19, the Authority lifted a moratorium on the provision of training by private companies that had been in place for several years due to the high costs of obtaining security-training accreditation. As a result, the Authority’s revenue is expected to increase at an average annual rate of 7.4%, from R267 million in 2018/19 to R331.2 million in 2021/22. The growth is mainly driven by the sale of training material and accreditation rights to private companies. The Authority’s expenditure over the period is expected to increase in line with its revenue.

**3.2**. **Expenditure estimates per programme**

Expenditure is expected to increase at an average annual rate of 8.9%, from R291.5 million in 2019/20 to R376.1 million in 2022/23. Spending on *Compensation of employees* accounts for 58.1% (R613.3 million) of the Authority’s total expenditure over the MTEF period. Revenue is in line with spending, and increases at an average annual rate of 8.9% from 2019/20 to 2022/23. The Authority expects to generate 70.4% (R735.2 million) of its revenue over the medium term from the collection of annual fees and registration fees from private security businesses and security officers. Remaining revenue is expected to be generated from the sale of renewal certificates, the training of security officers and training accreditation fees collected from training providers, among other things.[[1]](#footnote-1)

**Table 1: PSIRA statement of estimates of financial performance**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Programme** | **Revised  estimate** | **Medium-term expenditure estimate** | | | **Average growth rate (%)** | **Average: Expenditure/ Total (%)** |
| R million | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2019/20 - 2022/23** | |
| **Revenue** |  |  |  |  |  |  |
| Non-tax revenue | 291.5 | 319.5 | 348.9 | 376.1 | 8.9% | 100% |
| Sale of goods and services other than capital asses | 261.6 | 282.3 | 310.1 | 337.6 | 8.9% | 89.2% |
| *Administrative fees* | *196.6* | *217.8* | *245.0* | *272.4* | *11.6%* | *69.5%* |
| *Sales by market establishment* | *65.7* | *64* | *65.1* | *65.1* | *-0.3%* | *19.7%* |
| Other non-tax revenue | 29.9 | 37.2 | 38.7 | 38.6 | 8.9% | 10.8% |
| **Total revenue** | **291.5** | **319.5** | **348.9** | **376.1** | **8.9%** | **100%** |
| Current expenses | 291.5 | 319.5 | 248.9 | 376.1 | 8.9% | 100% |
| *Compensation of employees* | *163.6* | *187.3* | *203.2* | *222.8* | *10.8%* | *58.1%* |
| *Goods and services* | *119.6* | *124.8* | *136.3* | *143.0* | *6.1%* | *39.3%* |
| *Depreciation* | *8.2* | *7.3* | *9.4* | *10.4* | *7.8%* | *2.6%* |
| **Total expenses** | **291.5** | **319.5** | **348.9** | **276.1** | **8.9%** | **100%** |
| **Surplus/ (Deficit)** | **-** | **-** | **-** | **-** | **-** | **-** |

*Source: National Treasury (2020)*

The surplus fund of the Authority decreased drastically from R31.1 million in 2015/16, to R6.6 in 2016/17 and a net loss of R12.4 million in 2017/18. This improved significantly in 2018/19 with a year-end surplus of R3.28 million.

**Table 2: PSIRA expenditure trends and estimates by programme**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | | **Nominal Increase / Decrease in 2020/21** | **Real Increase / Decrease in 2020/21** | **Nominal Percent change in 2020/21** | **Real Percent change in 2020/21** |
| **R million** | **2019/20** | **2020/21** |  |  |  |  |
| **Administration** | 122.9 | 157.0 | 34.1 | 27.5 | 27.75 per cent | 22.36 per cent |
| **Law Enforcement** | 124.9 | 120.9 | - 4.0 | - 9.1 | -3.20 per cent | -7.28 per cent |
| **Communication and Training** | 43.7 | 23.3 | - 20.4 | - 21.4 | -46.68 per cent | -48.93 per cent |
| **Registration** | 0.0 | 18.3 | 18.3 | 17.5 | - | - |
| **TOTAL** | **291.5** | **319.5** | **28.0** | **14.5** | **9.6 per cent** | **4.99 per cent** |

*Source: National Treasury (2020)*

In 2020/21, PSIRA’s revenue is expected at R319.5 million, which is an increase of 9.6% compared to the previous financial year. The expected expenditure for the Administration Programme will increase by 27.75% nominally, while that of the Communications and Training Programme is expected to decrease by -46.68%. The latter is due to funds shifted to the newly established Registration Programme. The latter was part of the 2019/20 Training, Registration and Communications Programme, which is spilt into two separate budget programmes.

* 1. **Programme 1: Administration**

The increased expenditure in the Administration Programme is driven by a significant increases in *Personnel expenditure*, *Travel and subsistence* and *Consultancy and professional fees.* Expenditure on personnel increased from R55.7 million in 2019/20 to R82.8 million, which is a nominal increase of 48.65%. In 2020/21, expenditure on *Travel and subsistence* will increase from R2.6 million to R3.9 million, which is a nominal increase of 50%.

In 2020/21, the budget allocation for *Consultancy and professional fees* increased from R2.3 million in 2019 to R4 million, which is a nominal increase of 75.65%.

**Table 3: Operating expenditure for 2020/21 - Administration Programme**

| **Standard item: Operating Expenditure** | **Budget** | | **Nominal Increase / Decrease in 2020/21** | **Real Increase / Decrease in 2020/21** | **Nominal Percent change in 2020/21** | **Real Percent change in 2020/21** |
| --- | --- | --- | --- | --- | --- | --- |
| **R million** | **2019/20** | **2020/21** |  |  |  |  |
| Personnel Expenditure | 55.7 | 82.8 | 27.1 | 23.6 | 48.65 per cent | 42.39 per cent |
| Administration Expenditure | 40.5 | 44.3 | 3.8 | 1.9 | 9.38 per cent | 4.77 per cent |
| Repairs and Maintenance | 1.1 | 1.2 | 0.1 | 0.0 | 9.09 per cent | 4.49 per cent |
| Travel and Subsistence | 2.6 | 3.9 | 1.3 | 1.1 | 50.00 per cent | 43.68 per cent |
| Lease payments | 20.6 | 20.7 | 0.1 | - 0.8 | 0.49 per cent | -3.75 per cent |
| Consultancy and Professional Fees | 2.3 | 4.0 | 1.7 | 1.6 | 75.65 per cent | 68.25 per cent |
| **TOTAL** | **122.9** | **156.9** | **34** | **27.7** | **27.7 per cent** | **22.28 per cent** |

*Source: PSIRA 2020/21 APP*

* 1. **Programme 2: Law Enforcement**

In 2020/21, the budget for the Law Enforcement Programme decreased from R125.1 million in 2019/20 to R120.9 million, which is a nominal decrease of -3.7%. Considering inflation, the Programme’s allocation was reduced by -7.73%. All items of operating expenditure decreased significantly, except for lease payments, which showed a small increase.

**Table 4: Operating Expenditure for 2020/21 - Law Enforcement Programme**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Standard item: Operating Expenditure** | **Budget** | | **Nominal Increase / Decrease in 2020/21** | **Real Increase / Decrease in 2020/21** | **Nominal Percent change in 2020/21** | **Real Percent change in 2020/21** |
| **R million** | **2019/20** | **2020/21** |
| Personnel Expenditure | 86.9 | 85.2 | - 1.7 | - 5.3 | -1.96 per cent | -6.09 per cent |
| Administrative Expenditure | 18.9 | 15.5 | - 3.4 | - 4.1 | -17.99 per cent | -21.45 per cent |
| Repairs and Maintenance | 0.6 | 0.5 | - 0.1 | - 0.1 | -16.67 per cent | -20.18 per cent |
| Travel and Subsistence | 5.9 | 5.4 | - 0.5 | - 0.7 | -8.47 per cent | -12.33 per cent |
| Lease Payments | 13.3 | 14.0 | 0.7 | 0.1 | 5.26 per cent | 0.83 per cent |
| **TOTAL** | **125.2** | **120.6** | **- 4.6** | **- 9.7** | **-3.7 per cent** | **-7.73 per cent** |

*Source: PSIRA 2020/21 APP*

* 1. **Programme 3: Training and Communications**

In 2020/21, the budget allocation for the Training and Communications Programme was halved compared to the previous financial year. The allocation of R43.6 million in 2019/20 decreased by -46.6% to an allocation of R23.3 million in 2020/21. This is due to the separation of the Registration function into a new programme (Programme 4).

**Table 5: Operating expenditure for 2020/21 - Training and Communications Programme**

| **Standard item: Operating Expenditure** | **Budget** | | **Nominal Increase / Decrease in 2020/21** | **Real Increase / Decrease in 2020/21** | **Nominal Percent change in 2020/21** | **Real Percent change in 2020/21** |
| --- | --- | --- | --- | --- | --- | --- |
| **R million** | **2019/20** | **2020/21** |
| Personnel Expenditure | 20.8 | 14.2 | - 6.6 | - 7.2 | -31.73 per cent | -34.61 per cent |
| Administrative Expenditure | 17.2 | 6.6 | - 10.6 | - 10.9 | -61.63 per cent | -63.25 per cent |
| Travel and Subsistence | 2.5 | 1.2 | - 1.3 | - 1.4 | -52.00 per cent | -54.02 per cent |
| Lease Payments | 0.2 | 0.0 | - 0.2 | - 0.2 | -100.00 per cent | -100.00 per cent |
| Consultancy and Professional Fees | 2.8 | 1.3 | - 1.5 | - 1.6 | -53.57 per cent | -55.53 per cent |
| **TOTAL** | **43.6** | **23.3** | **- 20.3** | **- 21.3** | **-46.6 per cent** | **-48.81 per cent** |

*Source: PSIRA 2020/21 APP*

* 1. **Programme 4: Registration**

In 2020/21, the Registration Programme received a budget allocation of R18.2 million, which was transferred from Programme 3 when the Registration function split into a separate Programme (Programme 4).

**Table 6: Operating expenditure for 2020/21 – Registration Programme**

|  |  |  |
| --- | --- | --- |
| **Standard item: Operating Expenditure** | **Budget** | |
| **R million** | **2019/20** | **2020/21** |
| Personnel Expenditure | 0.0 | 5.1 |
| Administrative Expenditure | 0.0 | 12.5 |
| Repairs and Maintenance | 0.0 | 0.0 |
| Travel and Subsistence | 0.0 | 0.6 |
| Lease Payments | 0.0 | 0.0 |
| Consultancy and Professional Fees | 0.0 | 0.0 |
| **TOTAL** | **0.0** | **18.2** |

*Source: PSIRA 2020/21 APP*

1. **Programme Performance Indicators and Targets**
   1. **Outcome Indicators and five-year targets**

The Authority identified several outcome indicators over the MTSF period to contribute to Priority 5: Social Cohesion and Safe Communities. These indicators are included in both the Strategic Plan and APP of the Authority.

| **MTSF Priority** | **Priority 5: Social Cohesion and Safe Communities** | | |
| --- | --- | --- | --- |
| **Outcomes** | **Outcome indicators** | **Baseline** | **5-year Targets** |
| Maintain financial sustainability, accountability, relevance and performance | Percentage billed revenue collected | 75% | 90% |
| Digital business strategy implemented | New indicator | 100% of implementation plan targets achieved |
| Unqualified audit opinion is achieved | Unqualified audit opinion | Unqualified audit opinion |
| Implementation of Guarantee Fund for the private security industry | Approved concept model for Guarantee Fund | Implementation of Guarantee Fund and monitoring of implementation and compliance |
| A professional, accountable and trustworthy private security industry | Percentage compliance with the industry’s prescripts, regulations and standards by the private security industry | 75% | 90% |
| A capable and trained private security industry | Increased number of new sector-based courses | New indicator | 15 |
| Number of external training assessment centres established | New indicator | 16 |
| Implementation of on-line examinations / assessments | New indicator | Implementation of on-line examinations/assessments and monitoring of implementation and compliance |
| Enhanced relations and collaborations with stakeholders | % external stakeholder awareness workshops/ campaigns implemented on the role and function of PSIRA in terms of communication’s plan | New indicator | 90% |
| Number of new co-operation agreements entered into with international security industry regulatory bodies | New indicator | 6 |
| The private security industry is efficiently registered | Implementation of online registrations | New indicator | Implementation of online registrations and monitoring implementation and compliance |
| The private security industry is transformed | Transformation Charter developed and implemented | New indicator | Implementation of the Transformation Charter |

*Source: PSIRA 2020-2025 Strategic Plan*

* 1. **Programme 1: Administration**

This programme is responsible for the overall coordination of all efforts and activities of the Authority towards the achievement of the strategic goals and achieving organisational success, the financial management of the Authority and providing institutional support and services to the other programmes. It is also responsible for institutional reporting, management processes and systems to track performance against each of the strategic objectives.

This programme has the following sub-programmes:

* *Finance:* Provides financial management, support and reporting, oversees internal audit function and risk management.
* *Corporate Services:* Provides human resource management services and support, legal as well as ICT services and support.
* *Operations:* Conducts research about private security to inform development of policy, regulations and standards, security and information and document management.

The sub-programmes were restructured in 2020/21. The *Operations* sub-programme has been included as a new sub-programme in the Administration Programme. In the previous financial year, this function was under the *Industry Research and Development* sub-programme of the *Communications, Registration (CRM) and Training* Programme (Programme 3).

The table below summarises the performance indicators and targets for the Administration Programme.

**Table 3: Programme Performance Indicators and Targets: Administration Programme**

| **Outputs** | **Performance Indicator** | **2020/21 Target** |
| --- | --- | --- |
|  | **Sub-programme: Finance** |  |
| Increased revenue collection | Unqualified audit opinion with no significant findings | Unqualified audit opinion |
| Unqualified audit opinion | % Revenue collected | 75% revenue collected on billed annual fees |
| Established Guarantee Fund | Establish and Implementation of the Guarantee Fund | Guarantee Fund product designed and approved |
|  | **Sub-programme: Corporate Services** |  |
| Training interventions implemented | % of employee training interventions implemented as per Annual Training Plan | 85% |
| Developed digital business strategy | Date for the development of a digital business strategy ***(New)*** | 30 June 2020 |
| Digital business strategy implemented | % implementation of digital business strategy and implementation plan ***(New)*** | 20% |
| Developed security sector regulations and standards | Number of security sector regulations and standards developed | 3 |
| Achieved service standards on appeals and exemptions | Average turnaround time of finalising exemptions/appeals ***(New)*** | 30 days |
|  | **Sub-programme: Research and Development** |  |
| Completed research reports, surveys and policy documents | Number of relevant research reports completed | 5 |
| Number of completed surveys | 4 |
| Number of policy documents developed | 3 |

*PSIRA 2020/21 APP*

The Authority had a 2018/19 performance indicator to establish an internal training academy for employees which was removed from the 2019/20 APP. As such, the academy was presumably established and is operational.

## **Programme 2: Law Enforcement**

This programme is responsible for ensuring that industry players operate and comply with regulations and standards and also take appropriate action where violations occur. This programme consists of the following sub-programmes:

* *Compliance and Enforcement:* Provides inspections and investigations to verify whether the industry complies with regulations and standards.
* *Prosecutions:* Prepares and presents evidence about improper conduct by the industry participants.
* *Operational management:* Provides regional capacity. *(New sub-programme)*

**Table 4: Programme Performance Indicators and Targets: Law Enforcement Programme**

| **Outputs** | **Performance Indicator** | **2020/21 Target** |
| --- | --- | --- |
| **Sub-programme: Compliance and Enforcement** | |  |
| Security businesses inspected | Number of security businesses inspected to enforce compliance with applicable legislation | 6 725 |
| Security officers inspected | Number of security officers inspected to enforce compliance with applicable legislation | 35 940 |
| Investigations finalised | % of investigations finalised against non-compliant Security Service Providers (SSPs) | 90% |
| Registered criminal cases | % of criminal cases opened against non-compliant Security Service Providers (SSPs) | 95% |
| Security businesses licenced for firearms inspected | Number of security businesses licensed to possess firearms inspected | 1 575 |
| Self-assessment policy and process | Date for the approval of a security business self-assessment policy and process ***(New)*** | 31 March 2021 |
|  | **Sub-programme: Prosecutions** |  |
| Security service provider cases prosecuted | % of cases of non-compliant Security Service Providers (SSPs) prosecuted per year | 92% |

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* 1. **Programme 3: Training and Communications**

This programme is responsible for the content and quality of the training offered in the industry and for communicating knowledge about the industry and sharing consistent information, results and relevance of the Authority. The programme consists of the following sub-programmes:

1. *Industry Training:* Provides development of sector-based training, accreditation services and standards.
2. *Marketing, Brand Management and Communications:* Ensures that PSIRA’s functions and services are adequately promoted.
3. *Stakeholder Relations:* It ensures that the promotion and advocacy mandate of PSIRA are realised.
4. *Customer Care- Complaints Management.*
5. *Corporate Social Responsibility.*

**Table 5: Programme Performance Indicators and Targets: Training and Communication Programme**

| **Outputs** | **Performance Indicator** | **2020/21 Target** |
| --- | --- | --- |
| **Sub programme: Training** | |  |
| Accredited training centres | Average turnaround time to finalise applications for accreditation of new training centres ***(New)*** | 20 days |
| Accredited training instructors | Average turnaround time to finalise instructor applications for accreditation ***(New)*** | 7 days |
| Accredited courses | Number of new accredited courses developed ***(New)*** | 3 |
| Training assessment centres | Number of external training assessments centres established ***(New)*** | 2 |
| Approved concept document on on-line examinations and assessment | Date for the approval of concept document on on-line examinations/ assessments ***(New)*** | 21 March 2021 |
| **Sub programme: Marketing, Communications and Stakeholder relations** | |  |
| Awareness workshops and campaigns | Number of awareness workshops and campaigns held | 170 |
| Cooperation agreement | Number of new co-operation agreements entered into with international industry regulatory bodies ***(New)*** | 1 |

*Source: PSIRA 2020/21 APP*

* 1. **Programme 4: Registration**

In 2020/21, the Registration Programme appears as a separate Programme. In 2019/20, it was part of the Communication, Registration and Training Programme.

The Registration Programme is responsible for the registration of industry businesses and security officers and has no sub-programmes.

| **Outputs** | **Performance Indicator** | **2020/21 Target** |
| --- | --- | --- |
| An efficient online registration process | Average turnaround time of applications for registration meeting all the requirements for security businesses (working days) | Average of 8 days |
| Average turnaround time of applications for registration meeting all the requirements for security officers (working days) | Average of 14 days |
| Implementation of online registrations ***(New)*** | Online registrations implemented |
| Transformation Charter concept model | Date for the development and approval of the concept model for a Transformation Charter for the private security industry | 31 March 2021 |

*Source: PSIRA 2020/21 APP*

**5**. **COMMITTEE OBSERVATIONS**

**The Committee made the following observations during the 2020/21 budget hearings:**

**Non-Compliance with Basic Condition Employment Act:** The Committee wanted to know what steps has been taken by the Authority to address the non-compliance of the service providers who are not complying with the statutory minimum wage of the private security industry. The Authority indicated that it does not set Minimum Standards for the Private Security Industry and that it is the purview of the Department of Labour to determine Statutory Minimum wages for the Private Security Industry. The Authority further indicated that they do enforcement through their inspector’s compliance with the requirements of the Basic Condition of Employment Act in order to prevent exploitation of Security Officers.

The Authority stated that the statutory minimum wages for the private security industry is determined by the Department of Labour. The Minister of Labour approves the sectoral determination private security industry and the Authority is responsible for the enforcement and compliance of the regulations and code of conduct of the security industry.

The Authority further highlighted in its Annual Report the number of inspections conducted in particular areas where business was found not to have paid the minimum wages and contributions to the provident fund.

**Establishment of the Compliance Forum:** The Committee wanted the Authority to address them on the issues concerning to Unfair Labour Practices in the Private Security Industry by Security Service Provides towards employees. The Committee wanted to explain and provide clarity as to whether any of this Forums are successful in addressing the high Prevalence of the exploitation of workers within the Private Security Industry by Security Companies. The Authority stated that they have always been concerned about the bridge of exploitation of the private security officers and that the Authority always take action against the violation of the code of conduct. The Authority stated that as far as they were concerned, the establishment of the compliance forum which was established about years ago representing various stakeholders. These included the Department of Home Affairs and the South African Police Service (SAPS) and the purpose of the forum was for various stakeholders to be able to work together in terms of compliance agenda. The Authority has been receiving positive responses and support and it has been a very good productive relationship. The Authority indicated that some of the areas of the compliance groups are not very successful not all stakeholders are cooperating but they will continue to work with all stakeholders in order to ensure that the levels of compliance are improved. The Authority stated that it plays a valuable role in partnership with other stakeholders who are fighting crime.

**Security Service Providers:** The Committee wanted the Authority to provide clarity on the status of both the current and previous security companies that are providing security services in municipal properties. The Committee requested information on what are the rates were being paid by these security companies to its security officers. The Committee was concerned about security officers who were unfairly dismissed for refusing to sign contractual agreements at the rate of R14 per hour by the newly-appointed Security Company that took over security services at the Nkomazi Municipality. The company retrenched a number of security officers with PSIRA registered certificates and replaced them with security personnel without PSIRA registered certificates. The Committee wanted to know what the Authority is doing to enforce compliance towards security providers that are not adhering to the regulations and the code of conduct of the private security industry. The Authority noted a number of complaints that were highlighted by the Committee and admitted that they did not have all details of the specific cases in Mpumalanga that were raised. The Authority promised to follow-up on the cases and will report back to the Committee.

**Organizational Redesign and Transformation:** The Committee asked the Authority to explain the distinction between organizational redesign and transformation. The Committee further wanted clarity on the progress made on the implementation of the organizational redesign and the Transformation Charter. The Committee wanted to know what plans have been put in place thus far and what the timeframes for the implementation of those plans were. The Authority stated that transformation and implementation of organisational design is based on the Transformation Charter for the private security industry. The Authority further stated that it wants to develop a transformation charter for the private security industry in order to improve access of the industry for everyone and all our people.

The Authority stated that organisational redesign is a driven review process of its organisational structure and design to see what the Authority want to do in the next five years. Part of the design is to decentralize most of their services from the Head Office to their provincial structures. The design was approved by the Council in the previous year and they will be seeing to it that the phases will be implemented within the period of two years. The Authority is mindful of the cost implications of its vision in terms of the design and some of the aspects maybe moved to the following financial year but the idea is to do it within the given period of two years.

**The role of the Private Security Industry:** The Committee highlighted the importance of the Security Industry. The Committee wanted to know what is the contribution of the industry in fighting crime and also to what extent, does the Authority consult with other role players such as SAPS and Civilian Secretariat for Police who are operating in the same environment. The Authority stated that in terms of their liaison function with the South African Police Service and Civilian Secretariat for Police they have developed a policy to hold engagements with the Service (SAPS) on a regular basis. The Authority has set up structures and join structures where they discuss security related issues. They also have partnerships and engagements with these structures.

**Accredited Training Centres and Standards:** The Committee asked the Authority to explain the processes of accreditation of training programmes and whether the accreditation is aligned to the PSIRA Act. The Authority highlighted that they do not set minimum standard for the private security industry. The Committee required clarity seeking question on Programme 3. The Authority referred to the accredited training centres. What appeared on the report was the number of days and turnaround time for accredited centre. The report did not show the number of the training centres and the instructors and the Committee did not know no the number of assessment training centres. The Authority stated that in terms of the training aspects their aim this year is to review the grey areas in consultation with the industry players in terms of the content.

The idea behind the targets of the training are aspects in those categories that they are regulating, that do not have specific training standards, such as locksmiths. The Authority stated that locksmiths are registered with PSIRA but do not have a specific course offered for them. The idea is to develop specialised training programs for specialised categories for security companies. The Authority admitted that it does not have a one-size fits all for their training programs, but there is specialisation at the end of the day.

The Authority also liaises with their industry role-players such as the Safety and Security Authority and South African Qualification Authority which is involved in the skills development environment. The Authority stated that it only sets the minimum training standards and develop standards but does not deliver on the implementation of those training standards. The Authority has partnered with the private security companies that register and applied for accreditation for the Authority. The Authority has roughly 600 accredited training centres that are responsible for implementing and training students which enrol with their centres. The Authority does quality assurance of the training standards.

**Awareness campaign:** The Committee noted that the Authority is conducting awareness campaigns in the communities. The Committee wanted to understand which communities they were referring too and whether the referred communities are registered within their database. The Authority stated that they have a number of awareness campaign’s in terms of consumers they target security companies, unions, employers and communities in general. The purpose of the awareness campaigns is to ensure that the message of PSIRA is spread across the country.

**Registration:** The committee commended the Authority for their efficiency for registration of services providers in the private security industry. The Committee further noted that the registration process takes about eight working days. The Committee requested the Authority to reduce the number of days for registration from eight days to two days. The Authority noted that the registration turnaround time from eight days to 72 hours will be reduced over the next five years.

**Interest income:** The Committee asked the Authority about the income that they receive from small and bigger companies. As the result of the COVID -19 what are the measures put in place to assist small companies who are unable to pay their annual fees. The Authority stated that the interest income that is due to them is published in the Government Gazette. It allows struggling smaller companies to pay over a period of five months and for those companies who are struggling to pay, they can approach PSIRA for payment arrangements items of their debtor’s policy.

**Expansion of security industry:** The Committee noted that the Authority operates mostly in three provinces in our country namely Gauteng, Western Cape and KwaZulu-Natal. The Committee wanted an indication from the Authority on their strategy to expand their foothold on other provinces. The Authority noted the input of the Committee and will look into it.

**Funding from Treasury:** The Committee wanted to know why the Authority was not receiving funding from the Department of National Treasury like other entities from the government. The Deputy Minister stated that he will take into the consideration the recommendation of the Committee in terms of subsiding PSIRA. The Deputy Minister reported that the Authority has been engaging with the Department of National Treasury regarding funding of PSIRA but however the engagements haven’t yielded any positive outcomes. The Deputy Minister indicated that the long term solution for the Private Security Industry would be the promulgation of the PSIRA Bill by the President.

**Law Enforcement:** The Committee wanted to know the number of cases there were before the Authority and the number of those service providers that did not comply with the Basic Conditions of Employment Act. The Authority stated that in terms of non-compliance, PSIRA has a risk based law enforcement strategy and they focus on areas of non-compliance because PSIRA does not have the capacity to be everywhere.

**5. RECOMMENDATIONS**

The Committee made the following recommendations during the 2020/21 budget hearings:

* The Committee recommends that the Authority should strengthen the capacity of the compliance forum in order to prevent unfair labour practices and the exploitation of security officers’ rights by unscrupulous service security providers.
* The Committee recommends that the Authority should reduce the turnaround time for registration from eight to two days.
* The Committee recommends that the Authority should be assisted in accessing funds from the National Treasury like any other government entities.
* The Committee recommends that the Authority should strengthen its enforcement and compliance of its regulations and code of conduct in order to deter service providers who are not adhering to the Basic Conditions of Employment Act and other statutory requirements prescribed by the law.
* The Committee recommends that the Authority should monitor all of its accredited training centres by ensuring that they comply with the prescribed training standards.
* The Committee recommends that the Authority should expand its foothold to other provinces where they have limited operations.
* The Committee recommends that the PSIRA Bill be finalised.

**6. CONCLUSION**

The Committee welcomed the Authority’s report and expressed appreciation for its continuous outstanding performance despite being a self-funding institution without receiving any funding from the government. The Committee further appreciated the Authority receiving unqualified audit opinion in the previous and current financial year. The Committee encouraged the Authority to intensify its activities to improve the regulations of the private security industry of South Africa. The Committee further encourages the Authority to focus specifically on the exploitation of security guards within this sector and bring non-compliant employers to book.

The Democratic Alliance and the Economic Freedom Fighters reserved its rights with respect to the adoption of the report.

**REPORT TO BE CONSIDERED.**

1. National Treasury (2020) [↑](#footnote-ref-1)