**REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2022/23 BUDGET, ANNUAL PERFORMANCE PLAN AND 2020-2025 STRATEGIC PLAN OF THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY (PSIRA), DATED 4 MAY 2022.**

The Committee examined the Budget, Annual Performance Plan for the 2022/23 financial year and the 2020-2025 Strategic Plan of the Private Security Industry Regulatory Authority (PSIRA) and reports as follows:

1. **INTRODUCTION**
	1. **Structure of the report**

The Report provides an overview of the 2022/23 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 the meeting held during the hearing.
* Section 2: Policy and Legislative Mandate
* Section 3: Strategic Priorities of the PSIRA for the 2022/23 financial year. This section
* Section 4: Role of Private Security in the July 2021 unrest
* Section 5: PSIRA Budget and Performance targets for 2022/23. This section provides an overall analysis of the operating expenditure and revenue of the PSIRA for the 2022/23 financial year. This section also provides a programme analysis of the Authority.
* Section 6: Performance Indicators and Targets per programme
* Section 7: 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 2022/23 budget hearings and subsequent responses by the Authority.
* Section 8: Recommendations. This section summarises the recommendations made by the Portfolio Committee on Police.
* Section 9: Conclusion. This section provides a conclusion to this Report.

**1.2** **Meetings held**

The Committee received a virtual briefing from PSIRA’s Annual Performance Plan (2022/23) and Strategic Plan (2020/25) on 22 April 2022.

**2. Policy and Legislative mandate**

* 1. **Constitutional mandate**

The Bill of Rights as contained in Chapter 2 of the Constitution, 1996, enshrines the rights of all people in South Africa and affirms the democratic values of human dignity, equality and freedom. The adequate protection of fundamental rights to life and security of a person as well as the right not to be deprived of property is fundamental to the well-being and to the social and economic development of every person. The protection of these rights is afforded to state security agencies established in terms of the Constitution, but the private security industry in general also plays an important role in protecting and safeguarding these rights.

Section 199 of the Constitution provides for the establishment of security services which includes a single police service, single defence force and any intelligence services established in terms of the Constitution. In terms of section 199(3) of the Constitution, any other armed organisations of services may only be established in terms of national legislation.

* 1. **Legislative mandate**

The PSIRA was established in terms of Section 2 of the Private Security Industry Regulation Act, 2001 (Act No. 56 of 2001). The Authority’s mandate is to regulate the private security industry and to exercise effective control over the practice of the security service providers in the public and national interest, and in the interest of the private security industry itself.

The Authority’s funding model based on annual fees and the growth of the private security industry in relation to employment levels, has become redundant. In this regard, the Authority intends implementing the Private Security Industry Levies Act, 2002 (Act No. 23, 2002) and is engaging National Treasury on this matter. These engagements continue for reviewing the Act into a Money Bill in terms of section 77 of the Constitution to be re-introduced in Parliament by National Treasury as the custodian of Money Bills. The Committee should engage the Ministers of Police and Finance to encourage the reintroduction of the Levies Act as a matter of urgency.

The establishment of an industry guarantee fund is a priority of the PSIR Act, which aims to provide limited liability cover for industry clients. However, the fund is reliant on the implementation of the Private Security Industry Levies Act, 2002 insofar as initial capitalisation of the fund is concerned.

* 1. **Private Security Industry Regulation Authority Amendment Act, 2014**

The President signed the Private Security Industry Regulation Amendment Bill, 2012 (B27-2012) into law on 23 September 2021 and it became the Private Security Industry Regulation Act, 2014 (No. 18 of 2014). The Amendment Bill was first introduced to the National Assembly on 05 September 2012 and had a difficult journey through Parliament. Between October 2012 and January 2014, the Portfolio Committee on Police had 17 meetings to consider the Amendment Bill and adopted it on 28 January 2014. On 25 February 2014, the National Assembly adopted the Amendment Bill and it was transmitted to the National Council of Provinces (NCOP) Select Committee on Security and Justice for concurrence. The NCOP passed the Bill on 04 March 2016 and it was sent to the President for assent. As mentioned above, the President assented to the Bill on 23 September 2021 and was published in the Government Gazette (No. 45295, Vol. 676) on 08 October 2021.

The aim of the Amendment Act is to amend the Principal Act (*Private Security Industry Regulation Act, 2001*) so as to:

* amend certain definitions (notably to include locksmiths and define the ‘Minister’ as the Minister of Police instead of the Minister of Safety and Security);
* to provide for additional powers of the Minister (notably in terms of strengthening the accountability of the PSIRA Council to the Minister);
* to provide for the appointment of the Director and Deputy Directors for the Authority;
* to provide for cooperation with the Civilian Secretariat for Police;
* to provide for the finances and accountability of the Authority;
* to provide for limitation on foreign ownership;
* to provide for the establishment and functions of the Exemption Advisory Committee;
* to regulate security services rendered outside the Republic;
* to empower the Minister to make regulations for the transportation of cash and other valuables;
* to provide for offences and penalties; and
* to provide for matters connected therewith.

The Amendment Act strengthens the Council’s accountability to the Minister of Police. It provides that the Council must submit a quarterly report to the Minister in connection with the activities of the Authority, including:

* The number of security service providers registered, sold, transferred, liquidated, suspended, dormant, merged, de-accredited and prosecuted;
* The number of security officers registered, including category and functions;
* The details of training undertaken by registered security officers and training institutions;
* The number of training institutions registered, sold, transferred, liquidated, suspended and dormant;
* The number of firearms registered to, lost by, stolen from, transferred by security businesses or destroyed in terms of the Firearms Control Act, 2000 (Act No. 60 of 2000);
* Instances in which firearms were discharged by a security officer in the performance of his or her duties causing death or injury; and
* Information of criminal complaints and investigations relating to security service providers reported to the Service by the Authority.

In terms of finances, the Authority is a Schedule 3 private entity in terms of the Public Finance Management Act, 1999 and financed through its own enterprises. However, the Amendment Act, through section 17 amends section 16 of the Principal Act to clarify that PSIRA is financed from registration fees, levies or moneys from any legitimate source which have accrued to the Authority in terms of this Act, the Levies Act or any other law. Importantly, the Amendment Act opens the possibility for state funding through the provision that PSIRA is also financed from money that may be appropriated by Parliament, where necessary, appropriate and justifiable. Furthermore, the Amendment Act states clearly that the Council is the accounting authority of PSIRA. Previously, this could only be ascertained from the Public Finance Management Act, 1999 and created confusion as to whether the Director of PSIRA is the accounting authority, where in fact the Council takes full responsibility for the finances and operations of PSIRA. This is now clarified.

One of the most contentious provisions of the Bill was the limitation on foreign ownership of private security companies**.** On 13 November 2012, the Portfolio Committee on Police withdrew the provision, but it was abruptly reinstated during the voting process of the Committee on 28 January 2014. This provision was retained and was signed into law. Section 20 of the Principal Act, relating to the obligation to register and exemptions, is amended to stipulate that a security business may not use the services of a person who is not registered in terms of the Amendment Act to render a security service (the registration formerly only applied to persons performing executive or managing functions). Section 20(c) states that a security business may only be registered as a security service provider if at least 51 per cent on the ownership and control is exercised by South African citizens. However, the Minister may, taking into account the security interest of the Republic, and prescribe by regulation a different percentage of ownership and control in respect of the different categories of security businesses. The Act also establishes an Exemption Advisory Committee (consisting of the Authority, Civilian Secretariat, Department of Home Affairs, SAPS, Department of Trade and Industry and the State Security Agency), which can make recommendations to the Minister on exemptions. The transitional arrangements of the Amendment Act provide that the implementation of section 20(2)*(c)* (limitation on foreign ownership) with regard to a security business that is registered as a security service provider at the commencement of the Amendment Act must be done in accordance with legislation promoting and protecting investment in the Republic and the Republic’s international trade obligations.

A significant challenge of the private security industry is that many uniforms and insignia used by private security guards closely resemble that of the SAPS or South African National Defence Force (SANDF). This creates significant confusion in the public eye and guards could be easily mistaken for a police member or soldier. This is particularly concerning based on the difference in the powers bestowed on the police/soldiers with regards to the use of coercive force. The Amendment Act now provides that, when registering, a security business must provide a design, sketch or photograph of the security service provider’s insignia, emblem, title of symbol whether on a uniform, vehicle of otherwise and a colour sketch or photograph of the security service provider’s uniform. It should be noted that in May 2019, the Minister of Police published amendment regulations to address the challenge with the use of uniforms and insignia. At the time, the regulations were developed specifically to address the ‘misuse’ of uniforms because the Amendment Bill (which makes provision for the use of uniforms and insignia) had been pending assent for five years.

The Amendment Act recognises 11 separate categories of security businesses that must register with PSIRA including, (1) guarding, (2) close protection, (3) response security, (4) assets in transit, (5) event security, (6) manufacturers, importers and distributors of listed equipment defined in the Interception of Communications and Provision of Communication related Information Act, 2002 (Act No. 70 of 2002), (7) private investigators, (8) security training, (9) electronic security, (10) locksmiths and (11) security advisers.

Section 34 of the Act, relating to the powers of a PSIRA inspector, is amended to provide that any inspection of a premises or private dwellings may only be carried out when authorised by a warrant issued by a competent court. Previously, an inspector was empowered to conduct such searches without any authorisation.

A key section of the Amendment Act (section 36A) relates to security services rendered outside theRepublic. The Principal Act was silent on this area. The Amendment Act now provides that any person who, within the Republic, recruits, trains, hires out, sends or deploys any other person to provide a security service outside the Republic, must provide such information (as may be prescribed regarding such recruitment, training, hiring out, sending or deployment or nature of the security service) within the prescribed time limits to the Director of PSIRA on a quarterly basis.

In terms of the transitional arrangements, the following should be noted:

* Any category or class of security service providers, which was not obliged to be registered as such in terms of this Act, immediately before the commencement of the Amendment Act, will not be subject to the provisions of this Act or the Levies Act until such date as the Minister may determine by notice in the *Gazette.*
* The Exemption Advisory Committee and an Appeal Committee, as contemplated in sections 20A and 30(2A) must be appointed by the Minister before the commencement of the Amendment Act.
* The fixed establishment of the Authority referred to in section 14(1B) must be determined within 24 months of the commencement of the Amendment Act and the Minister must report any delay in the process to Parliament.
* The Minister must report, on a quarterly basis, to Parliament on the progress made in the implementation of the Amendment Act.
* The implementation of section 20(2)*(c)* with regard to a security business that is registered as a security service provider at the commencement of the Amendment Act must be done in accordance with legislation promoting and protecting investment in the Republic and the Republic’s international trade obligations.

In terms of the enactment of the Amendment Act, the Authority stated that they must consider the following:

* Strengthening communication capabilities with industry stakeholders to address concerns with the intended reforms;
* PSIRA needs to develop regulations to ensure that security service providers that have capabilities of gathering intelligence are acting within the law;
* The issue of the lapsing of registrations is made clearer, requiring reregistration within two years. This will be a disruption to the industry; and
* The Amendment Act defined segmentation of the industry, with the list of security services itemised. This will require issuing licences in terms of sectors and no longer be a single licence.
	1. **Levies Act, 2002**

A key legislative challenge for PSIRA remains its outdated funding model, which it cannot address before the Minister of Finance reintroduces the Private Security Levies Act, 2002 in Parliament. Parliament approved the Private Security Industry Levies Act, 2002 and the President signed it into law, but it was never operationalised. As this is a Moneys Bill in terms of section 77 of the Constitution, it must be re-introduced in Parliament by National Treasury as the custodian of all Money Bills. The National Treasury is currently attending to this matter as part of the review of the Act in a Money Bill in terms of Section 77 of the Constitution. The Levies Act will assist in dealing with the legacy problems created under the current annual fee funding model inherited from the repealed Security Officers’ Act, 1987, which relies on the continuous growth in employment within the private security industry.

* 1. **Protection of Personal Information Act, 2013 (POPIA)**

The implementation of the POPIA, 2013 also brings some challenges for the PSI as the industry consumes vast amounts of personal information. Compliance with this legislation also needs to be monitored closely.

1. **Strategic priorities**

The Minister of Police highlighted that “A legitimate, transformed and competent private security industry which acts in the interest of the state, public and private security industry and which contributes to a safer South Africa, can only be realised if we accept the responsibility placed on us to deliver on the implementation of our five-year strategic plan.*”*

* 1. **Critical issues: 2022/23**

According to the Authority, the following issues were identified as critical in 2022/23:

1. Strengthening of institutional management and decentralisation of services;
2. Leading and coordinating the development of a Sector Transformation Charter and future Transformation Index;
3. Focus on training, professionalisation, and sector development;
4. The implementation of the Private Security Industry Levies Act;
5. Digitisation and strengthening of the ICT systems of the Authority;
6. Development of regulations supporting the Private Security Industry Amendment Act, 2014; and
7. Increased law enforcement activities, including industry compliance self-assessment.
	1. **Key outcomes**

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

* **Priority 1**: Maintain financial sustainability, accountability, relevance and performance;
* **Priority 2**: A professional, accountable and trustworthy private security industry;
* **Priority 3:** A capable and trained private security industry;
* **Priority 4:** Enhance relations and collaborations with stakeholders;
* **Priority 5:** The private security industry is vetted and efficiently registered; and
* **Priority 6:** The private security industry is transformed.
	1. **Alignment to the MTSF**

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.
	1. **National Economic Reconstruction and Recovery Plan**

The growth in the private security industry contributes to economic growth and the National Economic Reconstruction and Recovery Plan, which the President tabled on 15 October 2020. According to PSIRA, the following is of specific relevance:

1. Job creation; and
2. Fast tracking the reduction of the cost of doing business and lowering the barriers to entry (digitisation).
	1. **Organisational review and redesign**

PSIRA concluded an organisational review and redesign process in 2019/20, and developed a new organisational structure that will be implemented through a phased approach over the next five years. The core of the new structure is decentralisation aimed to improve decision-making, reducing process complexity, and balancing centralised policy development and decentralised implementation. The reasons for decentralisation include (amongst others):

* Ensuring improved business performance and PSIRA customer focus and management
* Improving co-ordination between operational teams
* Simplifying systems and processes to ensure efficiency and to improve service delivery while reducing costs
* Reducing duplication
* Simplifying and linking the new organisational structure with the activities in the value chain and support functions
* Improved risk management

According to PSIRA, this will create a larger span of control through new operational processes, which calls for new management practices, and supporting processes.

1. **Role of private security in the July 2021 Unrest**

Part of KwaZulu-Natal and Gauteng experience significant level of civil unrest from 08 July to 17 July 2021. The unrest led to looting, destruction of property and the disruption of economic activity. During the violence, many people were injured and killed (estimated at 354 deaths) and over R50 billion lost to the economy. On 05 August 2021, President Ramaphosa announced the appointment of an Expert Panel to review the response to the unrest. As part of the review, the Panel considered the role played by the private security providers.

Due to a lack of response from the South African Police Service (SAPS), businesses had to rely on private security providers to secure their properties. During the hearings, PSIRA stated that they received many calls from security service providers requesting that they contact police management and Ministers to request them to allow the security service providers to assist in defending infrastructure under attack. They were prepared to play a bigger role beyond just fulfilling the mandates of their direct client.

During the hearings, PSIRA addressed various accusations of the abuse of power of the private security service providers. The Authority reiterated that private security guards are not allowed to search or arrest members of the public, but may do so within the property owned by a business client. Security officers are also not allowed to set up roadblocks on public roads or to investigate members of the public. PSIRA indicated that security guards found guilty of unlawfully setting up a roadblock, arresting or assaulting members of the public will be held to account by the PSIRA and the SAPS.

During the hearings, PSIRA informed the Panel that steps were taken to investigate alleged breaches by security service providers (or members thereof) and to tighten controls in the regulatory system.

PSIRA made the following recommendations for a more effective response to future events of the kind experienced in July 2021. The most salient of these were the following:

* There should be more sharing of information (in fact this should be institutionalized) between the state’s security services and PSIRA.
* A crime prevention strategy between the SAPS and PSIRA needs to be developed; this could include SSPs being afforded minimum police-related powers in times of crisis and equipped with legal knowledge about the extent of their role, to be more effective.
* To maintain professionalism SSPs would have to be given the necessary training if they are to play a greater role in the maintenance of public order in times of crisis.
* There is a need for advocacy and training in Human Rights for all their affiliates.
1. **overall Budget 2022/23**

The budget analysis of the PSIRA is different to that of government departments. PSIRA, as a schedule 3 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”.[[1]](#footnote-1) 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 2022/23, the projected revenue is R392.1 million, which is a nominal increase of 10,7 per cent. Expenses are expected to match revenue in 2022/23, as such the Authority predicts no surplus or deficit during this financial year. Over the past years, the surplus of the Authority has been declining steadily. It should be noted that PSIRA had a deficit of R12.4 million in 2017/18, thus the financial position of the Authority has improved significantly since then.

The Authority highlighted an emerging threat to its revenue from efforts by organised labour to reverse the practice of outsourcing security services, especially in government and agencies and/or entities in the public sector. This could have an impact on security service providers and the transformation of the sector, as many of the security service providers rendering services to the government and its agencies and/or entities are Previously Disadvantaged Individual (PDI) -owned and/or small enterprises. An

increase in the in-house security sector means that the Authority’s revenue through annual fee payments will decline, and extra resources will be needed to regulate the growing in-house security sector.

* 1. **Expenditure estimates per programme**

In 2022/23, the Authority estimates a budget of R392.1 million, which is a nominal increase of 10.8 per cent compared to the previous financial year. Expenditure is expected to increase at an average annual rate of 9.8 per cent, from R319.5 million in 2020/21 to R423.2 million in 2023/24.

***Table 1: PSIRA expenditure trends and estimates by programme***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2022/23****(R)** | **Real Increase / Decrease in 2022/23****(R)** | **Nominal Percent change in 2022/23** | **Real Percent change in 2022/23** |
| **R million** | **2021/22** | **2022/23** |
| Administration |  179,5 |  187,0 |  7,5 | - 0,6 | 4,18 per cent | -0,31 per cent |
| Law Enforcement  |  127,8 |  134,9 |  7,1 |  1,3 | 5,56 per cent | 1,01 per cent |
| Communication and training |  25,5 |  46,3 |  20,8 |  18,8 | 81,57 per cent | 73,75 per cent |
| Registration |  21,0 |  23,7 |  2,7 |  1,7 | 12,86 per cent | 8,00 per cent |
| **TOTAL** |  **354,0** |  **392,1** |  **38,1** |  **21,2** | **10,8 per cent** | **5,99 per cent** |

*Source: National Treasury (2022)*

The Administration Programme has a budget of R187.0 million in 2022/23, which is a nominal increase of 4.18 per cent compared to the previous financial year. The Law Enforcement Programme has a budget of R134.9 million, which is a nominal increase of 5.56 per cent compared to the R127.8 million budget of the previous financial year.

The Communication and Training Programme has a budget of R46.3 million in 2022/23, which is a significant nominal increase of 81.57 per cent. In the previous financial year, the Programme had a budget of R25.5 million. The increase is located in Consultancy and professional fees, which budget increased from R1.3 million in 2021/22 to R20.6 million in 2022/23, which is a nominal increase of more than 1 000 per cent.

The Registration Programme’s budget increased from R21.0 million in 2021/22 to R23.7 million in 2022/23, which is a nominal increase of 12.86 per cent.

In terms of proportional allocations, the significant increase in the budget of the Communication and Training Programme realised a significant change the allocations between programmes. The Administration programme continues to receive the bulk of the Authority’s budget at 47.7 per cent of the total budget. However, the proportional allocation decreased with 3.01 per cent compared to the previous financial year. The proportional allocations of the Law Enforcement Programme decreased with 1.7 per cent from a proportional allocation of 36.1 per cent in 2021/22 to 34.4 per cent in 2022/23. The proportional allocation of the Communication and Training Programme increased from 7.2 per cent in 2021/22 to 11.81 per cent in 2022/23, which is an increase of 4.6 per cent. The proportional allocation of the Registration Programme increased slightly with 0.11 per cent compared to the previous financial year.

* 1. **Programme 1: Administration**

In 2022/23, the Administration Programme has a budget of R187.0 million, which is a nominal increase of 4.2 per cent. Considering inflation, the budget decreased slightly with 0.31 per cent. The following budget changes in operational expenditure should be noted:

* *Personnel expenditure* is expected to increase from R87.6 million to R89.5 million, which is a nominal increase of 2.17 per cent.
* *Administrative expenditure* is expected to increase from R53.3 million to R59.7 million, which is a nominal increase of 12.01 per cent.
* Expenditure on *repairs and maintenance* is expected to increase from R1.2 million to R1.3 million, which is a nominal increase of 8.3 per cent.
* Expenditure on *travel and subsistence* is expected to decrease significantly from R3.7 million to R800 00.00, which is a significant nominal decrease of 78.38 per cent.
* Expenditure on *lease payments* is expected to increase from R22.8 million to R24.1 million, which is a nominal increase of 5.7 per cent.
* Expenditure on *consultancy and professional fees* is expected to increase from R10.7 million to R11.3 million, which is a nominal increase of 5.61 per cent*.*

**Table 3: Operating expenditure for 2022/23 - Administration Programme**

| **Programme** | **Budget** | **Nominal Increase / Decrease in 2022/23 (R)** | **Real Increase / Decrease in 2022/23 (R)** | **Nominal Percent change in 2022/23** | **Real Percent change in 2022/23** |
| --- | --- | --- | --- | --- | --- |
| **R million** | **2021/22** | **2022/23** |  |  |  |  |
| Personnel expenditure |  87,6 |  89,5 |  1,9 | - 2,0 | 2,17 per cent | -2,23 per cent |
| Administrative expenditure |  53,3 |  59,7 |  6,4 |  3,8 | 12,01 per cent | 7,18 per cent |
| Repairs and maintenance |  1,2 |  1,3 |  0,1 |  0,0 | 8,33 per cent | 3,67 per cent |
| Travel and subsistence |  3,7 |  0,8 | - 2,9 | - 2,9 | -78,38 per cent | -79,31 per cent |
| Lease payments  |  22,8 |  24,1 |  1,3 |  0,3 | 5,70 per cent | 1,15 per cent |
| Consultancy and professional fees |  10,7 |  11,3 |  0,6 |  0,1 | 5,61 per cent | 1,06 per cent |
| **TOTAL** |  **179,5** |  **187,0** |  **7,5** | **- 0,6** | **4,2 per cent** | **-0,31 per cent** |

*Source: PSIRA 2022/23 APP*

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

In 2022/23, the budget for the Law Enforcement Programme increased from R127.9 million in 2020/21 to R134.9 million, which is a nominal increase of 5.5 per cent. Considering inflation, the Programme’s budget increases with 0.93 per cent.

 **Table 4: Operating Expenditure for 2022/23 - Law Enforcement Programme**

| **Programme** | **Budget** | **Nominal Increase / Decrease in 2022/23 (R)** | **Real Increase / Decrease in 2022/23 (R)** | **Nominal Percent change in 2022/23** | **Real Percent change in 2022/23** |
| --- | --- | --- | --- | --- | --- |
| **R million** | **2021/22** | **2022/23** |  |  |  |  |
| Personnel expenditure |  88,2 |  90,2 |  2,0 | - 1,9 | 2,27 per cent | -2,14 per cent |
| Administrative expenditure |  17,2 |  21,0 |  3,8 |  2,9 | 22,09 per cent | 16,84 per cent |
| Repairs and maintenance |  0,6 |  0,6 |  0,0 |  0,0 | 0.0 per cent | -4,31 per cent |
| Travel and subsistence |  7,2 |  7,5 |  0,3 |  0,0 | 4,17 per cent | -0,32 per cent |
| Lease payments  |  14,5 |  15,4 |  0,9 |  0,2 | 6,21 per cent | 1,63 per cent |
| Consultancy and professional fees |  0,2 |  0,3 |  0,1 |  0,0 | 50,00 per cent | 43,54 per cent |
| **TOTAL** |  **127,9** |  **134,9** |  **7,0** |  **1,2** | **5,5 per cent** | **0,93 per cent** |

*Source: PSIRA 2022/23 APP*

The following budget changes in operational expenditure should be noted:

* *Personnel expenditure* is expected to increase from R88.2 million to R90.2 million, which is a nominal increase of 2.27 per cent. Considering inflation, expenditure will decrease with 2.14 per cent.
* *Administrative expenditure* is expected to increase from R17.2 million to R21.0 million, which is a significant nominal increase of 22.09 per cent.
* Expenditure on *repairs and maintenance* is expected to remain unchanged at R600 000.00, which is a real decrease of 4.31 per cent.
* Expenditure on *travel and subsistence* is expected to increase from R7.2 million to R7.5 million, which is a nominal increase of 4.17 per cent.
* Expenditure on *lease payments* is expected to increase from R14.5 million to R15.4 million, which is a nominal increase of 6.2 per cent.
* Expenditure on *consultancy and professional fees* is expected to increase from R200 000.00 to R300 000.00, which is a nominal increase of 50.0 per cent*.*
	1. **Programme 3: Training and Communications**

In 2022/23, the budget allocation for the Training and Communications Programme increased significantly from R25.5 million in 2021/22 to R46.3 million, which is a nominal increase of more than 81.57 per cent.

**Table 5: Operating expenditure for 2022/23 - Training and Communications Programme**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2022/23****(R)** | **Real Increase / Decrease in 2022/23** **(R)** | **Nominal Percent change in 2022/23** | **Real Percent change in 2022/23** |
| **R million** | **2021/22** | **2022/23** |
| Personnel expenditure |  15,3 |  16,4 |  1,1 |  0,4 | 7,19 per cent | 2,57 per cent |
| Administrative expenditure |  7,3 |  7,7 |  0,4 |  0,1 | 5,48 per cent | 0,94 per cent |
| Repairs and maintenance |  0,2 |  0,2 |  0,0 |  0,0 | 0,00 per cent | -4,31 per cent |
| Travel and subsistence |  1,5 |  1,6 |  0,1 |  0,0 | 6,67 per cent | 2,07 per cent |
| Consultancy and professional fees |  1,3 |  20,6 |  19,3 |  18,4 | 1484,62 per cent | 1416,38 per cent |
| **TOTAL** |  **25,5** |  **46,3** |  **20,8** |  **18,8** | **81,6 per cent** | **73,75 per cent** |

*Source: PSIRA 2022/23 APP*

The following budget changes in operational expenditure should be noted:

* *Personnel expenditure* is expected to increase from R15.3 million to R16.4 million, which is a nominal increase of 7.19 per cent.
* *Administrative expenditure* is expected to increase from R7.3 million to R7.7 million, which is a nominal increase of 5.48 per cent.
* Expenditure on *repairs and maintenance* is expected to remain unchanged at R200 000.00, which is a real decrease of 4.31 per cent.
* Expenditure on *travel and subsistence* is expected to increase from R1.5 million to R1.6 million, which is a nominal increase of 6.67 per cent.
* Expenditure on *consultancy and professional fees* is expected to increase from R1.3 million to R20.6 million, which is a nominal increase of 1 484.62 per cent*.*
	1. **Programme 4: Registration**

In 2022/23, the Registration Programme received a budget allocation of R23.7 million, which is a nominal increase of 12.9 per cent compared to the previous financial year.

The following budget changes in operational expenditure should be noted:

* *Personnel expenditure* is expected to increase from R5.4 million to R6.8 million, which is a nominal increase of 25.93 per cent.
* *Administrative expenditure* is expected to increase from R14.8 million to R16.5 million, which is a nominal increase of 11.49 per cent.
* Expenditure on *travel and subsistence* is expected to decrease from R700 000.00 to R400 000.00, which is a nominal decrease of 42.8 per cent.

**Table 6: Operating expenditure for 2022/23 – Registration Programme**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2022/23****(R)** | **Real Increase / Decrease in 2022/23****(R)**  | **Nominal Percent change in 2022/23** | **Real Percent change in 2022/23** |
| **R million** | **2021/22** | **2022/23** |  |  |  |  |
| Personnel expenditure |  5,4 |  6,8 |  1,4 |  1,1 | 25,93 per cent | 20,50 per cent |
| Administrative expenditure |  14,8 |  16,5 |  1,7 |  1,0 | 11,49 per cent | 6,69 per cent |
| Travel and subsistence |  0,7 |  0,4 | - 0,3 | - 0,3 | -42,86 per cent | -45,32 per cent |
| **TOTAL** |  **21,0** |  **23,7** |  **2,7** |  **1,7** | **12,9 per cent** | **8,00 per cent** |

*Source: PSIRA 2022/23 APP*

1. **Performance Indicators and targets**

In 2022/23, the Authority has 23 performance indicators, of which 13 targets remain unchanged and 12 targets increased/improved compared to the previous financial year.

* 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 subprogrammes:

1. ***Finance subprogramme:*** Provides financial management, support and reporting. Facilitation and coordination of internal audit and risk management.
2. ***Corporate Services subprogramme:*** Provides human resource management services and support; Provides business and information technology services and support; and Provides legal services and support, and ensures legislative compliance.
3. ***Operations subprogramme:*** Conducts research about private security to inform development of policy, regulations and standards.

In 2022/23, the Administration Programme has 11 performance indicators, of which most targets remained unchanged compared to the previous financial year.

**Table 7: Programme Performance Indicators and Targets: Administration Programme**

| **Outputs**  | **Performance Indicator** | **2021/22 Target**  | **2022/23 Target** |
| --- | --- | --- | --- |
| **Subprogramme: Finance** |
| Increased revenue collection | % Revenue collected | 78% revenue collected on billed annual fees | 80% revenue collected on billed annual fees***Increased***  |

|  |  |  |  |
| --- | --- | --- | --- |
| Audit Action Plan (AGSA) and Internal Audit findings | Percentage implementation of the Audit Action Plan  | 100% implementation | 100% implementation***Unchanged*** |
| Statutory tabling and reporting | Percentage compliance with statutory reporting requirements | 100% compliance | 100% compliance***Unchanged*** |
| Risk Management  | Percentage implementation of the approved Strategic Risk Mitigation Plan | 90% implementation | 90% implementation ***Unchanged*** |
| **Subprogramme: Corporate Services**  |
| Business process digitised  | % implementation of digital business strategy and implementation plan | 40% | 60% implementation***Increased*** |
| Human Resources management and development | Percentage of the vacancy rate against the approved funded positions | Not more than 7% | Not more than 7%***Unchanged*** |
| Percentage of employee performance rating assessed at 3 and above as per Performance Management System | 90% of assessed employees perform on rating of 3 and above | 95% of assessed employees perform on rating of 3 and above***Increased*** |
| Developed security sector regulations and standards  | Number of security sector regulations and standards developed  | 3 regulations and standards  | Remained unchanged at 3 regulations and standards ***Unchanged*** |
| **Subprogramme: Research and Development**  |
| Completed research reports, surveys and policy documents  | Number of relevant research reports completed | 5 research reports | Remained unchanged at 5 research reports***Unchanged*** |
| Number of completed surveys | 4 surveys | Remained unchanged at 4 surveys***Unchanged*** |
| Private Security Industry Charter and Transformation Index | Draft Transformation Charter and Transformation Index for the Private Security Industry developed | Approval of the concept model for a Transformation for the Private Security Industry developed | Draft Transformation Charter and Transformation Index for the Private Security Industry submitted for approval***Unchanged*** |

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

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

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

In 2022/23, the Programme has six performance indicators, of which the targets of four indicators improved compared to the previous financial year. In 2022/23, the performance indicator to open 95% of criminal cases against non-compliant security service providers was removed.

**Table 8: Programme Performance Indicators and Targets: Law Enforcement Programme**

| **Outputs**  | **Performance Indicator** | **2020/21 Target**  | **2021/22 Target**  |
| --- | --- | --- | --- |
| **Subprogramme: Compliance and Enforcement**  |  |  |
| Security businesses inspected  | Number of security businesses inspected to enforce compliance with applicable legislation | 5 000 | 5 325***Increased*** |
|  | Percentage of registered active businesses completing industry compliance self-assessments | 40% | 50%***Increased*** |
| Security officers inspected  | Number of security officers inspected to enforce compliance with applicable legislation  | 26 220 | 27 930***Increased*** |
| Security businesses licenced for firearms inspected | Number of security businesses licensed to possess firearms inspected | 1 575 | 1 650 ***Increased*** |
| Investigations finalised  | % of complaints finalised against non-compliant Security Service Providers (SSPs) | 90% | 90% ***Unchanged*** |
| **Subprogramme: Prosecutions**  |
| Security service provider cases prosecuted  | % of cases of non-compliant Security Service Providers (SSPs) prosecuted per year | 92% | 92%***Unchanged*** |

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

The Training and Communications 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 has six performance indicators in 2022/23, of which three targets were improved compared to the previous financial year. In 2022/23, two performance indicators were removed, including 20-day average turnaround time to finalise applications for accreditation of training institutions and a 7-day average turnaround time to finalise instructor applications for accreditation.

**Table 9: Programme Performance Indicators and Targets: Training and Communication Programme**

| **Outputs**  | **Performance Indicator** | **2021/22 Target**  | **2022/23 Target** |
| --- | --- | --- | --- |
| **Sub programme: Training**  |
| Accredited training instructors | Number of accredited instructors audited | 100 instructors | 200 instructors***Increased*** |
| Accredited courses | Number of new accredited courses developed  | 2 qualifications  | 8 qualifications***Increased*** |
| External assessment  | Percentage of learners completing online external assessments  | 20% of learners | 20% of learners***Unchanged*** |

|  |
| --- |
| **Sub programme: Marketing, Communications and Stakeholder relations** |
| Cooperation agreement  | Number of new co-operation agreements entered into with international industry regulatory bodies  | 1 new corporate agreement entered into  | 1 new corporate agreement entered into***Unchanged*** |
| Marketing and communication | Number of external stakeholder awareness workshops conducted | 60 stakeholderawarenessworkshopsconducted | 70 stakeholderawarenessworkshopsconducted***Increased*** |
| Marketing and communication | Number of external stakeholder awareness campaigns held | 10 stakeholderawarenesscampaigns | 20 stakeholderawarenesscampaigns***Increased*** |

*Source: PSIRA 2022/23 APP*

As a key weakness in the Authority’s 2022/23 SWOT analysis, the Authority identified the lack of regulations for industry training and outdated training standards, systems and processes and that the Authority has not been asserting its role as the statutory body responsible for setting the standards for industry training, resulting in others doing training without reference to the regulations set.[[2]](#footnote-2) This causes credibility problems for the Authority and hampers its goals in professionalising the industry.

Furthermore, the Authority identified a need for focus on sector training and stated some challenges in this regard including:

* Failure to appoint service providers for the review of specialised courses and development due to non-response of the market to procurement requests;
* A lack of conclusion on engagements with Technical and Vocational Education and Training (TVET) colleges and that these engagements must be finalised to ensure the establishment of assessment centres for completed training;
* Adherence to compliance and the monitoring of security training providers should be centralised;
* There is a need to collaborate with Quality Councils (QCs) to address compliance requirements within the industry training landscape;
* The professionalisation of specific occupations and the creation of designations in the industry should be considered through applicable legislation and policies;
* Security training (locally and internationally) should be promoted; and
* The Authority must provide the relevant IT infrastructure to enable e-learning systems.
	1. **Programme 4: Registration**

In 2022/23, the Registration Programme has two performance indicators, of which one target was improved compared to the previous financial year. The indicator to monitor the implementation of online registrations was removed in 2022/23.

**Table 10: Programme Performance Indicators and Targets: Registration Programme**

*Source: PSIRA 2022/23 APP*

| **Outputs**  | **Performance Indicator** | **2021/22 Target**  | **2022/23 Target** |
| --- | --- | --- | --- |
| An efficient online registration process | Average turnaround time of applications for registration meeting all the requirements for security businesses (working days) | Average of 5 days  | Average of 4 days***Improved*** |
| Average turnaround time of applications for registration meeting all the requirements for security officers (working days) | Average of 12 days  | Average of 12 days***Unchanged*** |

*Source: PSIRA 2022/23 APP*

1. **Committee Observation**

 The Committee made the following observation during the 2022/23 PSIRA budget and APP hearing:

**Building rentals:** The Committee noted with concern that PSIRA is spending 10% percent of their budget on rentals. The Committee asked if it could not be possible for PSIRA to purchase its own building rather than spending a lot of funds on rentals. PSIRA admitted that they are spending a lot of funds on rentals. However, PSIRA have attempted to purchase their own buildings through the Department of National Treasury but it was not approved. The Department of National Treasury stated that they prefer the Authority to purchase the buildings on a lamp sump basis. PSIRA will revise its own leases in future and also look at the leases that had expired to reduce the costs for rental.

**Crime prevention:** The Committee noted the role played by private security companies during the July 2021 Civil Unrest that affected parts of KwaZulu-Natal and Gauteng.

1. **RECCOMENDATION**

The Portfolio Committee makes the following recommendation:

1. The Committee recommends that the PSIRA should consider purchasing its own buildings to reduce the excess building expenses.
2. The Committee recommends that a crime prevention strategy between the SAPS and PSIRA needs to be developed.
3. The Committee recommends that the PSIRA should develop a response plan for a more effective response to events like that of July 2021 and the role that private security can play during times of crisis.
4. **CONCLUSION**

The Committee welcomed the Authority’s report and expressed appreciation for its continuous outstanding performance. The Committee encouraged the Authority to continue to uphold high standard and performance and should not drop the ball. The Authority should consider to purchase its own building rather than paying a lot of funds on rentals in order to reduce the excess funds building expenses.

The DA, ACDP and EFF reserved its rights with respect to the adoption of the report.

**Report to be considered.**

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)