

# Security Industry Alliance

PO Box 62436 Marshalltown 2107  
11<sup>th</sup> Floor - Chamber of Mines - 5 Hollard Street - Marshalltown  
Tel: +27 11 498 7468 / 7445 Fax: +27 86 570 8837  
Website: [www.securityalliance.co.za](http://www.securityalliance.co.za) e-mail: [sia@iburst.co.za](mailto:sia@iburst.co.za)  
Security Industry Alliance (Association Incorporated Under Section 21)  
Registration Number 2008/021722/08

**SUBMISSION BY THE SECURITY INDUSTRY ALLIANCE  
TO THE PARLIAMENTARY PORTFOLIO COMMITTEE ON POLICE  
REGARDING THE  
PRIVATE SECURITY INDUSTRY REGULATION AMENDMENT BILL  
5 OCTOBER 2012**

## **I. INTRODUCTION**

The Security Industry Alliance is an umbrella body of large private security companies, employer organisations, trade associations and other interested parties. The Alliance was established in 2003 with the aim of providing a unified platform from which the private security sector could interface with Government and other stakeholders on matters of importance to the sector.

The Alliance represents the interests of its members and affiliates who employ over 150,000 people in the private security sector and its representation spans all sub-sectors including inter alia; manned guarding, electronic security systems, response, close protection, assets in transit, event security, manufacturers and distributors of electronic security equipment, security training, private investigations, locksmiths and security advisors. The Alliance is the largest business grouping within private security and is the only body that organises broadly across all facets of the sector. A comprehensive list of members and affiliates is attached hereto as Annexure "A" to this submission.

The Alliance places on record its gratitude for the opportunity to make submissions proposed amendments set out in this Bill which will have far reaching effects for all stakeholders. **We hereby also express our desire and interest to make a verbal submission to Committee at the appropriate time.**

## **II. GENERAL REMARKS**

The Alliance has for a number of years campaigned for improvements in industry regulation. Our sector is beset by an overwhelming proliferation of unregistered and/or otherwise non-compliant security businesses, which has led to the rapid degradation of employment standards where minimum wage and conditions of employment are not observed and where unfair competition driven by price continues to grow in the absence of effective regulation. In view of these considerations, we have identified a number positive aspects to the proposed Bill which are set out below. We also set out a number of negative aspects which are entirely untenable and that the Alliance wishes by way of

Directors: SJ Ncube (Chairman), WS Conradie (CEO), C Diavastos, KM Derrick, AJ Crichton, WJ Bartmann, DB Strydom, CJ Phipps, JJ Bodenstern.  
Alliance Affiliates: Chamber Of Mines; CGC Crime Prevention Programme; ESIA; EXSA; LASA; NOPSA; SAIS; SAIDSA; SANSEA; SASA; SSEO; CPASA.

this submission to challenge and have withdrawn from any final promulgation. We summarise these aspects below.

## **1. Positive Aspects**

- The amendments alter and augment the manner in which PSIRA (the Regulatory Authority) will be funded and how it will operate. Its status will essentially be elevated to “organ of state” which permits access to funding via an appropriation from the National Treasury in the budget and subjects it to fiscal oversight in accordance with the Public Finance Management Act, which has been lacking since its inception. The current funding model is not sustainable since it places the entire burden of funding regulation in the sector upon security service providers and ordinary workers. This change is welcomed.
- The increased accountability of the Council of PSIRA as well as the strengthening of other governance functions and structures are likewise welcomed.
- The amendments also appear to recognise that the private security sector is constituted of a complex interconnection between different sub-sectors which extend beyond security guarding into electronic security systems, response, and close protection, assets in transit, event security, manufacturers and distributors of electronic security equipment, security training, private investigations, locksmiths and security advisors to draw reference to but a few. It appears that this legislation will enable the formulation of bespoke regulations to be made in relation to these sub-sectors to allow for more effective, efficient and value adding regulatory functions.
- The members of the Alliance are unanimous in their support of those more robust measures that deal with the prohibition of foreign military assistance and the regulation of the deployment of South Africans into security functions in foreign territories.
- Greater oversight and control over the proliferation of firearms in the Sector is welcomed provided that such control does not amount only to increased administrative requirements for service providers, but assists in streamlining the legitimate licencing and deployment of firearms for the appropriate purposes.

## **2. Negative Aspects**

- The limitation of foreign ownership within the private security breaches South Africa’s obligations under a number of international trade agreements and treaties and is inconsistent with the Constitution of the Republic. This aspect is dealt with in more detail later in this submission.
- There are a number of provisions included in the amendments which,

owing to the vague manner in which they are drafted, are likely to have unintended consequences and will essentially undermine a number of the objects of the Bill. These are all dealt with in detail as part of this submission.

- Inadequate provision is made in the Bill to allow for increased engagement and consultation with industry stakeholders such as security businesses, employer organisations, associations and trade unions in order to strengthen regulation.

### **III. SPECIFIC REMARKS**

Reference is drawn to the attached Annexure “B” in which the Alliance sets out its specific concerns with those parts of the Bill that are untenable for private security service providers. We also wish to provide further perspective and insight as set out below.

#### ***Adverse Consequences***

The impact of a limitation of foreign ownership has not been examined sufficiently. Foreign owned private security companies have transferred technology, developed the skills of and provided employment opportunities to many South African employees in almost every sub-sector of private security and play a critical role in developing the commercial interests of the Sector to the benefit of the entire industry and the country. Almost all security technology from alarm systems to CCTV systems are manufactured and distributed by international companies. By the introduction of the various amendments, many of these companies will be compelled to divest leaving skills, capability and technical support gaps.

Many international companies have invested substantially into the sector and the advent of these limitations will cause irreparable devastation of investor value and may negatively impact on the creation of an open environment for investment and job creation that could foreseeably extend beyond just the private security sector. As a developing economy, South Africa should instead be implementing measures to attract foreign direct investment to support domestic investment financing into the sector. Despite what is set out in the Memorandum of Objects that is annexed to the Bill, these companies have operated in South Africa for over a decade without any threat to national security. There is no rational reason to believe that such a threat will present itself as a result of foreign investment in the future.

Given the expanded scope of legislation that is proposed in the Bill it is not clear how far the reach of the Regulator will extend. Particularly in the electronic security and IT industries, the numbers of companies that will fall under the ambit of the Act will be enormous, and the number of international companies that will be impacted by the limitation of foreign ownership has yet to quantify but will undoubtedly be substantial and damaging to both the Sector and the broader economy.

### **IV. CONCLUSION**

In conclusion, we reiterate our support for those parts of the Bill that add constructive value to the regulation and development of the Private Security Sector and reject those that will impact negatively.

Directors: SJ Ncube (Chairman), WS Conradie (CEO), C Diavastos, KM Derrick, AJ Crichton, WJ Bartmann, DB Strydom, CJ Phipps, JJ Bodenstien.  
Alliance Affiliates: Chamber Of Mines; CGC Crime Prevention Programme; ESIA; EXSA; LASA; NOPSA; SAIS; SAIDSA; SANSEA; SASA; SSEO; CPASA.

CONTACT PERSON:

**STEVE CONRADIE**

Chief Executive Officer

Security Industry Alliance

[sia@iburst.co.za](mailto:sia@iburst.co.za)

Directors: SJ Ncube (Chairman), WS Conradie (CEO), C Diavastos, KM Derrick, AJ Crichton, WJ Bartmann, DB Strydom, CJ Phipps, JJ Bodenstein.  
Alliance Affiliates: Chamber Of Mines; CGC Crime Prevention Programme; ESIA; EXSA; LASA; NOPSA; SAIS; SAIDSA; SANSEA; SASA; SSEO; CPASA.