

PRIVATE SECURITY SECTOR

Provident Fund

**PSSPF
PRESENTATION TO THE
PENSIONS LAWYERS ASSOCIATION
SEMINAR**



The PSSPF : Introduction

- Fund negotiated by Employer and Labour Organisations
- Process facilitated by the Department of Labour through gazetting "Sectoral Determination 6 published under Government Notice 6 No. 1250 of 30 November 2001 as amended".

BACKGROUND

The Sectoral Determination (SD 6): Private Security Sector, South Africa was published in the government gazette of 30th November 2001 and provisions in respect of minimum wages became applicable on 10th December 2001. These provisions included compulsory membership to the Private Security Sector Provident Fund. The wages in the sector are set for rolling three year periods, including annual increments. Amendments to the wage structure were effected in 2003, 2006 and 2009. Currently parties to the Bargaining Forum are locked in negotiations to fix wage levels effective from 2012.



Employment Conditions Commission (ECC)

The sector has no national bargaining council but has a forum with a constitution that bargains collectively on conditions of employment and wages. The parties to this forum are, however, not representative of the industry as a whole. Since the promulgation of SD 6, the practice has been that the parties first negotiate in a formally constituted negotiating forum. The agreement reached in the bargaining forum then forms the basis of discussion in the Employment Conditions Commission (ECC) process where it is tested against the criteria as set out in the Basic Conditions of Employment Act (BCEA).



BCEA CRITERIA

- a) **The ability of employers to carry on their business successfully**
- b) **The operation of small, medium or micro-enterprises**
- c) **The cost of living**
- d) **The alleviation of poverty**
- e) **Wage differentials and inequality**
- f) **The impact of current or the creation of employment.**

MEMBERSHIP-ELIGIBILITY

The sectoral determination makes it compulsory for employers and employees to contribute to the Private Security Sector Provident Fund. In the most recent determination it became compulsory for all new employees employed in the sector to be covered for risk cover by the Private Security Sector Provident Fund from the date of commencement of employment and that there shall be equal contribution by employee and employer for the cost of risk cover benefits.

COMPLIANCE TARGETS

- Get All Eligible Employees and Employers in the Sector to participate in the Fund
- Ensure action is taken by Regulators against Employers who are not compliant
- Manage cost exposures induced by non-compliance

CHALLENGES FACING THE FUND

□ LEAKAGE

| | MEMBERSHIP | ANNUAL DUES |
|----------|------------|---------------|
| ENROLLED | 150 000 | R 406 800 000 |
| ACTIVE | 366 000 | R 992 592 000 |
| | | R 585 792 000 |

PROBLEMS CASUED BY NON COMPLIANCE

Claims

- Tracing of Beneficiaries (Tracing Agents Appointed)
- Document Collection
- Repudiations
- Inaccurate values

ENFORCING COMPLIANCE

Clients

- Include Provident Fund as Part of Tender process
- Enjoining customers on any litigation
- Increasing awareness through education

Regulators

- DOL
- PSIRA
- DPP
- SAPS
- FSB
- PFA

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THANK YOU