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Please quote our ref: PFA/GA/17597/2007/LCM

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 RONIN PROTECTION SERVICES 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 10 December 2007, a copy of the complaint was sent to the respondent. On 15 January 2008, a response furnished by A Mala of Gillan and Veldhuizen Attorneys and Conveyancers ("the respondent's legal representative") was received by this office. A copy of the response was submitted to the complainant on 31 January 2008 for a reply. The complainant failed to reply.

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.

1.4 As the background facts are well-known to all parties, these shall be

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

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 submits that in terms of section 1(2) of the said Sectorial Determination 6 of the private security sector it does not fall within the definition the Private Security Sector. Further, the respondent submits that its reason for saying so, is that it is in the business of training students in close protection services and the provision of training individuals in the paramedics field.

3.2 Further, the respondent submits that it does not either fall within the complainant's rules as it uses casual employees and that such casual employees' service is only rendered on an adhoc basis which does not form part of its business.

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 Section 1(2) of the Sectoral Determination 6: Private Security Sector defines a private security sector as follows:

> "**Private Security Sector**" (means the sector in which employers) and employees are associated for the purpose of guarding or protecting fixed property, premises, goods, persons or employees, including monitoring and responding to alarms at premises which are guarded by persons or by electronic means."

4.13 The respondent submits that it does not fall within the definition of the Private Security Sector as it is in the business of training students in close protection services and the provision of training individuals in the paramedics field.

4.14 On 31 January 2008, this tribunal forwarded the respondent's response to the complainant for its reply. The complainant failed to reply. The onus rests on the complainant to prove to this office that the respondent falls within the definition of the private security sector.

4.15 On the basis that the complainant fails to prove to this tribunal that the respondent falls within the definition of section 1(2) of the said Sectorial Determination the respondent cannot be made to participate in the complainant. Therefore, it would serve no purpose to order the respondent to register with the complainant.

4.16 In the result, the complaint is dismissed.

DATED at JOHANNESBURG on this day of 2008.

Yours faithfully

MAMODUPI MOHLALA
PENSION FUNDS ADJUDICATOR