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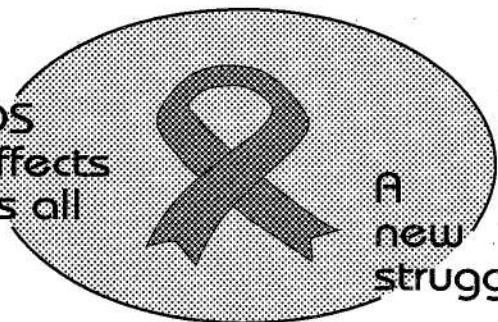
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PRETORIA, 21 JULY
JULIE 2000

No. 21392

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us all



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struggle

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DEPARTMENT OF HEALTH

CONTENTS

No.	Page No.	Gazette No.
BOARD NOTICE		
53 Security Officers Act (92/1987): Security Officers' Interim Board: Notice of regulations to be promulgated under section 32.....	3	21392

BOARD NOTICE RAADSKENNISGEWING

BOARD NOTICE 53 OF 2000

SECURITY OFFICERS' INTERIM BOARD

SECURITY OFFICERS ACT, 1987 (ACT NO. 92 OF 1987)

NOTICE OF REGULATIONS TO BE PROMULGATED UNDER SECTION 32 OF THE SECURITY OFFICERS ACT, 1987 (ACT NO. 92 OF 1987)

The Security Officers' Interim Board hereby gives notice under section 32(4) of the Security Officers Act, 1987 (Act No. 92 of 1987), that the Board intends to issue under section 32 of that Act, the regulations contained in the Schedule hereto. All interested persons are hereby invited, in terms of section 32(4) of the Act, to submit to the Board within four (4) weeks as from the date of publication of this notice any objections to or representations concerning the proposed regulations to the following address:

**The Registrar
Security Officers' Interim Board
Private Bag X817
PRETORIA
0001**

**P RONAN
REGISTRAR : SECURITY OFFICERS' INTERIM BOARD**

SCHEDULE

REGULATIONS MADE UNDER THE SECURITY OFFICERS ACT, 1987 (ACT NO. 92 OF 1987)

The Security Officers' Interim Board has, with the concurrence of the Deputy Minister for Safety and Security, acting on behalf of and on assignment by the Minister for Safety and Security, under section 32 of the Security Officers Act, 1987 (Act No. 92 of 1987), made the regulations set out in the Schedule hereto.

SCHEDULE

AMENDMENT OF REGULATIONS MADE UNDER THE SECURITY OFFICERS ACT, 1987 (ACT NO. 92 OF 1987)

Definition

1. In this Schedule "the Regulations" means the Regulations published by Government Notice No. R. 797 of 2 April 1990, as amended by Government Notice No. R. 1597 of 28 June 1991, and amended by Government Notice No. R. 2070 of 16 August 1991, and amended by Board Notice 84 of 1993 of 6 August 1993 and further amended by Board Notice No. R. 11 of 1995 as published in *Government Gazette* No. 16240 dated 3 February 1995.

Amendment of regulation 9 of the Regulations

2. Regulation 9 of the Regulations is hereby amended by the substitution for regulation 9(2)(b) and (3) of the following regulation:

"(2) The fees payable in terms of these regulations shall be as follows:

(b) Annual Fees

- (i) Payment of annual fees for the purposes of regulation 7(1) by a security business registered as a security officer who uses between one (1) and fifty (50) security officers to render a security service: R200.00 per month (excluding VAT).
- (ii) Payment of annual fees for the purposes of regulation 7(1) by a security business registered as a security officer who uses fifty one (51) or more security officers to render a security service : R4.00 multiplied by the total number of security officers used to render a security service per month.
- (iii) Payment of annual fees by security officers not falling under paragraph (i) and (ii) : R7.00 per month (excluding VAT).

(3) This regulation shall come into operation on 1 September 2000".

SECURITY OFFICERS' INTERIM BOARD

Explanatory memorandum regarding proposed amendment to regulations

1. The proposed amendments to the regulations of the Security Officers' Interim Board deal with an increase in the annual fees payable by certain registered security officers to the Security Officers' Interim Board.
2. The Government views the regulation of the vast private security industry as of key national importance in order to achieve and maintain a trustworthy and legitimate security industry which acts in the public interest. It thus goes without saying that the Security Officers' Interim Board, entrusted with such regulation, must have sufficient financial resources to properly perform its regulatory functions. This is particularly in view of the fact that our Government is considering the expansion of the regulatory scope of the Board's regulatory functions.
3. The Board's audited financial statements for the year ended 31 March 2000 reveal that the Board achieved a modest surplus of R1 million which will clearly not be achievable in future given the proposed expansion of the Board's regulatory activities. A further motivating factor is that despite the 25 fold increase in regulatory activity of the Board over the past 3 years, 30 inspectors are clearly not enough to regulate the security industry in the manner which it should.
4. Historically the Board was, until 1 September 1998, funded primarily by individual security officers in terms of a fee structure that required that individual security officers pay the same fees individually as each security business. Due to the disparity in the number of individual security officers versus security businesses, the overwhelming burden of the funding of the Board's statutory regulatory and administrative activities was borne by individual security officers (97.4%). This state of affairs was clearly inequitable given that the Board has historically spent a significant proportion of its resources in regulating the activities of security businesses.
5. The Third Security Officers' Board during 1998, and following due deliberation, agreed that given the above facts, a differentiation between, inter alia, the annual fees payable by individual security officers and security businesses should immediately be implemented. This was seen as a first step in creating a more equitable spread of the burden of funding of the regulatory authority of the private security industry as between industry employers and employees.
6. The Board thereafter published, in the Government Gazette, its intention to implement a differentiated fee structure for general comment by interested parties in response to which no negative comments were received. Thereafter a proposal in this regard was submitted to the Deputy Minister for Safety and Security who was supportive of the merits of the proposed restructuring of the funding of the Board's operations and concurred with the Board making regulations to give effect thereto. These regulations were gazetted on 17 July 1998 and came into operation on 1 September 1998. This was, however only a first step in achieving an equitable funding of the Board's regulatory operations.
7. The outcome of this differentiated fee structure has been to create a more equitable spread of the funding of the Board's activities. However individual security officers still fund the majority (57%) of the cost of regulating the private security industry in South Africa.
8. Despite the initial changes in funding implemented in 1998, certain inequities still continue, including the following:

- The financial burden on employee security officers is still inequitable;
- There is no differentiation between the annual amounts payable by small, medium and large security businesses that earn vastly different revenues.

There should, in particular, be an alleviation of this last mentioned inequity.

9. As stated above and despite the changes in funding implemented during 1998, the majority of the financial burden of the funding of the Board's activities still rests primarily on employee security officers. The Board's regulatory activity, by contrast, is focused on security businesses, where the rendering of security services originates. It is self-evident that the higher the number of security officers employed or deployed by a security business is, the more resources the Board has to devote to that business in order to monitor compliance of that business. It is these factors, coupled with issues such as fairness and affordability, which all justify higher amounts being levied on businesses in proportion to the number of security officers utilized by those businesses to render security services.

10. It is clear to the Board that there will in future be no State funding in respect of the regulation of the private security industry and that the industry must finance such regulation.

11. It is thus proposed that the annual amounts provided for in section 18 of the Security Officers Act, 1987 (Act No. 92 of 1987) be increased to R4.00 multiplied by the number of employee security officers used to provide a security service per month in respect of those security businesses.

12. The amendments referred to above suggest a differentiation in fee structures in regard to different categories of security officers. Such differentiation is permissible in terms of section 32(2) of the Security Officers Act:

"Different regulations may be made under subsection (1) with reference to different categories of security officers".

13. It is the view of the Security Officers' Interim Board that a differentiation in fee structures as contained in the proposed amendments is fair and reasonable given the following factors:

- Security businesses employing larger number of security officers derive a greater financial contribution from their workforce of registered security officers and therefore should carry a greater proportional share of the cost of regulating the industry in which they operate;
- Security businesses with a larger workforce have a correspondingly higher turnover and profitability;
- Passing on of further fee increases to SMME's could result in the creation of unacceptable barriers to entry to and survival within the industry;
- The cost of regulating security businesses is directly proportional to the size of the business.
- The proposed increase in fees for businesses which employ more than 50 security officers would result in a projected equal burden as between security businesses and employee security officers (50% each) in respect of the funding of the Board's regulatory activities.

14. In view of the above it is the opinion of the Security Officers' Interim Board that the proposed increases and the differentiation in the fee structures are necessary, fair and equitable and should be implemented from 1 September 2000.

P RONAN

REGISTRAR: SECURITY OFFICERS' INTERIM BOARD

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