

# PERSONAL FINANCE

## Those protecting us deserve better protection

March 16 2014 at 12:00pm

By Bruce Cameron

<http://www.iol.co.za/business/personal-finance>

---

Firm intervention is required in the private security industry to ensure proper protection for its high-risk employees and their families.

It is also important for most employed South Africans, because many use private security companies in one way or another to protect themselves and their families. They stand between us and violent criminals and, as such, deserve our protection.

All private security companies are, by law, required to sign up as participating employers of the Private Security Sector Provident Fund (PSSPF), an umbrella fund. The fund provides a retirement savings element and, more importantly, group risk assurance. In fact, it is more a fund to provide assurance to security guards in case they are killed in the line of duty or seriously injured and unable to work.

Theirs is a high-risk job and fatalities and serious injuries are not uncommon.

When participating employers sign up for any umbrella fund they must:

- \* Provide the fund with a list of employees, who become members of the fund; and
- \* Submit contributions deducted from the pay of employees and any contributions the employer makes within seven days of the start of the new month.

Yet time and time again problems emerge, namely:

- \* Employers simply do not sign up as participating members. Some of them even deduct contributions from employees, which they steal.
- \* Employers sign up but do not send in the contributions.
- \* They do not keep employee/member records up to date.

The first consequence of non-payment of contributions is the loss of assurance benefits, normally after 30 days. So if a security guard is killed or injured, there may be no payment – that is, if it were not for the presence of Pension Funds Adjudicator Muvhango Lukhaimane.

She is increasingly proving to be the only person who is actively trying to protect the rights of private security guards. The extent of the problem can be seen in the fact that 60 percent of all pension fund

complaints to her office come from private security guards who have discovered that they are not properly covered.

According to the Private Security Industry Regulatory Authority (PSIRA), there are about 9 000 private security companies in South Africa, employing about 500 000 people.

The flow of determinations by Lukhaimane against the PSSPF and, more particularly, against employers is consistent – yet the situation does not seem to improve.

In her latest determinations, Lukhaimane says the trustees of the PSSPF and PSIRA are legally obliged to track down and ensure that all private security guard companies are registered as participating employers with the fund; and the trustees are then obliged to ensure that employers pay over member contributions to the fund.

She says guards in the industry continue to be exploited by employers, despite numerous determinations taking employers and the PSSPF to task.

Lukhaimane has again determined that it is illegal for employers not to be registered with the PSSPF and to compound this by deducting employees' contributions that are not paid over to the fund.

It is about time the authorities started laying criminal charges against those employers not adhering to the requirement that they register with the PSSPF; and even more so when they steal contributions. What is needed is a few high-profile cases where the employers are sentenced to a prison term, preferably in a slimy green cell.

We, as users of private security, can also play a part. When you sign up to use a private security company, demand proof from the company that it is a participating employer member of the PSSPF (and check with the fund that this is in fact the case).

One of the reasons for non-membership and fraud is that disreputable companies can price their services at a lower rate than their competitors.

### **FUND HAD NO RECORD OF KLERKSDORP COMPANY**

Klerksdorp-based ATD Security CC, trading as WRS Security Services, has been ordered to sign up its employees as members of the Private Security Sector Provident Fund (PSSPF) and to pay over outstanding contributions.

This follows a complaint by Mr S, who was employed by ATD Security from November 2007, who says he never received a benefit statement from the PSSPF confirming his membership and the amount of his fund credit. As a result, he did not know whether or not the money that had been deducted from his salary was remitted to the fund on his behalf.

The fund said it had no record of Mr S. Neither had ATD applied to participate in the fund. Yet ATD was deducting R18.57 a month from Mr S's pay.

Pension Funds Adjudicator Muvhango Lukhaimane says that, in terms of the fund's rules, "all employers in the private security sector shall participate in the fund". The rules also stipulate that "each eligible employee shall, as a condition of employment, become a member of the fund".

ATD should have registered as a participating employer of the fund in September 2002. Mr S ought to have been registered as a member from May 2008 and ATD should have paid contributions deducted from Mr S to the fund.

She says that the PSSPF is required to take all reasonable steps to ensure compliance with the requirement that all employers in the private security industry participate in the fund and register their employees as members.

The fund must also compel defaulting employers to pay outstanding contributions in respect of their employees.

Lukhaimane says the fund failed to comply with its responsibilities.

She also strongly criticised the Private Security Industry Regulatory Authority (PSIRA) which, in terms of the Private Security Industry Regulatory Act, is required to ensure that employers in the private security sector register as participating employers with the fund and to take legal action and/or report non-compliance.

Lukhaimane determined that the fund and PSIRA should forward notice of ATD's non-compliance to the Registrar of Pension Funds.

She ordered ATD to register with the PSSPF as a participating employer from September 2002 and to register Mr S as a member from May 2008 to date.

ATD was also ordered to submit all outstanding contribution schedules from May 2008 to date to the fund in order to facilitate the computation of Mr S's arrears contributions.

ATD was also ordered to pay to the fund arrears contributions, together with late payment interest.

The PSSPF was ordered by Lukhaimane to provide Mr S with a copy of his latest benefit statement within two weeks of receiving payment from ATD.