



**PSIRA**  
Private Security Industry Regulatory Authority



## **CONDUCTING BUSINESS IN A GREY AREA:**

**The manufacturing, importation,  
selling and distribution of security  
equipment in South Africa**

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## EXECUTIVE SUMMARY

This report provides an in-depth analysis of the status of regulation of businesses that are manufacturing, importing, selling or distributing security equipment. The study found that the cost of labour in South Africa is harming investor confidence in South Africa and it is, therefore, less costly for distributors to import than to manufacture equipment locally; hence most of the equipment is imported and very few types of security equipment are manufactured in South Africa.

The literal interpretation of the definitions of security service and security equipment vis-à-vis section 35(1)(s) of the Private Security Industry Regulation Act 56 of 2001 was found to be misleading and ambiguous. This shortfall was found to be one of the major reasons for the sector to be non-compliant and made it difficult to regulate.

The research findings indicate that the Private Security Industry Regulatory Authority (PSiRA) has a concurrent regulatory responsibility along with other regulatory bodies on some types of security equipment. Both the National Regulator for Compulsory Specifications (NRCS) and Independent Communications Authority of South Africa (ICASA) have a legislative mandate to regulate some security equipment, including some types mandated in terms of the Private Security Industry Regulation Act 56 of 2001.

The irrelevance of security grades training to service providers dealing with security equipment was also highlighted in this study. The risk factors, which are caused by a lack of regulation in this sector, were highlighted. The future success or failure of businesses dealing with security equipment was predicted in this study.

The study further discovered that the regulation of many types of security equipment requires significant technical expertise, which PSiRA currently does not possess. Research findings also indicates that security equipment, as it was known many years ago, has evolved, in particular, through the influence of the Fourth Industrial Revolution and this calls for an amendment of the Act.

In conclusion, recommendations were made to develop regulations, which will aid the Authority in fulfilling its legislative mandate of regulating the manufacturing, importation, selling and distribution of monitoring devices and in future other security equipment identified for purposes of regulation. The recommendations in this report were largely influenced by the research findings and the circumstances at PSiRA, which includes its resource capacity. The findings also take into consideration the practical and legally possibilities of implementing such recommendations.



## ABBREVIATIONS AND ACRONYMS

<b>BAC</b>	Business Against Crime
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CCTV</b>	Close Circuit Television
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>ESDA</b>	Electronic Security Distribution Association
<b>Etc.</b>	Et cetera
<b>GPS</b>	Global Positioning System
<b>GSM</b>	Global System for Mobile Communication
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	Information and Communication Technology
<b>LOA</b>	Letter of Authority
<b>MOU</b>	Memorandum of Understanding
<b>NRCS</b>	National Regulator for Compulsory Specifications
<b>PSiRA</b>	Private Security Industry Regulatory Authority
<b>SA</b>	South Africa
<b>SABS</b>	South African Bureau of Standards
<b>SAIDSA</b>	South African Intruder Detection Services Association
<b>SANAS</b>	South African National Accreditation Services
<b>SANS</b>	South African National Standards
<b>SARS</b>	South African Revenue Service
<b>SOB</b>	Security Officers Board
<b>SSA</b>	State Security Agency
<b>STATSSA</b>	Statistics South Africa
<b>VESA</b>	Vehicle Security Association of South Africa
<b>VMS</b>	Video Management System
<b>USA</b>	United States of America

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## 1. INTRODUCTION

The regulation of the manufacturing, importation, selling and distribution of security equipment, including monitoring devices, is a significant cause of concern in the private security industry of South Africa, especially since there are no regulations relating to the process of manufacturing, importing, selling and distribution of security equipment (specifically monitoring devices) contemplated in Section 1 of the Interception and Monitoring Prohibition Act, 1992 as amended by the Regulation of Interception of Communications and Provision of Communication-related Information Act 70 of 2002. The Private Security Industry Regulatory Authority (PSiRA) has categorised the manufacturing, importation, distribution or advertising of monitoring devices as a sub-category of the private security industry and even allows private security companies (PSC's) to register as service providers of such services. There are currently 747 PSC's registered with PSiRA as manufacturers of security equipment. In addition, there are other businesses rendering services as manufacturers, importers, sellers or distributors of security equipment or doing a combination of these services, in the country that are for various reasons not registered with PSiRA.

Firstly, the report will provide an in-depth analysis of the current state of regulation in the manufacturing, importation, selling and distribution of all security equipment in South Africa. It is aimed at influencing the policy position of PSiRA in relation to the manufacturing, importation, selling and distribution of security equipment, not only monitoring devices contemplated in section of the of the Interception and Monitoring Prohibition Act, 1992 as amended. This study was conducted in order to generate knowledge and to address the concerns caused by the lack of regulations on businesses dealing with security equipment in general.

Secondly, the report will analyse the shortcomings of PSiRA's database in relation to private security companies registered as manufacturers of security equipment and specifically of monitoring devices, as well the inadequateness of the definitions of security service and security equipment as found in the Private Security Industry Regulation Act (PSiR Act). The effects of such shortcoming will be analysed.

Furthermore, it will look at the historical developments of some security equipment, contemporary developments and the use of security equipment and highlight the need to regulate other security equipment used by the private security industry that are not monitoring devices in terms of the Interception and Monitoring Prohibition Act, 1992. The study will also analyse the impact of the Fourth Industrial Revolution in order to understand

its impact of PSiRA's regulatory mechanisms and those of other regulatory bodies dealing with security equipment.<sup>1</sup>

The study will further analyse the role of other regulatory institutions that have concurrent legislative mandates with PSiRA in regulating some types of security equipment. The methodology and the capacity of their regulations will be analysed in order to identify the appropriate role for PSiRA in regulating the process of manufacturing, importation, selling and distribution of security equipment and to avoid the duplication of regulations.

Manufacturing generally has a great impact on South Africa's economy; the study will further look at the impact of manufacturing on the economy and the impact of security equipment imported from Asia to South Africa. As transformation is one of the objectives of the Authority, the level of transformation or lack thereof will be analysed. The following issues will also be analysed: relationship between PSiRA, private security companies and consumers, and the level of competition among the businesses dealing with security equipment. Predictions will also be made regarding the future of businesses dealing with security equipment.

Finally, the study will look at what is expected from the regulations on the manufacturing, importation, distribution or advertising of security equipment that ought to be regulated and possible challenges. The report will furthermore analyse the risks posed by lack of regulations in this sub-sector and try to provide pragmatic solutions to those problems in the form of recommendations. Ultimately the research objective is to underpin the reasons for non-compliance and determine how this, and general regulation of the sector can be addressed to ensure greater compliance by security service providers.

## 2. RESEARCH HYPOTHESIS, QUESTIONS AND METHODOLOGY

The hypothesis for this research is as follows: The developments in the private security industry raised a need for regulations on the manufacturing, importation, selling and distribution of other security equipment and not only the monitoring devices contemplated in terms of section 1 of the Interception and Monitoring Prohibition Act.

In line with the above hypothesis, the following research question was formulated which the

<sup>1</sup> PSiRA annual report 2016/2017.

study will answer in an effort to confirm or refute the hypothesis: Firstly, how can PSiRA build an effective regulatory regime for the manufacturing, importation, selling and distribution of security equipment in the private security industry of South Africa?

Both desktop and field research methods were used in the process of collecting data, which was later analysed and processed. The study was exploratory in nature. Structured and unstructured interviews were conducted with participants who are registered security service providers and with businesses not registered with PSiRA. The aim was to gain knowledge and understanding of what is happening in the sector where security equipment is manufactured, imported, sold or distributed.

A major limitation of this study was that some of the businesses, which were identified to participate, declined for various reasons, which among others includes a lack of interest or a lack of time. Moreover, the study found that a considerable number of businesses dealing with security equipment are not registered with PSiRA, which might be a reason why some businesses, which were identified to take part in the study, refusing to participate in the study. The lack of interest by private investigators to list equipment that they use for purposes of performing their work was also identified as a major shortcoming in this study.

### 3. LITERATURE REVIEW

There is unfortunately a paucity of literature in relation to the manufacturing, importation, selling and distribution of security equipment, particularly in a South African context. It is worth noting that the subject of manufacturing, importation, selling and distribution of security equipment is under-researched in the country. The only related article found is a research report, named: The Electronic Security Sector in South Africa (2015) (unpublished). Margaret W Gichanga conducted this research on behalf of PSiRA.

The Research and Development Unit of PSiRA conducted this study in 2015 with the aim of understanding the key elements of the electronic security sector in the private security industry. The report interrogated how it is managed, to what extent providers of security equipment comply with the Act and degree to which this sector contributes to increasing the safety and security of the consumer.

Firstly, the study categorised the type of service that can be regarded as electronic security, which among others includes: manufacture of security equipment, locksmith/key cutter; security equipment installer;

fire prevention and detection; consulting engineer; and alarm installers. The report revealed the growth in the electronic security sector, which was informed by the increased access by the public to private property, such as shopping malls, and for the increased need for access control and surveillance that this sector offers.

Secondly, the report revealed that CCTV and alarms surveillance provided better security at a lower cost than guarding and patrol services, and therefore the sector was expected to experience a spike in future demand for such services. The report furthermore highlighted the challenges with the definitions of electronic security equipment and security services in the Act.

Thirdly, it was further noted that the level of non-compliance is high in the electronic security sector. Among other reasons for this level of non-compliance was that service providers do not want to register with the Authority because they do not perceive any benefits for registration with PSiRA. The study further revealed the unfavourable perceptions of PSiRA by members of the electronic security sector. Both these findings point to a serious challenge that needs to be addressed to ensure greater compliance in the sector. This led to the recommendation for awareness campaigns to facilitate the dialogue with the sector aimed at shifting perceptions and encouraging conformity with the Act, and create an improved outlook for the Authority. In conclusion, it was recommended that advocating compliance should inform PSiRA's initial approach to the electronic security sector, and when this is met with an unsatisfactory response, enforcement approaches must be used.

### 4. BACKGROUND

The Private Security Industry Regulatory Authority (PSiRA) is a juristic person established in terms of section 2 of the Private Security Industry Regulation Act 56 of 2001. Section 35(1) (s) of the Act bestows upon the Minister of Police the discretionary powers to develop regulations relating to the manufacture, importation, selling, distribution and possession of security equipment.<sup>2</sup> Literal interpretation of this provision in section 35(1)(s) means the manufacturing, importation, selling and distribution of other security equipment, which are not contemplated in section 1 of the Interception and Monitoring Prohibition Act, 1992 is a security service which is subject to PSiRA regulations. This literal interpretation of this provisions is

<sup>2</sup> Private Security Industry Regulations Act 56 of 2001.

ambiguous, vague and misleading, thus leading to absurdity because the definition of security service in terms of section 1 of the Act only recognises the manufacturing, importation, distribution or advertising of monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992 as amended by the Regulation of Interception of Communications and Provision of Communication-related information Act 70 of 2002.

In this study, the golden rule of interpretation was applied (which states that if the plain meaning of the words is ambiguous, vague, misleading, or if a strict literal interpretation would result in absurd results, then it must be deviated from to avoid such absurdity)<sup>3</sup> by deviating from the text based approach to avoid such absurdity. Secondary aids to interpretation were utilised to find the intention of the legislature. In context, the legislature's intention in this regard was to deliberately narrow the definition of security equipment in relation to manufacturing, importing, distributing or advertising security equipment in order to focus only on monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992. The definition of security service and security equipment as found in section 1 of the Act was read together with section 35(1) of the Act to find the purpose of the legislature.

The sub-sector of the private security industry, which is specifically dealing with manufacturing, importation, selling, and distribution of monitoring devices security equipment, is largely unregulated in particular by PSiRA as a body entrusted with the powers to regulate the private security industry in South Africa. The Authority currently does not have regulations on the manufacturing, importation, selling and distribution of security equipment.

The lack of regulations has had both negative and positive impact on the security service providers depending on whether you are a service provider or a consumer, and the type of product you are selling or buying.

### History on Development of Some Security Equipment

In time and as criminals developed new and more sophisticated methods of committing crimes, the private security industry also gradually developed equipment that would assist in crime prevention and help identify the perpetrators of such criminal acts. As and when times changed, there might be a need for PSiRA to regulate the manufacturing, selling, importation and distribution of other security equipment, which were initially identified

for regulation. Different people in different countries developed this equipment at different times for one or more reasons. The purpose for developing security equipment is now changing from crime prevention to include management of fleet and staff as well as data gathering. Here is the brief history of the discovery and development of some security equipment: –

### CCTV

Many premises, streets and even homes are fitted with security technology and it is something we have come to accept.<sup>4</sup> Business and domestic consumers alike can benefit from using it to boost security and to increase their peace of mind.<sup>5</sup> Of course, the CCTV systems available today are very different from earlier versions.<sup>6</sup>

The earliest documented use of CCTV technology was in Germany in 1942.<sup>7</sup> Engineer Walter Brush designed the systems and it was set up for the monitoring of V-2 rockets.<sup>8</sup> It was not until 1949 that the technology was launched on a commercial basis.<sup>9</sup> In that year, an American government contractor named Vericon promoted the system.<sup>10</sup> These primitive solutions comprised cameras and monitors and they could only be used for live monitoring. They did not have components that allowed users to record footage.<sup>11</sup>

### The emergence of VCRs

A major development in the history of CCTV occurred when Video Cassette recording (VCRs) became widely available in the 1970s.<sup>12</sup> The technology was quickly incorporated into surveillance systems, offering a new way for the cameras to be used. It was no longer necessary for people to monitor the screens live. Instead, the systems could be set up and left to run by themselves.<sup>13</sup> Users could then review the information recorded as and when they wanted to. This made CCTV more popular among businesses.<sup>14</sup> However, it's important to note these solutions were far from perfect. The tapes had to be

<sup>3</sup> Botha C, *Statutory Interpretation, An Introduction for Students*, 5th Edition, 2017 Juta.

<sup>4</sup> <https://www.pcr-online.biz/retail/the-history-of-cctv-from-1942-to-present>. (11/05/2018)

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> <https://www.pcr-online.biz/retail/the-history-of-cctv-from-1942-to-present>. (11/05/2018)

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.



changed on a regular basis or re-written. If users wanted to store information for any length of time, they had to keep a library of tapes.<sup>15</sup>

### Metal Detector

In 1881, Alexander Graham Bell invented the first metal detector.<sup>16</sup> As president James Garfield lay dying from an assassin's bullet, Bell hurriedly invented a crude metal detector in an unsuccessful attempt to locate the fatal slug.<sup>17</sup> Bell's metal detector was an electromagnetic device he called the induction balance.<sup>18</sup> In 1925, Gerhard Fischer invented a portable metal detector. Fischer's model was first sold commercially in 1931 and he was behind the first large-scale production of metal detectors.<sup>19</sup>

The first industrial metal detectors were developed in the 1960s and were used extensively for mineral prospecting and other industrial applications.<sup>20</sup> Uses include de-mining (detection of land mines), detection of weapons such as knives and guns (especially in airport security), geophysical prospecting, archaeology and treasure hunting.<sup>21</sup> Metal detectors are also used to detect foreign bodies in food, and in the construction industry to detect steel reinforcing bars in concrete, and pipes and wires buried in walls and floors.<sup>22</sup>

### Burglar Alarm

Before the modern alarm was invented, livestock or guard dogs were known to have alerted homeowners of unwelcome guests.<sup>23</sup> In the early 1700s English inventor, Tildesley was credited with the first creation of an intrusion door alarm, it worked by activating a set of chimes mechanically linked to the door.<sup>24</sup> When the intruder used a skeleton key or other device to try to open the door, the chimes would sound, alerting homeowners of the intruder. Tildesley claimed the device would doubtless prompt the intruder to flee.<sup>25</sup>

Boston Inventor, Augustus Russel Pope, discovered how to use electricity, magnets, and a bell to create an early version of the modern burglar alarm.<sup>26</sup> "It operated off of the use of a battery and was an individual unit for each window or door.<sup>27</sup> The bell, which rang from an electric current streaming through a magnet causing it to vibrate, was mounted on top of the doorframe in to the wall.<sup>28</sup> Wires ran from a spring 'key' in the door/window through a circuit breaker near the bell, allowing the current to run constantly once the door/window tripped the spring."<sup>29</sup>

Pope was issued with patent number 9802 for his burglar alarm device on 21 June 1853. Sometime between the middle of 1857 and May 1858: Pope became very ill with typhoid fever. He sold the patent to Edwin Holmes for \$1,500 cash and \$8,000 in notes.<sup>30</sup> In 1859 Holmes decided to move his burglar alarm business to New York, "Where he believed" all the country's burglars" had made their home."<sup>31</sup> On 11 October 1859, George F Milliken was issued patent number 25753 for improvements he made to the alarm. He designed the alarm device to reside in the room where the homeowner slept or would be unaware of potential thieves' entry. He ran wires fitted with a spring with a certain amount of creases, which signified a specific number of rings on the bell, from all doors/windows, alerting the homeowner to the precise door/window where forced entry had occurred.<sup>32</sup>

### GPS Tracking Devices

The history of vehicle tracking dates to the beginning of Global Positioning System (GPS) technology in 1978, when the experimental Block-I GPS satellite was launched in to space.<sup>33</sup> Manufactured by Rockwell, this system was tested; and by the end of 1985, 10 more Block-I satellites were launched to further validate the concept.<sup>34</sup> In the early years, the technology was not yet operational, due to insufficient number of satellites orbiting the earth.<sup>35</sup> On 17 January 1994, after years of gradual growth, the final of the first 24 satellites was launched, and

<sup>15</sup> Ibid.

<sup>16</sup> <https://www.thoughtco.com/history-of-the-metal-detector-1992303?print>. Accessed on 25/05/2018

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> [http://vintechology.com/2011/04/08/back-to-basics-where-did-the-burglar-alarm-come-from?](http://vintechology.com/2011/04/08/back-to-basics-where-did-the-burglar-alarm-come-from/) (accessed on 11/05/2018)

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> <https://www.trackyourtruck.com/blog/brief-history-gps-vehicle-tracking/> (Accessed on 27 July 2018.)

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

the GPS system was considered operational. Today, fleet tracking taps into this technology.<sup>36</sup>

Early GPS technology was designed primarily for use by the military. The uses for the military were clear in the 1980s and 1990s, but public interest in GPS technology was minimal. In 1996, the United States president Bill Clinton determined that the system should be an asset to civilians as well as the military, and issued a directive that would require the creation of a dual-use system benefiting everyday users.<sup>37</sup> Policy change in the US made GPS technology available to the average individual, including fleet managers, who could see the benefit of using the technology to keep tabs on their vehicle.<sup>38</sup>

The modern fleet tracking system provides necessary data to fleet managers allowing them to run their operations more efficiently.<sup>39</sup> Reports on driver behaviour, vehicle performance and fuel use make it easier for the fleet manager to cut costs and increase efficiencies. These systems go beyond simple reporting of each vehicle's location, offering fleet managers a wealth of information about their vehicles and their drivers.<sup>40</sup>

## 5. RESEARCH FINDINGS

### 5.1 Current Registration Methods and Regulatory Mechanisms

Currently PSiRA registers security service providers on its database as mandated by the Act and issues them with a certificate to practice as security service providers in the private security industry of South Africa. The applicants complete a SIRA-24 application form and select the services that they are going to render by merely ticking on the boxes reflecting different types of security services. However, neither the application process nor an infrastructure inspection by an inspector determines whether the applicant is capable of rendering services selected. This method has proven to be problematic because PSiRA now has a database, which reflects the incorrect number of businesses registered as manufactures of security equipment. Inspectors should be trained to conduct proper infrastructure inspections to enable them to recommend for approval the type of services that a

business is capable of rendering immediately after registering.<sup>41</sup>

The Authority currently does not have an inspection report form on manufacturing, because there are no regulations on manufacturing of security equipment, which means there is nothing that will inform such a report. The only two inspection report forms related to the security equipment are for locksmiths and for installers of security equipment.

### 5.2 PSiRA Database

The database of PSiRA in relation to security services is segmented according to categories of services, for example: training, private investigator, reaction services, security guards, manufacture of monitoring devices etc. The manufacture of monitoring devices in the financial year 2016/2017 had 747 registered service providers.<sup>42</sup> It may be argued that this number falls short of the reality as there are many unregistered businesses that manufacture, import, sell or distribute general security equipment and not necessarily monitoring devices. In addition, there are many businesses that are registered with PSiRA as manufacturers of monitoring devices but are not involved in the manufacturing of any security equipment. During the process of preparing for field research, many of the business on the database were contacted with the aim of conducting interviews and it was found that more than 50% of businesses registered with PSiRA as manufacturers of security equipment have nothing to do with manufacturing, importation, distribution or advertising of security equipment or monitoring devices. The PSiRA database with regard to businesses which manufacture security equipment generally reflect both over-counting and under-counting status, which resulted in incorrect numbers on the database. It is therefore necessary that the Authority invest resources to correct this state of affairs because this information, supplied to the public and Parliament on yearly basis, is incorrect and misleading.

### 5.3 Non-compliance with PSiR Act

The definition of a security service as found in section 1 of the PSiR Act explicitly excluded the manufacturing, importing, distributing and advertising of other security equipment, which are not contemplated in Section 1 of the Interception and Monitoring Prohibition Act, 1992. The textual interpretation of this provision means there is no legal obligation placed upon the business that are manufacturing, importing, selling and distributing security equipment to register in terms of section 20(1) of the PSiR Act. The duty to register as a

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Interview, Rocco Van Zyl, acting manager registration - PSiRA, 24 September 2018.

<sup>42</sup> PSiRA annual report 2016/2017.

service provider with PSiRA is expressed in the Act for the service providers who are installing, servicing or repairing security equipment; those that are monitoring signals or transmissions from electronic security equipment; and those that are performing functions of a locksmith. There is somehow confusion among some security service providers who are installing CCTV cameras and some who are installing vehicle tracking devices and monitoring them, on whether they must register or not.

This definition of security equipment as found in the Act has expressly excluded the software which are used together with some of this security equipment, including the monitoring devices. The functioning of some of this security equipment depends largely on software installed in them, without which such equipment will not serve any security function. Bugging devices used by private investigators mostly work in conjunction with software installed on a computer or on such a device. A CCTV system is another example of such equipment; cameras together with a recording machine without software will not serve the purpose. Some of the service providers have therefore called for the amendment of the Act in order to include software as security equipment. Direct security software should be included in the Act as security equipment, for example Video Management System (VMS).<sup>43</sup> Although software is not tangible like most equipment, it is needed in order for other security equipment to function properly.

It is worth noting that security equipment includes both electronic and non-electronic security equipment. The definition of security equipment as found in the Act is incomplete due to the fact that some security equipment, used by security service providers, are not listed under section 1 of the PSiR Act and they must be regulated. It is therefore highly recommended that the Act be amended to include other categories of security equipment in the definition of a security equipment. The challenges in the private security industry and technological developments calls for a need to amend legislation in order to take a broader approach and include the manufacturing, importation, selling and distribution of other security equipment which are not contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992 as amended by the Regulation of Interception of Communications and Provision of Communication-related Information Act 70 of 2002. There are several equipment, which are not regulated by the Authority that are being used by private security industry in particular private investigators, which are not regulated by PSiRA in anyway. The usage of

certain security equipment compromises the safety and interests of the users of security services, which is contrary to one of the objects of the Authority, which is to protect the interests of users of security services.

The study found that a considerable majority of the service providers dealing in security equipment are not registered with PSiRA. The irrelevance of the security grades training provided by PSiRA accredited training centres, which is a matter that will be addressed later in this report is also highlighted as a reason for some not to register with PSiRA.

The shortcomings and challenges highlighted in this chapter make it difficult for PSiRA to build a compliance culture on service providers dealing with security equipment. This a grey area of law which can only be cleared by amendment of the Act and drafting of clear and efficient regulations on security equipment.

#### **5.4 Fourth Industrial Revolution vis-à-vis Regulation of Security Equipment**

Industry 4.0 signifies the fourth in a series of industrial revolutions, which are characterised by their abilities to transform economies, jobs and even society itself through introduction of new technologies and processes.<sup>44</sup> Beginning of the late 18<sup>th</sup> century with the advent steam power and the invention of the power loom, the first industrial revolution ushered in mechanisation and radically changed how goods were manufactured.<sup>45</sup> In the late 19<sup>th</sup> century, electricity and assembly lines made mass production possible, giving rise to the second revolution.<sup>46</sup> Many cite the third revolution as beginning of the 1970's when advanced computing enabled the world to programme machines and networks, powering automation.<sup>47</sup>

We stand on the brink of a technological revolution that will fundamentally change the way we work.<sup>48</sup> In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before.<sup>49</sup> We do not know how it will unfold going forward, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society. This era is evolving at an exponential rather than

<sup>43</sup> Interview, Anonymous participant, 06 July 2018.

<sup>44</sup> Delloite, **The Fourth Industrial Revolution is here-are you ready? (2018).**

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

<sup>48</sup> Schwab, K. **The Fourth Industrial Revolution, what it means and how to respond, (2015).**

<sup>49</sup> Ibid.

a linear pace.<sup>50</sup> These are challenges that need to be faced, particularly in the realm of regulation. Current systems of public policy and decision-making had benefit of time to study a specific issue and develop a necessary response or appropriate regulatory framework.<sup>51</sup>

However, such an approach is no longer feasible. Given the Fourth Industrial Revolution's rapid pace of change and broad impacts, legislators and regulators are being challenged to an unprecedented degree and for the most part are proving unable to cope.<sup>52</sup> Therefore, PSiRA's challenges of developing regulations that will regulate the ever changing technological security equipment are not unique in the realm of regulation. In order for PSiRA to deal with and make itself relevant at all times there is a greater need for the Authority to continuously adapt to a fast-changing environment, reinventing itself so that it can truly understand what needs to be regulated and how to go about writing meaningful and efficient regulations. PSiRA will need to collaborate with other regulatory bodies and the industry in order to adapt to these changes. A warning was also issued for PSiRA to be careful not to regulate the investors away through over-regulation.<sup>53</sup> The Fourth Industrial Revolution will affect the way in which PSiRA is conducting its business and the manner in which it will regulate the manufacturing, importation, selling and distribution of security equipment going forward. There is a greater need to for the Authority to be pro-active in its approach in order to identify some security equipment that poses a threat to the security of state and compromise the professionalism of the private security industry.

With technology evolving at such a high speed it is anticipated that the manufacturing of security equipment will continue to evolve as well. The impact of the Fourth Industrial Revolution on the industry is that security technology has developed to an extent wherein biometrics and face identification are used to access premises. Intruder repellent pepper sprays have been developed, which activate automatically upon an intruder entering a prohibited area. Access control systems are now merged with CCTV and the Human Resource Management systems. Security systems are integrated to an extent wherein some of the equipment, which were not security related, are now part of the security system. The CCTV systems are also developed to a level where they are able to provide a clear picture of a person even during the night with infrared technology. Drones are now used

more than ever before to secure properties and to collect information.

Connected security systems typically make use of sensors to monitor when doors or windows open and when there is movement on the property.<sup>54</sup> There are also home automation systems that enable elements of the home to be remotely controlled, so householders can lock and unlock doors, for example, using their smartphone.<sup>55</sup> The mobile network plays a crucial role as an effective communication medium between the home's security system and the user's smartphone.<sup>56</sup> Connected security systems can typically be configured to send a message to the consumer's smartphone through the mobile network remotely if the user is in a different location to the house. For example, a parent might want the system to send them a message when the front door is opened, signalling that the children have returned from school.<sup>57</sup> Some connected security systems also incorporate video cameras that can be remotely monitored and controlled, enabling the householder to check on individual rooms or outside area.<sup>58</sup>

The Internet of Things (IoT) is now largely used in the manufacturing of security equipment where robotics are used to assemble security equipment contrary to the traditional methods of using human labour. The term "Internet of Things" refers to "scenarios where network connectivity and computing capability extends to objects, sensors and everyday items not normally considered computers, allowing these devices to generate exchange and consume data with minimal human intervention".<sup>59</sup> These technological developments of security equipment have an impact on every sector of the economy.

### 5.5 Role of other regulatory bodies and organisations in the industry

It is important to note that there are other regulatory bodies in the country, which are regulating some of the security equipment as defined by the Act. There are also non-profit making organisations of service providers dealing with security equipment, which organise service providers in their area of specialisation. National Regulator for Compulsory Specifications (NRCS) and the Independent Communications Authority of South Africa (ICASA) regulate some of the equipment which PSiRA also

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

<sup>53</sup> Interview, Anonymous participant, 10 July 2018.

<sup>54</sup> <http://www.gsma.com/connectedliving>. (Accessed on 28/09/2018.)

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> <https://www.internetsociety.org/resouces/2018/iot-security-for-policymakers/>. (Accessed on 28/09/2018.)



has a mandate to regulate. The sphere and system of regulation of these organisations needs analysis in order to avoid duplication of regulations. The relationship with these organisations is virtually non-existent and there will be a greater need for PSiRA to establish relationships with these organisations in order to effectively regulate security equipment.

Vehicle tracking companies are essentially security service providers and are mostly recommended by insurance companies to clients. The Authority can establish relationships with insurance companies in order to urge them to recommend PSiRA registered service providers to their clients. Through insurance companies, PSiRA will be able to reach a huge number of consumers and educate them about the importance of using PSiRA registered service providers. This will go a long way in creating a culture of compliance and this will in turn benefit insurance companies in reducing risk on their business.

### 5.5.1 The Motor Vehicle Security Association of South Africa (VESA)

VESA is a non-profit making organisation that regulates the manufacturing and installation standards of vehicle security systems to its members. VESA is a standards management body, the aim is not to set the standard, but rather to facilitate and co-ordinate interested parties with a technical interest in a specific area, to create the standards and then using its administrative structures, to facilitate testing and policing against these standards. It also provides administrative services to the various groups.<sup>60</sup>

In 2008, VESA signed a memorandum of understanding (MOU) with the South African Bureau of Standards (SABS) for the creation of SANS 534 for micro-dotting and SANS 535 for vehicle tracking. Recognising VESA's success in preventing crime, the organisation has been appointed as the official vehicle security standards-generating body by Standards South Africa (StanSA), of which the standard and certification body is SABS. During its lifespan VESA has established ties with insurance companies, the National Crime Prevention Office of the South African Police Service (SAPS), and Business Against Crime (BAC) to combat vehicle-related crimes. VESA also co-signed the MOU for the sharing of vehicle information with Tshole-Unicode. VESA has achieved its SABS's endorsed quality management certificate known as ISO 9001:2008 in 2013 and is currently working towards achieving its South African National Accreditation Services (SANAS) accreditation.<sup>61</sup> While there are over 200

<sup>60</sup> <http://vesa.co.za/index.php/vesa-is/who-who-we-are/vesa>. (Accessed on 03/08/2018.)

<sup>61</sup> Ibid.

vehicle-tracking companies in South Africa, there are only 16 businesses registered with VESA.<sup>62</sup>

### 5.5.2 The South African Intruder Detection Services Association (SAIDSA)

SAIDSA is an association of service providers of security systems, ranging from basic alarms to sophisticated electronic intruder detection systems, CCTV, electric fencing, and vehicle tracking and recovery, incorporating signal monitoring as well as the provision of armed-reaction service. SAIDSA is regarded as the "watchdog" of this segment of the industry and has the interests of both its members and the public at heart, continuously monitoring crime trends and technological advances in the electronic security sector and adapting to these changes. SAIDSA is the representative employer body for the industry in South Africa. The objectives of the association include a continuous evaluation of the development and the adequacy of skills in the industry. The objective of SAIDSA is to upgrade the quality and standards of electronic security in South Africa and to protect the public from unscrupulous, "fly-by-night" operators.<sup>63</sup>

### 5.5.3 National Regulator for Compulsory Specifications (NRCS)

The NRCS is an entity of the Department of Trade and Industry established to administer compulsory specifications and other technical regulations with the view to protect human health, safety, the environment and ensure fair trade in accordance with government policies and guidelines.<sup>64</sup>

Compulsory specifications are technical regulations that require conformity of a product or service to health, safety, or environmental protection requirements of a standard or specific provision of a standard. The term is only used in South Africa. NRCS is mandated to advise the Minister of Trade and Industry on matters related to compulsory specifications and has historically managed the development process.<sup>65</sup>

The standard made compulsory must be a national (i.e. SANS) standard. In the absence of a suitable national standard, another type of standard or specification may be made mandatory.<sup>66</sup> The Electro-technical Business Unit of the NRCS regulates a total of 18 compulsory specifications (VCs), covering approximately 542 product categories

<sup>62</sup> Interview with, Adry Smith, LASA General Manager.

<sup>63</sup> [www.saidsa.co.za/About.html](http://www.saidsa.co.za/About.html). (Accessed 08/08/2018.)

<sup>64</sup> <http://www.nrcs.org.za/comtent.asp> (Accessed on 06/08/2018.)

<sup>65</sup> Ibid.

<sup>66</sup> Ibid.

in the electrical and electronic technologies.<sup>67</sup> The scope mainly comprises imported products, including household appliances, power tools, ICT equipment, audio-visual equipment and lighting; and electrical components such as plugs, adapters and switches.<sup>68</sup> NRCS has six core function divisions, namely: national building regulations; chemicals, material and mechanical; electro-technical; food and associated industries; legal metrology and automotive.<sup>69</sup>

The electro-technical unit was specifically mentioned here because some of the equipment that the NRCS regulates also falls under the definition of security equipment in terms of PSiR Act. Technical regulation VC 8055 (compulsory specifications for electrical and electronic equipment) has the following applicable standards SANS 60065 and SANS 60950-1 which covers audio-visual and information technology respectively and some of these equipment are security equipment as defined in the PSiR Act. It is very important to identify each piece of equipment and understand the level of regulation on any item which PSiRA has a dual mandate with NRCS in order to avoid duplication of regulations, which might in turn become a deterrent for investors because of over-regulation.

#### 5.5.4 South African Bureau of Standards (SABS)

SABS is a statutory body that was established in terms of the Standards Act, 1945 (Act No. 24 of 1945) and continues to operate in terms of the latest edition of the Standards Act, 2008 (Act No. 8 of 2008) as the national standardisation body in South Africa, mandated to:

- Develop, promote and maintain South Africa National Standards (SANS);
- Promote quality in connection with commodities, products and services; and to
- Render conformity assessment services and assist in matters connected therewith.<sup>70</sup>

#### 5.5.5 Independent Communications Authority of South Africa (ICASA)

ICASA is responsible for regulating the telecommunications, broadcasting and postal industries in the public interest and ensure affordable services of a high quality for all South Africans. It also issues licences to telecommunications and broadcasting service providers, enforces compliance with rules and regulations, protects

consumers from unfair business practices and poor-quality services, hears and decides on disputes and complaints brought against licensees, and controls and manages the effective use of radio frequency spectrum.<sup>71</sup>

The following devices are concurrently regulated by ICASA and PSiRA by virtue of them being communication devices and security equipment: GPS/GSM tracking devices, wireless outdoor motion detectors, mobile tracking devices, two-way radios, vehicle tracking devices, transponder devices, vehicle alarms, wireless alarms etc. It will be prudent if the regulation of these devices and any other monitoring device are not duplicated.

### 5.6 The Impact of manufacturing on South African Economy

The South African manufacturing sector is a great contributor to the economy and it is responsible for over 1 million jobs in the country. During September 2018 there were at least 1 179 021 workers employed in the formal manufacturing sector in SA.<sup>72</sup> This number can only be sustained and be increased if manufacturers of not only monitoring devices and all other security equipment continue to produce in SA and investors continue to invest in SA's manufacturing sector. The study has found that currently there are very few businesses in South Africa manufacturing security equipment. This is due to various reasons, which among others include expensive labour, high cost of electricity, high cost of raw material and unstable economy. Most of the security equipment used in the country are imported from countries like China, Germany, Italy, Korea, Israel, Finland, USA etc. It is claimed that the price of steel increased three (3) times in the year 2017.<sup>73</sup> A respondent stated that manufacturing in SA has a number of challenges, and many companies have opted to import products, although manufacturers of door hardware, ASSA ABLOY remains a local manufacturer.<sup>74</sup> Importing products is problematic in that it reduces local manufacturing (and therefore employment) which is necessary to grow the economy.<sup>75</sup> It was also discovered that some businesses import components and assemble the equipment in South Africa.

Furthermore, it was stated that inflation has eroded the buying power of consumers, which in

<sup>67</sup> NRCS Annual Report 2017/18.

<sup>68</sup> Ibid.

<sup>69</sup> Ibid.

<sup>70</sup> <https://www.sabs.co.za/About-SABS/index.asp>. (Accessed on 05 September 2018.)

<sup>71</sup> <https://www.icasa.org.za/pages/about-us>. (Accessed on 05 September 2018.)

<sup>72</sup> <https://www.southafricanmi.com/south-african-manufacturing-industry.html> (accessed 22 October 2018)

<sup>73</sup> Gawie Du Toit, *Magnum safes*, 30 May 2018.

<sup>74</sup> Hayley Elwen, *Business Development Director, Assa Abloy*, 20 June 2018.

<sup>75</sup> Ibid.

turn leads to consumers buying cheaper and often-lower quality products, which may not suit the application.<sup>76</sup> Another method used by governments to promote local manufacturing includes increasing import duties. This certainly does trigger increased import product pricing and it could make local manufacturing more lucrative.

It was expressed that it will indeed make a difference if funds collected in the form of import duties are invested into local manufacturing grants for the establishment of local manufacturing plants and for providing tax rebates, that is if it does not just disappear into government coffers.<sup>77</sup> Achieving sustainability in this way takes years to achieve. Consumers already battling with inflation and a depressed economy cannot afford to purchase, resulting in lower sales, not achieving economies of scale and therefore it will have a further negative impact on inflation and the economy in general.<sup>78</sup> Consumers, and international corporates that still consider SA investable, are looking for trusted brands, complying with international standards, with international track records and which will still exist in a few years.<sup>79</sup> Perhaps inter-governmental agreements that focus on establishing local manufacturing of known international brands will assist with developing local manufacturing, job creation and skills development, while increasing foreign investment in South Africa.<sup>80</sup> This will however require an aggressive approach to convince these international leaders to invest in an economy not well rated for investment, rigged with politics and an unionised labour force which is frequently in the news for downing tools.<sup>81</sup>

It was further stated that importation of a large amount of security products, in particular the inferior quality products from some Asian countries, depress and undermine local production. PSiRA must protect the manufactures at all costs because they employ many people and that is good for SA's economy.<sup>82</sup> The cost of labour and general costs of production in South Africa has led to many businesses closing down and even having South African registered products manufactured in foreign countries. Mickey is a South African brand of door hardware, which is now manufactured in China because the factory in

South Africa was closed due to high manufacturing costs.<sup>83</sup>

In the manufacturing of the fire detection systems, growth was estimated to be at 15 percent per annum and the only challenge being access to the markets in particular, international markets.<sup>84</sup> During field research, it was found that there are two businesses in South Africa that are manufacturing fire detection equipment and both businesses are doing well in the local market. Another view held by a distributor of security equipment was that the economic instability of our country and the lack of will to invest in South Africa is affecting the manufacturing sector.<sup>85</sup> The more businesses continue to import equipment or components from other countries, the less opportunities for economic growth and job creation.

The study also found that due to a lack of regulation and to what the economist might deem as free trade, the South African manufacturing sector has been compromised to an extent where there are very few businesses that are manufacturing security equipment locally. This in turn impacted the unemployment rate in South Africa, which is already high at 27,2% in the financial year 2017/2018.<sup>86</sup>

### 5.7 Imports of Inferior Quality

China is South Africa's biggest trade partner globally, while South Africa is China's biggest trade partner in Africa.<sup>87</sup> However, there is huge outcry among many service providers who are dealing with security equipment about products of inferior quality being brought into the country from Asia and specifically from China. South Africa's bilateral relations with China is at an all-time high. It is highly unlikely that China as a country can risk the type of trade relationship it has with SA by allowing exportation of inferior security equipment to SA. Greater possibility is that some suppliers from Asia might have noticed the lack of enforcement in SA port of entries and exploited that opportunity. Although it is understood that not all security equipment from China are of inferior quality, most of them are regarded by the industry as cheap and inferior products with the potential to compromise the consumer and the industry. There are many types of security equipment available in the country that are imported from Asia, and it is therefore imperative for regulators to set standards and regulations in order to ensure that

<sup>76</sup> Ibid.

<sup>77</sup> Walter Rautenbach, Managing Director, Nea Metrics, 19 June 2018.

<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

<sup>82</sup> Interview, Gawie Du Toit, Magnum Safes, 30 May 2018.

<sup>83</sup> Interview, Anonymous participant, 10 July 2018.

<sup>84</sup> Interview, Anonymous participant, 11 July 2018.

<sup>85</sup> Interview, Anonymous participant, 21 August 2018.

<sup>86</sup> <http://www.statssa.gov.za/?p=11362>. (Accessed 26 September 2018).

<sup>87</sup> <https://www.thesouthafrican.com/three-majors-agreements-just-signed-by-china-and-south-africa>. (Accessed 27 November 2018)

only products of good quality are permitted in to the country.

A service provider installing tracking devices lamented that cheap devices from China make things difficult in the tracking space.<sup>88</sup> It was further expressed that although it is understandable that consumers have a choice to buy what they want, Chinese equipment make competition unfair and leads to undercutting of prices.<sup>89</sup> A perspective held by a South African based manufacturer of door hardware was that SA manufacturers are not protected against cheap imported products and that the authorities must give preference to local manufacturers and protect them in order to grow the economy.<sup>90</sup> It was alleged that Chinese products makes it difficult to set regulations and the only way to differentiate between good quality and poor quality products is to strip the product.<sup>91</sup> The physical number of products in the market makes it difficult to regulate all of them.<sup>92</sup> This challenge necessitates intensive integrated regulation of importation of security equipment in order to protect the consumers and businesses that are willing to comply. Another point raised by a service provider was that although it is acknowledged that people cannot be stopped from buying what they want, but at the same time, these consumers have to be protected.<sup>93</sup> Stakeholders have to work together to ensure that security equipment being brought into the country are certified by PSiRA, ICASA, NRCS and import duties are paid to South African Revenue Services (SARS) and also to ensure that all prohibited bugging devices are not being brought into the country.

### 5.8 The Future of Businesses dealing with security equipment

The crime rate in South Africa renders the private security industry in South Africa to be a lucrative business. Natural persons, businesses and government alike are always looking for better ways to secure people and properties. People resort to private security because the protection offered by the state through SAPS is not adequate for various reasons, which includes a lack of capital and human resources as well the development of crime trends. Businesses and private persons also resort to private investigators in particular where the police have failed or cannot investigate. Security equipment in their different forms continue to be in demand and thus making the industry to grow exponentially,

<sup>88</sup> Interview, Anonymous participant, 31 May 2018.

<sup>89</sup> Interview, Anonymous participant, 19 June 2018.

<sup>90</sup> Interview, Anonymous participant, 20 June 2018.

<sup>91</sup> Interview, Anonymous participant, 20 June 2018.

<sup>92</sup> Ibid.

<sup>93</sup> Interview, Anonymous participant, 21 August 2018.

although the growth of the industry does not mean that every individual business is growing.

Service providers predicted the future of their businesses in different ways depending on the type of services they render, where they are based, their experience as well as the socio-economic factors of the country. The predictions of those that are selling car-tracking devices will not be the same with that of service providers selling alarms and CCTV. A viewpoint held by a service provider who is installing CCTV, alarms and other intruder detection devices was that the future of installation business looks great because he has seen the business grow over the years.<sup>94</sup> Another perspective held by a distributor was that the industry is growing; security technology is becoming a big market.<sup>95</sup> It was further stated that unfortunately, we live in dangerous times, where people do whatever it takes to protect themselves and therefore the market will continue to grow exponentially.<sup>96</sup> Another participant stated that, unfortunately in South Africa, crime is high and security equipment is a needed deliverable, be it in commerce, industry or domestic.<sup>97</sup>

Another perspective held by a service provider fitting tracking devices was that the tracking business is big in South Africa and it will continue to grow even beyond alarm installations.<sup>98</sup> The future looks great in the distribution of security equipment, they are in demand because protection by the state is not adequate.<sup>99</sup> A perspective held by a safe manufacturing company was that the future looks great in the safe manufacturing space because they have clients in countries like Canada, Namibia, Botswana, Middle East and provide a service to all South African banks as well.<sup>100</sup> Another service provider, who is manufacturing safes, stated that the future looks bright because people will always need to protect their valuables therefore safes and vaults will always be in demand.<sup>101</sup> Another perspective held by a service provider was that the industry is growing and security technology is becoming a big market.<sup>102</sup> A service provider who is

<sup>94</sup> Interview, Anonymous participant, 12 July 2018.

<sup>95</sup> Interview with Bennie Fouche, Access Control solutions, 20 August 2018.

<sup>96</sup> Ibid.

<sup>97</sup> Interview, Anonymous participant, 4 June 2018.

<sup>98</sup> Interview with Andrew Dobson, Intellidrive Tracking, 5 June 2018.

<sup>99</sup> Interview with Jay Chetty, Regal Distributors, 28 May 2018.

<sup>100</sup> Interview, Anonymous participant, 28 May 2018.

<sup>101</sup> Interview, Tinnie Van Tonder, Mutual Safes, 30 May 2018.

<sup>102</sup> Interview, Anonymous participant, 19 June 2018.



dealing with tracking devices and CCTV stated the future looks great in the industry, but only if there are only reputable and legitimate businesses in the industry.<sup>103</sup>

Like in any other business, the manufacturing, importation, selling and distribution of security equipment has its own challenges. The type of problems service providers experience are not unique to the industry. A service provider distributing CCTV cameras stated that there are no major problems operationally except the tough economic times in South Africa.<sup>104</sup> Access to the international market was also highlighted as a major problem for South African based manufacturers. Inadequate regulations and importation of inferior equipment were also identified as some of the challenges affecting businesses. Majority of manufacturers based in South Africa have all pointed out how the cost of labour in this country is affecting their businesses hence many are closed.

### 5.9 Competition within the sub-sector

Just like in any other form of business, companies, close corporations and sole proprietors manufacturing, importing, selling and distributing security equipment face competition on daily basis in their operations. The level of competition differs, depending on what type of services the business is rendering. Some businesses are thriving under those circumstances, some are surviving whereas some are forced to close down. It was stated that equipment of inferior quality makes the competition unfair and the consumers have a choice to buy what they want.<sup>105</sup> Competition is extremely high because Chinese businesses are coming in to the industry.<sup>106</sup> The competition is also unfair because there are no regulations.<sup>107</sup> Where there are regulations, the study found out that, there is lack of enforcement on the side of regulatory bodies and therefore the level of compliance is very low.

### 5.10 Clients of the Service Providers

Businesses that are working with the security equipment have variety of clients depending on whether they are manufacturing, importing, selling or distributing security equipment. They service the government departments, state-owned companies, commercial clients, industrial clients, security service providers and domestic clients. Some service providers have clients outside the borders of South Africa. Some businesses sell their services and products to businesses that are doing installation

<sup>103</sup> Interview, Anonymous participant, 31 May 2018.

<sup>104</sup> Interview, Mr Albert Van Lil, Top CCTV, 12 July 2018.

<sup>105</sup> Interview, Anonymous participant, 19 June 2018.

<sup>106</sup> Interview, Anonymous participant, 28 May 2018.

<sup>107</sup> Ibid.

and fitting for the consumers. Private investigators also purchase equipment from the local suppliers.

### 5.11 Salaries of employees working with Security Equipment

Salaries of security officers employed in the guarding and armed reaction sub-sectors are determined by Sectoral Determination 6 and are enforced by PSiRA and the Department of Labour. Unlike security officers in the guarding division, salaries of employees in the security equipment sector are not determined by Sectoral Determination 6. Employers in this sub-sector use different methods to determine the salaries of their staff. Some pay what they deem as market-related salaries whereas some business include their employees as shareholders in the business. A service provider, in the tracking business, stated that salaries are negotiated between employer and employee and they pay market-related salaries.<sup>108</sup> Another employer who is in the business of installing alarms and CCTV cameras stated that he makes the determination of staff salaries and that they get paid more than security officers.<sup>109</sup> The study found that salaries are a product of negotiation between the employer and the employee and mostly influenced by the level of skill and experience of the employee. In other cases, salaries and conditions of employment are determined by the Bargaining Council for the Electrical Industry of South Africa.

### 5.12 Irrelevance of Guarding Grades for Technical Staff

There is no general or specific training in the private security industry of South Africa, which is designed for individuals working as either manufacturers, importers, sellers or distributors of general security equipment or specifically monitoring devices. It will also be difficult for any institution to develop a training programme that will be suitable and relevant to all service providers who are in the business of manufacturing, importing, selling or distributing security equipment. This is because there is a great variance in the skills and expertise needed. The levels and types of skills required are completely different from one another. Companies have diverse sets of criteria for appointing employees who will be working with security equipment.

The level of qualification required ranges from Grade 12, National Certificate to a college or a university degree depending on the processes they are using in manufacturing such equipment. The training of those who are importing, selling and distributing is largely conducted internally, except for few who have formal qualifications in sales, marketing, international

<sup>108</sup> Interview, Anonymous participant, 11 July 2018.

<sup>109</sup> Interview, Anonymous participant, 12 July 2018.

trade and warehouse management. Even if PSiRA were to regulate the training of the personnel involved in the manufacturing, importation, selling and distribution of security equipment it will not be ideal to compel such people to do security grades because such training is inappropriate to their work. Some of the manufacturers and distributors do provide a product training when a new product is marketed. Security Warehouse in Centurion, has a training academy where they offer training in the following courses: introduction to CCTV, alarm and fire detection, mastering CCTV and several other courses related to security equipment.

It will be necessary for the Authority to develop courses that will be relevant to the service providers' needs. This will encourage many company directors to attend such a training and encourage the registration with PSiRA. Another perspective held by a participant was that current training is not helping manufacturers, importers, distributors and installers with their work.<sup>110</sup>

Security Officers Board (SOB) using consultants compiled learning material for security officers training in the form of Grade E to A. These training courses were designed specifically for security officers who are doing guarding and patrol duties. There is no correlation whatsoever between this training and the specialised sectors of the private security industry like locksmiths, installation of alarms and CCTV as well as private investigation. The courses are even more inappropriate to the businesses that are manufacturing, importing, selling and distributing security equipment.

A viewpoint held by a service provider who is in distribution was that investors and shareholders who are not at operational level must be exempted from doing the security grades training.<sup>111</sup> The requirements for directors to have security grades was discouraging companies from registering with PSiRA.<sup>112</sup> Grades training is irrelevant to distributors.<sup>113</sup> Training should speak to a specific sector before directors can be compelled to register.<sup>114</sup> The training must be industry specific; PSiRA must develop a basic short course for persons dealing with security equipment.<sup>115</sup> It was also suggested that non-executive directors and administration staff, not directly working with the security equipment, should only submit police

clearance for registration and not attend the training.<sup>116</sup> Furthermore, it was stated that grades training is not adding any value to the directors and technicians alike.<sup>117</sup>

### 5.13 Effective Utilization of Security Equipment

The study has found that many service providers that sell security equipment do not follow through to check if products they sold are utilized in the most efficient way possible. Each consumer using security equipment, be it either in their homes, business, schools or anywhere else, wants such equipment to be utilised to their maximum potential. The effective utilisation of security equipment depends on very many aspects, not only the quality of the product itself. The place where the equipment is fitted; the manner in which it is fitted or installed; and the experience of the person who installed it play a significant role in ensuring that such equipment serves its function and whether it achieves its maximum potential. It was expressed that in order to maximise the use of security equipment we must change the mind-set.<sup>118</sup> Proper security assessment is very essential in ensuring that security equipment is deployed in the best way possible. When the Australian Standards AS2201.1 were developed for installation of alarms, the idea was to have maximum utilisation of alarm systems installed on a client's premises, in order to protect the interests of the clients. The Australian standards determines the location where the alarm has to be placed in the house as well as sound decibels.

Security, according to an independent security consultant Mr Andre Mundell, is tied to willpower.<sup>119</sup> The willpower of the police to react quickly to a complaint lodged after an alarm is activated or to timeously extract CCTV footage; the willpower of criminals to bypass the security systems; the willpower of property owners to install the best possible equipment in order to protect property and people; and the willpower to hire the best people to do security assessment and installations. The willpower of PSiRA to ensure that all security equipment ought to be regulated are regulated and the will power of the Authority to enforce regulation when they are in place. Every stakeholder is expected to play their role in ensuring that security equipment whether manufactured or imported are used to their maximum potential to protect people and properties and benefit the end-user. If the willpower of criminal

<sup>110</sup> Anonymous participant, 4 June 2018.

<sup>111</sup> Interview, Mr Jay Chetty, Regal Security, 28 May 2018.

<sup>112</sup> Ibid.

<sup>113</sup> Ibid.

<sup>114</sup> Ibid.

<sup>115</sup> Interview, Mr Abdul Dien, Euro Locks, 10 July 2018.

<sup>116</sup> Interview, Anonymous participant 21 June 2018.

<sup>117</sup> Ibid.

<sup>118</sup> Interview with Andre Mundell, Director at Alwinco, 30 July 2018.

<sup>119</sup> Ibid.

supersede that of manufacturers, installers, law enforcers and regulators, the security equipment installed will serve no purpose to the consumer.

#### **5.14 Relationship between PSiRA, Service Providers and the End-user**

Most of the security service providers who participated in this study reflected a negative relationship with PSiRA and some went as far as saying that they have no relationship at all with PSiRA except to pay annual fees. One participant stated that PSiRA must define the benefits individuals and businesses get for registering with the Authority.<sup>120</sup> The Authority also needed to educate the consumers about the importance of using PSiRA-registered service providers.<sup>121</sup> PSiRA must protect the consumer to a level of providing a remedy to dissatisfied or victimised consumer.<sup>122</sup>

It was also suggested that the Authority must work together with the industry because PSiRA cannot achieve what is required alone.<sup>123</sup> It was expressed on numerous times during field research that PSiRA must establish working relationships with other industry organisations operating within the private security industry such as SAIDSA, ESDA and VESA. It was also pointed out that the renewal of registration at PSiRA offices is inconvenient and particularly a headache for people who are not business owners.<sup>124</sup> Although the general feeling among majority of the participants was that PSiRA was not helping anyone there was exception to this view by a participant who stated that PSiRA has done an excellent job with guarding division and it was now time to focus on security equipment and clean up the industry.<sup>125</sup>

It was expressed that PSiRA must conduct information campaigns and the starting point must be suppliers. Clarification is needed about who has an obligation to register and who can operate without being registered.<sup>126</sup> The users of security equipment must be protected by PSiRA and must also feel the impact of this protection by the Authority. It was also pointed out that insurance companies can play a huge role by encouraging their members to sign contracts with PSiRA registered service providers as this will help reduce risks to customers.<sup>127</sup>

There is an outcry from service providers with regard to the benefits of being registered with PSiRA. A service provider who is in the business of distributing locks argued against the idea of PSiRA regulating the manufacturing of security equipment and stated that this added to the bureaucracy and it would be unenforceable.<sup>128</sup> Another participant stated that PSiRA is a formality to him; PSiRA must enforce their laws and make it known to the public that they must deal only with PSiRA-registered businesses.<sup>129</sup> Another perspective held by a respondent in the distribution sector was that PSiRA is doing nothing for the industry.<sup>130</sup>

It was suggested that PSiRA must improve the manner in which they handle complaints, because businesses continue to operate even when an inspection found the business to be unregistered.<sup>131</sup> It was also alleged that nothing is done about non-compliant businesses.<sup>132</sup> Radical action is what PSiRA must do; otherwise, it will be a waste of time in regulating the manufacturing of security equipment.<sup>133</sup> A viewpoint held by another service provider was that a PSiRA member should get a benefit for reporting a non-compliant business to PSiRA; that benefit need not be in monetary reward.<sup>134</sup>

#### **5.15 Role of Distributors in assisting PSiRA with Compliance**

It was suggested that in future PSiRA must instruct distributors to request PSiRA registration certificate from every bulk buyer, only after training standards and regulations have been developed.<sup>135</sup> Some distributors have stated that they sell only to PSiRA registered clients, whereas some stated the idea of selling to only PSiRA registered persons would mean they would go out of business. The Authority must work comprehensively with distributors and encourage them to sell only to PSiRA registered distributors. Monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992 as amended must only be produced, imported and be bought by PSiRA registered service providers.

<sup>120</sup> Interview, Anonymous participant, 13 July 2018.

<sup>121</sup> Ibid.

<sup>122</sup> Ibid.

<sup>123</sup> Interview with Dennis Human, Customers Services Director, Pointer, 11 July 2018.

<sup>124</sup> Interview, Anonymous participant, 12 July 2018.

<sup>125</sup> Interview, Anonymous participant, 28 May 2018.

<sup>126</sup> Interview, Anonymous participant, 29 May 2018.

<sup>127</sup> Interview, Anonymous participant, 21 August 2018.

<sup>128</sup> Interview, Anonymous respondent, 12 July 2018.

<sup>129</sup> Interview, Anonymous participant, 12 July 2018.

<sup>130</sup> Interview, Anonymous participant, 28 May 2018.

<sup>131</sup> Interview, Anonymous participant, 31 May 2018.

<sup>132</sup> Ibid.

<sup>133</sup> Interview with Ben Jordaan, Xtreme Trackers, 31 May 2018.

<sup>134</sup> Interview, Anonymous participant, 20 August 2018.

<sup>135</sup> Interview, Anonymous participant, 4 June 2018.

## 5.16 Transformation in the security equipment sector

Transformation in the Private Security Industry is vital to address the inequalities and imbalances of the past.<sup>136</sup> It cannot be done overnight as it is a process, which is herculean task.<sup>137</sup> The study found the security equipment industry is largely untransformed. Section 3(k) of the PSiR Act gives the Authority the responsibility to encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination. In order for the Authority to achieve this objective, more efforts have to be made in encouraging previously disadvantaged people to get involved in the business of manufacturing, importation, distribution and selling of security equipment and women of all races have to be encouraged to establish businesses.

Regulations, when put in place, should not make it difficult for new businesses to enter into the market and for those operating not to thrive, moreover regulations need not defeat the transformation agenda. Majority of the businesses manufacturing, importing, distributing or selling security equipment were found to be owned by white males. There are few businesses that are owned by black Africans, coloureds and Indians. During the field research there was no business that was found to be wholly owned by a woman.

Transformation is lagging in the space of security equipment, be it the manufacturing, importation or selling thereof. It was further argued that previously privileged people still dominate the space.<sup>138</sup> Furthermore, it was stated that most black people who studied electronics are employed as engineers.<sup>139</sup> The space is protected and monopolised, the business site is reserved.<sup>140</sup> The highest that a black person can go is to be project manager.<sup>141</sup> Real knowledge is kept between manufacturers and distributors.<sup>142</sup> To make matters even worse, the insurance companies are owned by white businesses and it is difficult for black-owned businesses to get recommendations from such insurance companies.<sup>143</sup> It was also established that some businesses have taken transformation steps only because they have to comply with the

requirements of the Broad-Based Black Economic Empowerment (B-BBEE).

Another perspective held by a participant was that previously disadvantaged black people are coming in numbers but most of them don't succeed because they are not properly trained.<sup>144</sup> There are not many formalised black-owned businesses, but there are many individuals doing installations.<sup>145</sup> Another perspective held was that transformation is largely influenced by the demographics and employment level.<sup>146</sup> Very few women can be found working in this field.<sup>147</sup> The view was expressed that at an operational level demographics are good whereas ownership is less transformed.<sup>148</sup>

## 5.17 Nature of Regulations and Possible Challenges

During field research it has been expressed several times that there is a need for PSiRA to develop regulations relating to certain security equipment which are not necessarily monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act, 1992 as amended and it cautioned that such regulations must never destabilise daily operations of businesses. The research finding therefore suggest that it is highly recommended that regulations be developed in order to protect the interests of the users of security services and also promote the development of security services which are responsive to the needs of users of such services and of the community, which among others, include the manufacturing, importation, selling and distribution of security equipment identified for regulation. The manufacturing, importation, selling and distribution of security equipment has become a cause for concern in as far as regulation is concerned. The Minister has discretionary powers in terms of the Act to make regulations in relation to the manufacturing, importation, selling, distribution and possession of security equipment. The regulation of possession of security equipment was deliberately left out of this study because it is practically not enforceable and it will be a futile exercise trying to regulate it.

The study found that some types of security equipment are regulated by other regulatory bodies like ICASA and NRCS. PSiRA must therefore apply careful consideration in this case to avoid duplication of regulations, which might lead to over-regulation. Over-regulation in the industry might lead to many businesses operating underground. Furthermore, it

<sup>136</sup> PSiRA current situation report, towards Development of Transformation Charter.

<sup>137</sup> Ibid.

<sup>138</sup> Interview with Anonymous participant, 7 June 2018.

<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Ibid.

<sup>143</sup> Ibid.

<sup>144</sup> Interview with Abie Ali, Frank Street, 19 June 2018.

<sup>145</sup> Interview, Anonymous participant, 5 June 2018.

<sup>146</sup> Interview Anonymous participant, 21 August 2018.

<sup>147</sup> Ibid.

<sup>148</sup> Ibid.



was stated that regulations need to be workable and be comprehensive; they need not be draconian and unenforceable and should not hinder business.<sup>149</sup> It was further recommended that in order to avoid conflict of interest, independent people should be approached in order to assist in identifying other types of security equipment that must be regulated and in developing regulations.<sup>150</sup> A perspective held by a service provider, who is manufacturing fire detection equipment, was that PSiRA must not develop regulations that will downgrade existing international standards and compromise clients.<sup>151</sup>

It will be a challenging task for PSiRA to develop regulations for the manufacturing, importation, selling and distribution of security equipment. The difficulty comes from the fact that categories and type of equipment that ought to be regulated are very broad. In addition, the regulation of security equipment is by its nature a very technical job. It is acknowledged that at the moment the Authority is not well equipped to draft and enforce regulations of technical nature. There will also be a need to identify every type of security equipment that must be regulated, which makes things to be more complicated because technology is changing at a rapid speed and seems to always be ahead of the regulators. The definition of what is a security equipment in the Act is very abstract because it does not identify equipment directly but identifies categories of security equipment with the exception of only few items that are clearly identified. In addition, there are suppliers who sell their products over the counter and there are online suppliers.

There are many categories of CCTV cameras and many types of satellite tracking systems and electronic monitoring devices. The biggest challenge will be to draw a line of where exactly to stop because technology is evolving at a rapid pace and is so broad that even cellular phones can at times be used as monitoring devices. A service provider, who is selling thermal security cameras, questioned whether from a practical point of view, PSiRA is not complicating the industry by moving into the manufacturing and importation of security equipment.<sup>152</sup> Therefore, a study which includes a thorough identification by PSiRA of every type of security equipment is essential in order determine which equipment to include when regulating security equipment and which ones must be left out.

Regulations must be developed with the intention to protect the consumer of security equipment and to ensure that the conduct of those that are

manufacturing and selling such equipment will be in line with the Act and regulations. The nature of regulations must be that businesses should be held accountable for what they manufacture and what they sell. Consumers must be informed appropriately before the purchase about the advantages and shortfalls of the security equipment they are buying.

#### **5.17.1 Regulation of hardware and retail stores dealing with security equipment**

Considerable number of service providers suggested that hardware and retail stores selling security equipment must be regulated, although some suggested that they should stop selling security equipment all together. Hardware and retail stores must be regulated in so far as they are selling security equipment, which have been identified by the Act and or the Authority as equipment that must be regulated. This will ensure that the Authority determines and enforces minimum standards of occupational conduct in respect of security service providers; in essence, this will ensure that all businesses dealing with security equipment are subject to the same rules and regulations. Furthermore, it was stated that it would only be fair if all sellers of security equipment, which are subject to regulation, are regulated including retail stores.<sup>153</sup>

#### **5.17.2 Regulation of online businesses**

The technological development worldwide has led to the emergence of online distributors including those that are selling security equipment. Distributors such as Alibaba, Wish, Takealot and Gumtree have emerged and they sell many things including security equipment. It seems nearly impossible to regulate such types of businesses although it has to be done if whatever they are selling is security equipment, which is subject to regulation. In order for the Authority to properly regulate online distributors of security equipment, a distinction has to be drawn between local and international online distributors. The reason being that if a business is incorporated as a company or a close corporation in terms of the Companies Act, they are subject to rules and regulations applicable to businesses registered in terms of South African legislation. PSiRA has access to CIPC database, which will make it easier for the Authority to identify as to whether the business is registered in SA, or not. Since the Act does not apply extraterritorially, the regulations established in terms of the Act will only be binding to businesses incorporated in South Africa or multinational companies domesticated and trading in South Africa.

<sup>149</sup> Interview, Anonymous participant, 10 July 2018.

<sup>150</sup> Interview, Abdul Dien, Euro Locks, 10 July 2018.

<sup>151</sup> Interview, Anonymous participant, 11 July 2018.

<sup>152</sup> Interview, Anonymous participant, 20 June 2018.

<sup>153</sup> Interview, Ben Jordaan, Director Extreme Trackers, 31 May 2018.

Some participants were less optimistic about the possibility of regulating online distributors. It was argued that practically it will be impossible to regulate the importation and distribution of security equipment because they are everywhere around the world.<sup>154</sup> Moreover, that if a product is globally available, for a user to buy it, there is no need to regulate, because the user who buys directly from overseas can completely bypass the South African system.<sup>155</sup>

### 5.18 Risk factors related to non-regulation

Depending on how you view it, lack of regulation on businesses manufacturing, importing, selling and distributing security equipment, is either a relief or a tragedy. It is a relief for businesses that want to make profit at all possible costs, and it is a tragedy for those who are doing things above board and want to sell only the best products. In every organised business where there are no regulations, there will be risk factors. It has been proven that people and even businesses cannot regulate themselves. Business will always try to maximise their profits whereas most people's behaviour will mostly be hedonistic and could compromise other human beings.

There was always going to be risk factors when the authorities are not doing what they are supposed to do. In a space where businesses import equipment and some of those products are not regulated in particular in terms of quality, consumers might become victims. An alarm system that will fail to activate or a CCTV that will not help identify the perpetrator are a risk to the property owner. An airport scanner that fails to show a weapon in a traveller's bag has a potential to compromise lives and a lot of money to the airline. The jamming devices that are already illegally available in the country have cost many people their valuables.

A leading Chinese manufacturer of video surveillance technology was chased out of the USA amid allegations of unethical conduct of having a back door opened on its video camera systems thus leaking confidential information of clients. If these allegations are true, security concerns of government and business will be compounded because with the modern security technology many systems are integrated. It was also suggested that software must be regulated because they have the potential to tap into the personal and business

databases and this is a threat to any company as personal information can be compromised.<sup>156</sup>

These types of security concerns can only be addressed if there are regulations in place. Lack of regulations has led to many legitimate businesses being closed down and tax revenue lost. One of the factors highlighted by a participant was that inferior quality products waste client's money because it is not durable.<sup>157</sup> Protection of consumers is the ultimate goal in regulating the manufacturing, importation, selling and distribution of security equipment. The conduct of some manufacturers is very unethical in that they sell equipment of inferior quality without informing their client about the shortcomings of such equipment.

PSiR Act like any other law is a living instrument that is subject to a change when and as it becomes necessary for it to be changed. The study has indicated that the time has come for the Act to be amended so that it can be able to address the challenges of the day in the industry. Some security equipment which are not contemplated in section 1 of the Interception and Monitoring Prohibition Act, 1992 as amended are posing a security threat to the state in various ways and must be identified and be subject to regulation. This call for a need to amend the Act in order to address all the shortcomings (including the lack of clarity and addition of security equipment) to be regulated as well as ensuring that the Act is redrafted in a manner which will make it much more easier to interpret and find the purpose of the legislature. The law has to change with society.

The following type of equipment are used by the private security industry on daily basis and are not regulated by PSiRA in anyway: tiny audio recorders, wireless spy cameras, GPS trackers, micro bionic super ear, pen recorder, wire frame surveillance sunglasses, drones, cell phone monitoring software, binoculars, scope, and many other equipment which are not mentioned in this report of which their usage pose a security threat and the conduct of users thereof is very questionable.

The regulation of the manufacturing, importation, selling and distribution of security equipment will go a long way in aiding PSiRA to achieve its legislative mandate and also helping the country to realise economic growth stimulated by the local manufacturing sector.

<sup>154</sup> Ibid.

<sup>155</sup> Ibid.

<sup>156</sup> Interview Anonymous participant, 21 August 2018.

<sup>157</sup> Interview with Bennie Fouche, Access Control Solutions, 20 August 2018.

## 6. RECOMMENDATIONS

Following the process of research where interviews were conducted with various participants, the following recommendations were made with purpose of aiding PSiRA in improving its regulatory capacity in relation to the manufacturing, importation, selling and distribution of security equipment. These recommendations were largely influenced by the research findings and the circumstances within the Authority, in terms of both resources and its structural composition. Legal as well as practical possibilities were taken into consideration when making these recommendations. Also taking into consideration the fact that among its objectives, the Authority is empowered in terms of section 3(f) to determine and enforce minimum standards of occupational conduct in respect of security services providers. A careful consideration was also taken to ensure that the Authority does not act *ultra vires* in an attempt to discharge its legislative mandate.

### 6.1 Registration Process and Correction of database

Owing to the inaccuracies on PSiRA's database concerning security service providers registered as manufacturers of security equipment and specifically monitoring devices, PSiRA has to invest resources to correct its database. Every service provider, upon registration renewal, must update the type of services to be rendered. During registration, the Authority has to ensure that any other type of service the business is intending to render, it has the capacity to in fact render such a service or services. The registration committee must review the SIRA-24 form, in particular where new applicants choose the type of services they will render. Registered services providers must be inspected from time-to-time to confirm that the type of services for which they were registered to render are being rendered or are capable of being rendered, if not such accreditation must be withdrawn.

### 6.2 Amendment of the PSiR Act

The changes in society calls for the Private Security Industry Regulation Act 56 of 2001 to be amended. The amendment Act must identify other types of security equipment not contemplated in section 1 of the Interception and Monitoring Prohibition Act, 1992 as amended that must be regulated. Furthermore, the amendment Act must categorise security equipment into two types, namely security equipment that must regulated and security equipment not subject to regulation. This will help the Authority as well as the industry to clearly

identify the manufacturers, importers, sellers and distributors of security equipment that must be subjected to regulation. In order to level the playing field, the amendment Act must make it compulsory for all service providers manufacturing, importing, distributing or selling security equipment which are subject to regulation to register, possibly including those that are selling security software. Hardware and retail stores selling security equipment must also register with the Authority, if ever they are selling any security equipment identified as such by the amendment Act.

The definition of security service as found in the Act is very narrow and must be broadened to include the manufacturing, importation, selling and distribution of other security equipment that poses a threat to state security or the usage thereof violate other people's rights and not just monitoring devices as contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992. The definition of security equipment in the amendment Act must be as much clear and consciese as possible. The definition of security equipment must have two categories of security equipment, namely: those that are subject to regulation and those that are not subject to regulation.

### 6.3 Relationship between PSiRA and relevant stakeholders

PSiRA must strive to establish relationships with stakeholders and improve customer experience when conducting its business. The relationship between PSiRA and all relevant stakeholders will go a long way to building a compliance culture in the security equipment sub-sector and a working relationship between PSiRA and stakeholders. The Authority must establish a relationship with the State Security Agency (SSA) in order identify all monitoring devices which are currently subject to regulation and prohibited to be used for private purposes. PSiRA must establish relationship in the form of memorandum of understanding with ICASA and NRCS in order to have these regulatory bodies continue to regulate security equipment within their jurisdiction and where there is a concurrent responsibility to regulate. PSiRA inspectors should only check compliance and certificates of other regulatory bodies on all equipment that are concurrently regulated by PSiRA, ICASA and NRCS. The Authority must also benchmark on aspects of technical regulation from ICASA and NRCS. PSiRA also need to liaise with insurance companies in order to encourage them to urge their clients to use only PSiRA registered service providers when they install security equipment on their properties and educate them about the importance of using only PSiRA registered service providers.

## 6.4 Effective regulation

PSiRA must not only draft regulations for security equipment, but also ensure that the regulations are effectively enforced in order to protect the consumers. The Authority's regulations on security equipment must address the following: quality of equipment; health; environment; unfair business practice; general conduct of service providers; and the protection of consumers. The regulations have to be enforceable and maximise compliance. PSiRA must make the process of reporting non-compliance with the Act as user-friendly as possible. There must be a benefit for a PSiRA registered person reporting non-compliance to PSiRA and there is a finding against such a person or business in contravention of the regulations. The benefit need not necessarily be in monetary terms. The Authority must ensure that distributors of security equipment sell only to PSiRA registered clients when the equipment are purchased in bulk. The manufacturing, importation, selling and distribution of all monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act as amended must be done by PSiRA registered service providers.

## 6.5 Development of a relevant training course

PSiRA, in consultation with the industry and a panel of experts, must develop a basic training course, which will be relevant to persons who are either directors, members or operational staff in the businesses manufacturing, importing, selling, or distributing security equipment that are subject to regulation. The training programme must talk to the operational issues of manufacturing, importation, selling and distribution of security equipment. This will go a long way in encouraging directors who were reluctant to do the security grades to attend the training and be registered with PSiRA. Due processes will have to be followed with regard to the development of a training course of such nature.

## 6.6 Transformation

PSiRA must advocate for the transformation in the industry, as transformation is one of its objectives. Previously disadvantaged people must be encouraged not only to work in the sector of manufacturing of security equipment, but they must also be encouraged to become owners of businesses manufacturing, importing, selling or distributing security equipment. The transformation agenda must be in line with section 3(k) and (q) of the PSiR Act.

## 6.7 Establishing a committee of experts

Due to the technical nature of regulations on security equipment, PSiRA must establish a committee of experts. The committee must first identify all security equipment that must be regulated in order for them to be included in the amendment Act. They must categorise the types of security equipment that must be regulated and those that are not subject to regulation and furthermore state the level and method of regulation on every equipment that must be regulated. In order to avoid conflict of interest, the committee must be comprised of independent people, who are not permanent employees of service providers or who do not own businesses that are dealing with security equipment. The list of equipment that are subject to regulation in terms of the amendment Act must have a provision for it to be amended from time-to-time when the circumstances necessitates.

## 6.8 Training of Inspectors

Because PSiRA inspectors are fulfilling the core business of the Authority, their training must be aligned with developments in the private security industry. When regulations are developed, the inspectors must be trained in line with such regulations in order to capacitate them to enforce such regulations. They must be trained not only to check the conduct of the service provider, identify security equipment but also to assess other aspects of such products including the quality thereof. PSiRA inspectors must also be retrained on the use of Sira-24 application form, in order to ensure that new businesses are only accredited for services that they can render immediately upon registration.

## 6.9 Transitional Arrangements

Whilst awaiting the long process of legislative amendment, the Authority must make transitional arrangements to draft and put in place the regulations on the manufacturing, importing, distributing or advertising of monitoring devices contemplated in section 1 of the Interception and Monitoring Prohibition Act 127 of 1992 as amended by the Regulation of Interception and Communications and Provision of Communication-Related Information Act 70 of 2002. These regulations will be reviewed and amended only after the amendment Act is signed in to law.



## 7. CONCLUSION

The Private Security Industry Regulations Act 56 of 2001 has bestowed upon P*Si*RA (among others) the responsibility to protect the interests of the users of security services. Currently P*Si*RA does not protect the consumers who buy security equipment from the industry in any manner, except where the Consumer Protection Act 68 of 2008 is applicable. Consumers who either purchases security equipment directly from the local or foreign manufacturer, from a distributor, hardware or retail store are not protected in any manner by P*Si*RA regulation. The only benefit that some end-user get is when they purchase products from businesses that have a policy for after-market support on the products that they sell.

The study found P*Si*RA to be lagging behind with regard to regulations relating to the manufacturing, importation, selling and distribution of security equipment. The consumers are generally vulnerable because they either do not understand the quality and specifications of products sold to them, or because there is limited regulation from the body that is legislatively mandated to regulate the private security industry in South Africa. In certain situations, it was found that other regulatory bodies, like ICASA and NRCS, regulate some security equipment.

This study revealed that many service providers benefitted from these limitations because they sell all kinds of security equipment, and equipment of inferior quality, including equipment that are prohibited in order to maximise profit. It was established that the majority of consumers of security equipment are not experts and therefore could buy products of inferior quality which are not fit for purpose and in addition does not know what is expected from the conduct of security service providers.

The report has revealed possible challenges that P*Si*RA will face in regulating the manufacturing, importation, selling and distribution of security equipment. This among others includes the lack of technical expertise which is necessary in regulating security equipment. In addition, the diverse nature of these businesses is a major challenge because there is a great variance with regard to what these businesses are doing on a daily basis, which means there is no one-size-fits-all solution or regulations. The report has, furthermore, revealed that there are a lot of categories and types of security equipment that ought to be regulated which means it will be a mammoth task to identify each category and type of security equipment to be regulated. This is exacerbated because security equipment technology development is growing exponentially.

Furthermore, the study noted the role that is played by other statutory regulatory bodies and business organisations within the industry. It is acknowledged that P*Si*RA cannot effectively regulate the manufacturing, importation, selling and distribution of security equipment if there is no relationship with these organisations. Therefore, an integrated approach is necessary in regulating security equipment.

Recommendations were made in an effort to address the limitations in this sector identified during the study. The main objectives of the recommendations made was to assist P*Si*RA in achieving its legislative mandate and its objectives. These recommendations were largely influenced by circumstances within P*Si*RA and other external factors that it does not have control over. In conclusion, the study confirmed the hypothesis and through analysis answered the research questions asked at the initial stages of the study. In an effort to confirm or refute the hypothesis and in trying to answer the research questions, the study found a sub-sector not readily conforming to a set of rules, this is because the rules themselves are not clear, and therefore businesses continue to operate in a grey area.

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