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Please quote our ref: PFA/GA/20797/2007/EMD

RE: DETERMINATION IN TERMS OF SECTION 30M OF THE PENSION FUNDS ACT 24, 1956 ("the Act"): THE BOARD OF MANAGEMENT OF THE PRIVATE SECURITY SECTOR PROVIDENT FUND ("the complainant") v SECURI-NET CC ("the respondent")

1. Introduction

1.1 This complaint, received by this office on 27 July 2007, concerns the registration of an employer with a pension fund established in terms of a sectoral determination. The complainant also claims as ancillary relief an order that the respondent be prohibited from applying for the liquidation of the business.

1.2 On 12 December 2007, a copy of the complaint was sent to the respondent, which submitted a response by way of a facsimile received on 7 January 2008. A copy of the response was submitted to the complainant on 26 February 2008 for a reply, but no reply was received.

1.3 Having considered the written submissions filed before this tribunal, it is considered unnecessary to hold a hearing in this matter. The determination and reasons therefor appear below.

M Mohlala (Adjudicator), C Nkuhlu (Snr Assistant Adjudicator), F Mtayi (Snr Assistant Adjudicator), K MacKenzie (Snr Assistant Adjudicator), R Maharaj (Snr Assistant Adjudicator), M Ndaba (Snr Assistant Adjudicator), M Daki (Snr Assistant Adjudicator), E de la Rey (Snr Assistant Adjudicator), N van Coller (Assistant Adjudicator), L Mbalo (Assistant Adjudicator), S Gcelu (Assistant Adjudicator), M Ramabulana (Assistant Adjudicator), N Sihlali (Assistant Adjudicator), S Mothupi (Assistant Adjudicator), P Mphephu (Assistant Adjudicator), C Seabela (Assistant Adjudicator), P Myokwana (Assistant Adjudicator), L Nevondwe (Assistant Adjudicator)

Office Manager: L Manuel, Financial Manager: F Mantsho, Accountant: R Soldaat

1.4 As the background facts are well-known to all parties, these shall be repeated only to the extent that they are pertinent to the issues raised herein.

2. Complaint

2.1 The complainant, a provident fund established in terms of a sectoral determination, asked for an order that

2.1.1 the respondent be prohibited from applying for liquidation of the business;

2.1.2 the respondent be compelled within 7 working days to register with the Fund by completing an application form, a copy of which is attached to the complaint, or by applying for an exemption.

3 Respondent's Response

3.1 The respondent states that it is a CCTV installation company.

3.2 The respondent states further that the only two persons involved in the respondent are the two members of the corporation.

4. Determination and reasons therefor

Prohibition against applying for liquidation

4.1 The complainant requests an order that the respondent be prohibited from applying for liquidation of the business.

4.2 This application would apply to an application to court. It would not include the passing of a resolution for voluntary winding-up, be it for a members' or creditors' voluntary winding-up.

4.3 The respondent is only one of a number of entities that may apply to court for winding-up. Other possible applicants would include one or more creditors, as well as one or more members (section 66(1) of the Close Corporations Act, 69 of 1984, read with section 36(1) of the Companies Act, 61 of 1973.)

4.4 A blanket prohibition against applying to court for relief would be inappropriate. Access to the courts, albeit to have disputes settled, is one of the fundamentals set out in Chapter 2, the Bill of Rights, of the Constitution of the Republic of South Africa, Act 106 of 1996. An order

denying a person the right to approach a court for relief would be unconstitutional.

4.5 Such an order would under the circumstances also be inappropriate. The order, if granted, could readily be circumvented and rendered ineffective, as it would not restrain any other party, including one or more members of the respondent itself, from applying to court for relief in their individual capacity. I am not willing to consider granting an order that could so easily be circumvented.

Order to compel respondent to join

4.6 The second prayer is for an order compelling the respondent to register with the Fund or to apply for an exemption.

4.7 The complainant is a fund established in terms of Sectoral Determination 6: Private Security Sector, South Africa issued by the Minister of Labour under the Basic Conditions of Employment Act, 75 of 1997, and registered as a pension fund with the Registrar of Pension Funds.

4.8 Clause 24.1 (1) provides for the membership of each employee falling within the scope of the Determination of the complainant.

4.9 An employer cannot *join* the complainant or become a member thereof. It can participate in the complainant by deducting contributions from the remuneration due to an *eligible employee*, as defined, and transmitting this amount, together with its own contribution and a prescribed schedule, to the complainant.

4.10 *Eligible employee* is in the definition in the Rules of the complainant defined to limit participation to

- persons performing certain classes of work as defined in sub clauses (41) to (46) of Sectoral Determination 3 of 2000;

- who do not fall under the jurisdiction of any other wage determination, sectoral determination or bargaining council agreement; and

- who have completed 6 months continuous permanent employment with any of the employers within the Private Security Sector immediately prior to joining the complainant;

- but excludes an employee employed by an employer who has been granted exemption to participate in the complainant in

terms of Rule 3.1.2.

4.11 There is no direct requirement in the Sectoral Determination or the Rules of the complainant for employers to register with the complainant. Certain duties are placed on employers by the Sectoral Determination and the Rules, such as to deduct and transmit contributions, and to submit schedules. It follows that before an employer can be ordered to deduct and transmit contributions to the complainant, and in the process be *registered* with the complainant, it must be clear it the employer employs at least one person who qualifies as an *eligible employee* as defined in the Rules.

4.12 The respondent states that it is a CCTV installation company and that the only two persons involved in the respondent are the two members of the corporation. Clause 1(3)(a) of the Sectoral Determination excludes a manager, as defined, from the determination. The members of the close corporation are managers of the corporation. As the respondent has no other employees than the two members, it has no *eligible employees*, as defined.

4.13 The response was submitted to the complainants on 26 February 2008 for a reply, but no reply was forthcoming. If the facts stated on behalf of the respondent are not correct, the complainant had sufficient opportunity to place its view on record.

4.14 As it has not been shown that the respondent employs any eligible employees, as defined, it would serve no purpose to order the respondent to register with the complainant.

4.15 In the result, the complaint is dismissed.

DATED at JOHANNESBURG on this day of 2008.

Yours faithfully

MAMODUPI MOHLALA
PENSION FUNDS ADJUDICATOR