

POLICING FOR PROFIT:

The future of South Africa's Private Security Industry

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Executive Summary

With feelings of insecurity rapidly rising, an increasing number of South Africans are making use of private security companies to protect themselves and their assets. The broad private security industry is employing over 200 000 security guards throughout South Africa, of which the guarding industry is the largest with 125 000 guards working for some 3 200 security companies.

With an estimated turnover in excess of R10 billion per year, the money spent on private security is approaching that of the South African Police Service's (SAPS) annual budget (R15,3 billion for the 1999/2000 budget year). Already, there are more than four private security guards for every uniformed member of the SAPS engaged in visible policing work.

It is not only in South Africa, however, where private forms of security are increasing in popularity. In the United States, there are some two million private security guards, 350 000 in Japan, and 162 000 in the United Kingdom.

The South African private security industry is increasingly performing functions which used to be the sole preserve of the police. Care needs to be taken, however, not to confuse the objectives of the two. While the police seeks to protect the public at large, the private security industry operates on a profit motive and is accountable to its clients only. Moreover, the police generally apprehend criminals after they have committed a crime, thus deterring potential criminals from committing future crimes. The private security industry, by contrast, seeks to prevent crimes from occurring in the first place.

A high degree of competition exists between South African private security companies. There are many small fly-by-night type security companies that provide a cheap but substandard service, thereby tarnishing the image and reputation of the industry as a whole. Through a number of mergers and takeovers, many of the larger private security companies have consolidated their position even further. There is a danger that a few large companies could end up dominating and even monopolising the South African private security market.

Many of the larger South African private security companies have expanded their operations into other countries in Southern African. Private security companies have even involved themselves in political conflicts taking place on the subcontinent. For example, erstwhile members of the South African Defence Force (SADF) were recruited by commercial security companies to assist both sides in the ongoing Angolan civil war.

The activities and functions of private security companies are regulated in most countries. The regulatory framework for the private security industry has become more extensive in many parts of the world. In South Africa, private companies that make use of guards are regulated by a

statutory body, the Security Officers' Board. The Board polices the regulations which govern the private security industry, and lays down minimum training standards for security guards.

A newly established Security Officers' Interim Board will advise the Minister for Safety and Security on a new vision for the industry, in particular "... *the promotion of democracy, transparency, equality, accessibility, and the satisfying of the needs of the community.*" The Interim Board thus has a specific focus on protecting the public interest.

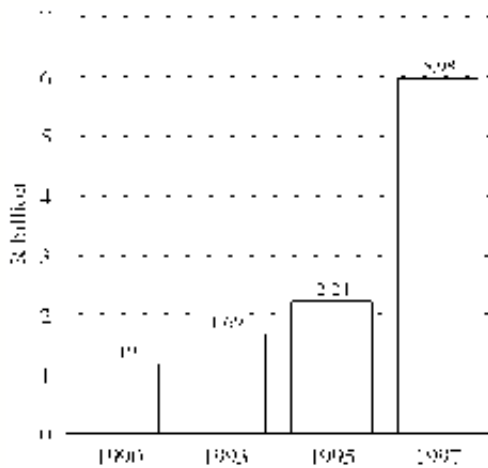
Introduction

The private security industry is one of the fastest growing economic sectors in South Africa. Since 1970, the industry has expanded at an average annual rate of thirty per cent. At the beginning of 1999 there were some 350 000 registered private security guards, of which 147 000 were active in the private security industry. Moreover, there are an estimated 60 000 security guards working in an 'in-house security' capacity who are not registered as private security guards.¹

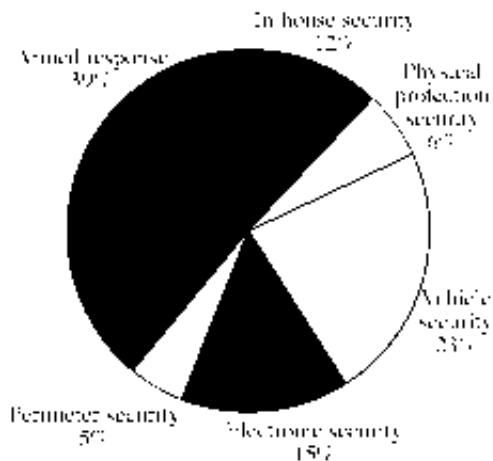
There are approximately two private security guards for every employee of the South African Police Service (SAPS). It is estimated that there are more than four private security guards for every uniformed member of the SAPS engaged in visible policing work. The public are therefore more likely to come into contact with private security guards than with police officers.

Many private security company executives claim that crime does not necessarily lead to an increase in business. However, unlike other industries which have been adversely affected by high crime levels, the security industry has grown considerably over the last two decades. The value of the industry was estimated to be close to R9 billion in 1997. In 1998/99, the industry's value could be as high as R11 billion.²

Graph 1: Growth in the value of the private security industry, 1990 to 1997 (excluding vehicle security and in-house security)



Graph 2: The contribution by different categories to the overall value of the private security industry, 1997



International expansion

Prior to the creation of the first modern police force in London in 1829, private security was a common form of policing and social control.³ This changed with the advent of industrialisation and urbanisation, and the growth of the modern state. By the 1960s, public police had monopolised their control over security and crime prevention in virtually all countries.

In the early 1970s, the private security industry began to re-emerge, and expanded rapidly over the following two decades. By the end of the 1980s, private security had become a lucrative business, with many corporations relying on contracted out or in-house security, rather than on the police, for protection.

By 1989, the private security industry in the United States was expanding at twice the rate of the police, and has continued to expand at much the same rate since then. Today, there are two security guards for every federal, state and local police officer in the US.⁴ Canada and the United Kingdom experienced similar growth patterns, and in parts of Asia the private security industry, established in the late 1950s, has grown at twenty to thirty per cent per year. Even in China, where the industry was established in 1983, some 250 000 guards are employed by the industry (see Table 1).⁵

There are a number of reasons why the private security industry expanded rapidly over the last twenty years:

- The growth of private security is directly related to the scaling down, and subsequent withdrawal, of the police from some of its functions. Private security companies fill the gap created by this withdrawal.
- Private property has increasingly become open to the public. Much of public life has moved away from public streets to 'private-public' property (private property which houses facilities extensively used by the public, such as shopping malls and entertainment centres). Owners of this property make use of private security to police the public who use such property.
- There is a perception that the police are unable to protect the public. "*If citizens believe the police are ineffective they will seek other forms of protection.*"⁶

Table 1: Size and growth of the private security industry in selected countries.

Country	Number of companies	Number of guards	Annual growth rate
Australia	1 000	70 000	12 to 14%
United Kingdom	7 850	162 000	20 to 30%
United States	57 000	2 000 000	20 to 25%
Philippines	1 000	226 448	12 to 20%
Japan	8 160	350 000	10 to 15%
Thailand	1 100	330 000	15 to 20%
Singapore	180	20 000	15 to 20%

- Insurance companies are increasingly insisting on private security measures. In certain parts of the US, public liability cases have succeeded because the owner of private property used by the public had provided insufficient security. As a result, many insurance companies link the provision of security to public liability insurance. In Asia, private security companies double as insurance brokers, and many security companies sell insurance coverage.
- Security breeds security. According to a security company owner quoted in **Partners against crime**: *"If your neighbor gets in a [security] company, you wonder if you should."*⁷
- Governments in a number of countries make use of private security companies. Some governments spend more on hiring private security than they do on public policing. In the US, nearly one-third of all active security guards are employed by the state.

The silent revolution

Private security companies are increasingly performing functions previously performed by the police. This has, and will continue to have, a significant influence on the functioning of the criminal justice system as a whole.

Shearing and Stenning refer to the re-emergence and growth of forms of private security in the late 1960s and early 1970s, when the provision of safety and security services became pluralised, as a *"silent revolution."*⁸ They refer to this pluralisation as 'silent' because the expansion in the role played by private security occurred without much input from, or interaction with, the formal criminal justice system and the state. Shearing argues that this lack of public debate about changes in policing constitutes a serious risk to democratic societies.⁹

Expansion of the industry

The first component of the private security industry to expand significantly was that of guarding. This component plays a largely proactive role, with security guards patrolling defined areas with the intention of preventing crime. The system is modelled on the 'bobby on the beat' concept. It includes the cash-in-transit category where armed guards are hired by businesses to protect their cash and other valuable possessions while in transit.

A reason for the guarding component's continued expansion is the tendency of many governments to outsource the guarding of state institutions, buildings and events to private security companies (largely because private security firms can perform these duties more cost-

effectively than the state).

An example of the state's role in this expansion is in China, where a private security industry emerged only in the mid-1980s. The Chinese government assisted in setting up security companies in a number of cities. These companies provide security for large public events, and foreign companies operating in China.

Businesses and private home owners have been using sophisticated electronic security systems, and employing guards to protect their families and property, for some time. More recently, however, these systems have emerged on public streets, financed largely by businesses and local governments. In some large cities, particularly in the US, businesses and local councils contract private security companies to patrol public streets. Areas previously patrolled by the police are increasingly being policed by private security companies on a commercial basis.

Public perceptions

Given the expansion of the private security industry into areas previously catered for by the police and the state, it is understandable that the public is confused about the different roles of the police and the private security industry. Moreover, the phenomenon of police officers moonlighting for private security companies, or police officers who are owners of security companies, adds to this confusion.

The confusion is also further exacerbated by security guards who wear uniforms similar to those worn by the police. One police officer who was interviewed, believed this similarity is intentional. From a distance, a security guard might look like a police officer, and according to one security company owner, this has the desired effect of deterring potential criminal action.¹⁰

Filling the vacuum

Some argue that the functions performed by the private security industry and the police are 'two sides of the same coin'. Moreover, it is felt that a vacuum has been created in the policing of crime because of the police's withdrawal from certain areas of policing. This vacuum is subsequently filled by private security.

There is some validity to the argument that private security performs a function which the police are unable or unwilling to do, and that there are gaps in the provision of security that can be met by private security companies. However, it is questionable whether the roles performed by the private security industry and the police are two sides of the same coin.

Private security cannot replace the police. The two have different objectives and roles:

- Public policing aims to protect the public. Private security has a profit motive and has as its main objective the protection of its clients' interests. The interests of private clients and those of the public are not always the same.
- Private security companies are accountable to the market and their clients. The police are accountable to local, provincial and national government and, therefore, the electorate and the

public at large.

- Private security's main role is the reduction of the risk of crime and loss, while policing seeks to deter future crime by punishing criminals after they have committed a crime.
- The police have special powers which are exercised in the context of public accountability. Private security companies have no special powers beyond those of ordinary citizens and those delegated to them by owners of private or 'public-private' property.

An argument in favour of expanding the private security industry's role is that it allows the police to concentrate its resources on more serious matters. Private security outfits could thus play a greater role in acting as the 'eyes and ears' of the police. However, private security companies, rather than reducing the burden on the police, increase it in some situations. An example is the alarm sector, where police forces around the world spend considerable time and resources responding to false alarms belonging to the private security industry.

Policing for profit

Private security guards do not have the same legal powers as police officers. Security guards, however, do exercise discretion over criminal matters that occur on the private property of their clients. For example, a private security company may decide not to involve the police in a crime committed on the private property of their client. The decision whether to involve the police usually depends on the interest of the security company's clients.

Morgan and Shanahan comment on the discretion that private security companies have over criminal matters occurring on private property. Moreover, they point out that there has not been any systematic inquiry into how private security companies exercise this discretion. This makes it difficult to calculate the long-term impact that the exercise of discretion has on the concepts and values of the criminal justice system. Could the growth and expanding influence of private security constitute the emergence of an "alternate criminal justice system", where the profit motive and loyalty to clients replace or undermine existing criminal justice systems based on principles of law and fairness?¹²

Moreover, some private security companies, on discovering that their guards have committed crimes, often choose (for the sake of their image and the possible liability that may be incurred), simply to dismiss the guards. However, such guards can then seek employment with another security firm that is unaware that it is employing criminals.

Over the last decade, the police has come under intense scrutiny by the state and the public. This has not been the case with the private security industry whose accountability is market-driven. Regulatory systems have been set up to monitor and regulate the private security industry in many countries. In most cases, however, these systems are weak, ineffective and inadequate. As a result, the private security industry is more security conscious than rights conscious. Because the private security industry is less constrained by statutory limitations, it is more likely to infringe the rights of the people it polices than the police.¹³

Problems regarding the roles of the police and the private security industry as two sides of the same coin include:

- Private security is profit-driven which favours the wealthy. Shearing and Bayley point out that the private security industry takes power away from the state, but does not distribute it to more people. Those who can afford it employ private security companies, and those who cannot, have to rely on public policing.¹⁴
- Private security shifts the responsibility for social control and order away from the state.
- The expansion of private security involvement, such as patrolling the neighbourhoods of those who can afford it, has the effect of creating 'enclaves'. There may be a reduction in crime in an enclave, but this does not lead to an overall reduction in crime. Studies in the US have shown that crime simply relocates to other areas not protected by private security.

The South African private security industry

The South African private security industry has a number of unique features because of the political context in which the industry developed. In Europe and the US, the security industry's expansion in the 1970s and early 1980s occurred without any real input or assistance from the state. This was not the case in South Africa.

In the late 1970s and throughout the 1980s, the former South African Police (SAP) withdrew from many normal policing duties to concentrate on maintaining political control. The government encouraged the private security industry to fill the gap left by the police's shift in priorities. The government also assisted the industry by providing mechanisms with which the industry could link up formally and informally with the state security apparatus.¹⁵ In 1991, at a Security Association of South Africa (SASA) conference, Lieutenant General Basie Smit hinted at the establishment of a joint working committee to produce a blueprint on co-operation between the SAP and the private security industry. In 1992, the then Commissioner of Police, General Johan van der Merwe, considered the creation of a permanent secretariat consisting of SAP and private security industry representatives.¹⁶

At a formal level, the state used private security companies to guard strategic installations. In 1980, the **National Key Points Act** was passed. The Act granted greater powers to private security guards who were tasked with guarding strategic installations, including full powers of arrest, and search and seizure.

The question whether the government at the time and those working in the private security industry had similar interests has been raised on several occasions. Many security companies have strongly refuted any allegations of mutual interest. However, according to members of the Security Officers' Board, the government might have channelled funds into certain private security companies and used them as front companies.¹⁷

Because of South Africa's past involvement in military operations in other African states, and the immigration to South Africa of people who fought in the bush wars in Rhodesia and other African states, a large number of people with experience in counterinsurgency and low intensity conflict operations live in South Africa.¹⁸ Not surprisingly, many owners and managers of private security companies have military, intelligence and police backgrounds. One security company manager said initially it was his company's policy only to recruit people who had been members of the SAP. In the 1970s, the policy was extended to include army and correctional services

personnel. After 1990, this policy changed, however, and preference is no longer given to former security establishment personnel.19

Many companies still regard the recruitment of personnel with a previous security background as desirable. The involvement of former military and police personnel has had a marked impact on the profile, structure, training and even uniforms of private security companies in South Africa. As there is a large group of people with combat experience who fought both for and against apartheid, who find a natural home in the private security industry, it is unlikely that the profile and character of the industry will undergo any significant changes in the near future.

Traditionally, most security guards have been black, while the management, owners and special response units have been staffed mainly by white people. The establishment of black-owned companies, initiatives by some larger companies to sell shares to black-owned businesses, and affirmative action policies are having an impact on the racial divide in the industry. However, speaking at the launch of the KwaZulu-Natal branch of the South African Black Security Employers' Association (SABSEA) in 1996, the general secretary of the association, Steve Dube, said that black people only held four per cent of the top positions in the industry.20

Scope of the industry

In March 1999, there were 5 343 active registered security businesses in South Africa²¹ (see Table 2).

Table 2: Companies registered with the Security Officers' Board

Security businesses registered with the Security Officers' Board	Number of registered companies
Gaurding, and cash in transit	3 174
Armed response	673
Private investigations	652
Other categories	844
Total	5 343

Figures supplied by Security officers'Board, March 1999.

Table 3: Specific markets utilising electornic security services, and the proportion of total market value of each sector

Markets	Proportion of total market value of electronic security services
Public sector	10,0%
Commercial sector	29,8%

Industrial sector	19,5%
Domestic sector	38,3%
Unspecified	2,0%

The guarding component guards fixed assets and property such as buildings, shopping complexes and schools. Other services offered by this sector include the patrolling of privately owned public spaces and the policing of strike action. In March 1999, some 125 000 guards were employed in this sector. (The figure fluctuates according to the commercial contract needs of guarding companies. There is an estimated 200 per cent turnover of staff in this sector.²²)

The armed response component has grown steadily during the past decade. While armed response companies do not employ as many personnel as the guarding industry, they service more clients. In March 1999, some 673 armed response businesses were registered in South Africa. This service entails the installation of electronic security systems linked to a central control room, which is responsible for deploying armed response personnel when required. Armed response companies usually work within defined geographic areas. This enables them to respond quickly to emergencies.

The cash-in-transit component includes companies who run both cash-in-transit and guarding services. It is therefore difficult to estimate the size of this component of the industry. The Security Officers' Board classifies 412 businesses as cash in transit businesses. Of the 679 cash-in-transit vehicles in operation, over 85 per cent are armoured.

The electronic hardware component includes installers of alarms and other security devices. Like the cash-in-transit and guarding components, there is some overlap between the providers of armed response and electronic security services.

The investigation and risk management component includes private investigators and risk consultants. Some private investigators also operate as debt collector and tracing agents. The number of private investigators and risk consultants is growing at a rapid rate. As Hazel Friedman, an investigative journalist who has worked closely with a number of private investigators, puts it, "*the prying game has become a lucrative career for a growing number of South Africans.*"²³

Lawyers regularly use the services of investigators to trace witnesses or obtain information that may be vital to their clients' case. Businesses make use of private investigators to counter economic espionage. They also enlist the services of risk consultants to advise them on security related matters.

A growing number of private security companies are developing specialised private

investigation sections to investigate irregularities within their own companies and to service some of their clients' needs. Some people also hire private investigators to gather damaging information on other people. According to a **Sunday Times** article, this type of information gathering is quite profitable.

*"For people who want dirt on you and can afford to pay for it, there is a private investigator who can dig it up. There is no corner of your life that is sacred and there is nothing to protect you from prying eyes ... Once someone has decided, for whatever reason, that he wants dirt on you and is prepared to pay for it, there is a private investigator somewhere who will dig it out."*24

Many private investigators engage in telephone tapping and surveillance and make use of disguises and decoys. Linked to this field of security are electronic specialists who provide the equipment to perform these functions. Electronic specialists sell equipment to government officials, large corporations and private investigators. Some, like the well-known Spy Shop, sell directly to the public.

Linked to private investigators are what the **Sunday Times** referred to as *"a group of travelling salesmen"* who offer their services to private investigators. Referring to this group of people, Decon Condon — a private investigator — told the **Sunday Times**:

*"They come to our offices and let us know they have friends in the bank or the Receiver's [of Revenue] office or Telkom or whoever, and if we need to get copies of anything or want phones tapped they can arrange it ... There are people who specialise in intelligence gathering. You get telephone buggers for instance, who subcontract themselves out and make lots of money working for private investigators."*25

A number of private investigators are erstwhile police or intelligence personnel who worked for the previous government, or people who served in such capacities in other countries. Some currently serving in the police or official intelligence structures, also moonlight as private investigators. It is not uncommon for such people to make use of state resources, including fingerprint files and criminal record registers to further their investigations.

Private investigators and risk consultants are often considered the most 'shady' and unscrupulous members of the private security industry. The more established operators blame this reputation on fly-by-night operators who enter the industry in search of 'easy money'.

There are some extremely professional private investigators with years of investigative experience. However, the majority of investigators have little, if any, formal training in detective work. This contributes to a general lack of professionalism within this component of the industry and accounts, at least in part, for the bad reputation of this service as a whole.

According to the Security Officers' Board, some 652 private investigators and risk consultants were registered with the Board in March 1999. The number of people operating in the industry at any one time may be as high as 2 000, the majority of whom are, however, fly-by-night operators.

Some private investigators argue that there is a need for their service to be regulated. Many, however, argue that regulatory legislation applies to private security only for the physical protection of clients, and that private investigators perform a different function which does not fall under the provision of physical security.

In the US, private investigators and risk consultants are one of the most regulated components of the private security industry. This regulation occurs through a licensing system whereby the authorities of the state in which they operate license every private investigator. In a number of states, such licences are annually renewable.

In-house security is security provided by an employer's employees solely for the business for which they work. This category of security personnel is not required to register with the Security Officers' Board. An estimated 60 000 people are employed in an in-house security capacity.

Security associations

There are some 22 security associations, reflecting the diversity and fragmentation of the industry. Some associations are specific to particular parts of the industry, such as the South African Intruder Detection Service Association (SAIDSA), representing the electronic and armed response components. Other associations represent vested interests such as the Small Employers Security Association (SESA), who represent small business interests in the industry.

Most of the associations are part of the South African Security Federation (SASFED) which was formed in 1986 following an appeal by the then Minister of Law and Order, Louis le Grange, for the industry to set up a co-ordinating structure.

Today, SASFED offers a forum based on common interest and, according to its chairperson, *"provides a united voice of common concern."* However, the process of drawing together different companies within the industry is not an easy one. The industry is highly competitive and cut-throat. It is rife with differences — political, material and personal.26

Surviving in the new South Africa

Because of the private security industry's history, many security companies have sought to improve their image in the post-1994 period. One reason for this is the desire to secure lucrative government contracts. Government tender procedures tend to favour companies with a racially diverse or non-white racial make-up. As a result, the 1990s have witnessed the formation of partnerships between small black-owned security companies and larger white dominated companies, or mergers with and buy-outs of white-owned companies by black-owned companies. Examples of this include Fabcos' merger with Coin, and Khulani Holdings' purchase of Springbok Patrols.

While such initiatives have worked in a number of cases, they have been a failure in some instances. Many smaller black companies complain that they do not benefit fully from partnership agreements, but are being used simply to comply with tender procedures. A number of partnership agreements have collapsed as a result of these problems.

Control of the industry in fewer hands

During the 1990s, large monopolies developed within the private security industry. A spate of take-overs and mergers during the last few years are placing the ownership of the security industry in the hands of a shrinking number of people.

In the armed response part of the industry, large holdings such as Klipton and Paramed have emerged as security service providers. In the guarding industry, Bayette Security has taken over Gintangs, and Fidelity Guard bought out Khulani Springbok Patrols (see below).

Fidelity Guard buy-out of Khulani Springbok

In January 1999, a purchase and sale agreement was signed by Khulani Springbok and Fidelity Services Group, whereby Fidelity purchased the entire interest of Khulani Springbok Patrols (Pty) Ltd. The deal was valued in the region of R100 million.

The new consolidated company has a workforce of 20 000 people and 2 000 vehicles spread over 150 branches throughout South Africa, Mozambique, Lesotho and Swaziland.

Khulani Springbok Patrols arose from a 37-year old family dynasty and grew into the largest guarding company in South Africa. Fidelity boasts more than forty years of business in the security industry.

A Security Focus editorial argued that the take-over of Khulani Springbok Patrols by the Fidelity Services Group will form a guarding colossus in Southern Africa which could be one of the largest of its kind in the world.²⁷

A new development is the concept of a 'one-stop security shop', where a range of security services — from private investigations, to armed response and cash-in-transit services — can be purchased. Some large private security companies offer services such as cleaning and maintenance, in addition to their traditional security-related services and products.

A profitable market

Private security companies are listed on the Johannesburg Stock Exchange (JSE). Ten years ago, traders on the JSE expressed little interest in private security companies. This has changed, however, as investors realise that the private security industry has become a growing and profitable sector of the economy. As a result, entrepreneurs are increasingly involved in the running of private security companies. This has weakened the perception that the industry is run by former military and police personnel.

Some of these entrepreneurs, however, have little experience in the provision of security. They see security companies as a way of making lots of money in a short time. For example, in some areas of Johannesburg, a household paid R200 per month for an armed response service a few years ago. The same household would now pay between R300 and R400 per month for the same service.

Because of rising prices, some people cancel their contracts with expensive private security companies. This creates a vacuum in the provision of security, which is often met by smaller companies offering cheaper rates. Many of the small security companies offer a professional service. However, some offer cheap rates by cutting running costs to a minimum. This has a detrimental effect on service delivery and the general quality of the security services that are provided.

Problems in the industry

Many of the larger private security companies blame problems in the industry on smaller companies, alleging that they are responsible for cutting costs and getting involved in dubious

practices which negatively affect the reputation of the industry as a whole.

While some smaller companies survive by cutting costs, and some are involved in abuses and illegal practices, much of the industry's problems cannot be solely attributed to this group. Some of the problems are caused by particular elements within the industry that, because of the absence of comprehensive regulation, abuse their position and tarnish the reputation of the industry. Other problems are related to poor management and supervision and the fiercely competitive nature of the industry.

Abuses in the industry

In 1990, 'Sybrand' Louis van Schoor, a private security guard and former policeman, was convicted of 22 counts of murder. This was not an isolated incident, and such abuses are common among certain elements in the industry.²⁸

Commenting on allegations that security guards assaulted staff at the Wild Coast Sun casino, an editorial in the **Natal Mercury** read: *"The crime wave has boosted the private security industry. While a large number of firms perform a useful service, an unacceptable number appear to overstep the mark."*²⁹

Registration for convenience

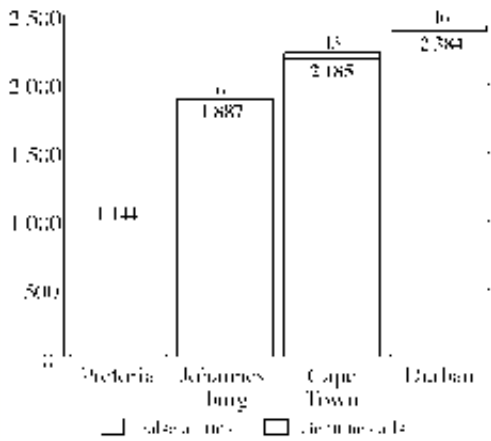
At a meeting of the Security Officers' Board on 30 August 1996, the registrar of the Board told members that it was impossible to determine how many of the registered security companies were *"registered for convenience"* (i.e. registered but not providing security services).

While the number of companies registered for convenience are probably small, the possibility that these companies are misusing their position, and are involved in illegal activities, poses a threat to general stability. The existence of such operators strengthens allegations that sections of the private security industry are involved in third force activities, which impact negatively on the credibility of the industry.

Overburdening the police

According to a senior member of the SAPS, some 99,5 per cent of the alarms (installed by the private security industry) that the police respond to are false. The officer said the police were concerned about elements within the private security industry that are not part of a recognised security association, and did not maintain adequate standards.³⁰

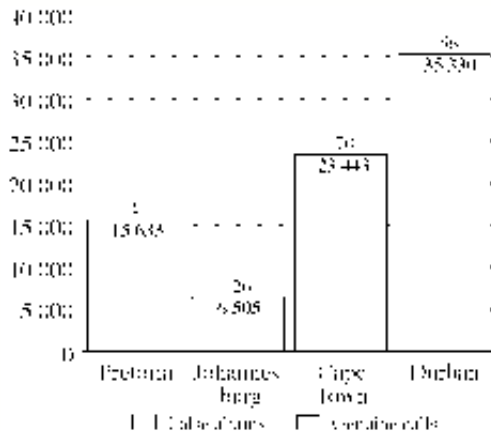
Graph 3: Number of panic button alarms responded to by members of the SAPS in 1996



According to Superintendent Teddy Munsamy, a police officer in KwaZulu-Natal, about two hours of the average police officer's working day are wasted running around in response to false alarms belonging to private security companies.³¹

Some companies advertise and sell an armed response service, but do not have armed response units or personnel. These companies in effect sell a service that they then rely on the police to perform.

Graph 4: Number of alarms responded to by the SAPS (in the commercial and domestic sectors) in 1996



Training standards

The training of private security guards is regulated by the Security Officers' Board. All training must be conducted by training institutions which are accredited with the Board.

There has been much criticism of the standards regulating firearm training. A minimum of five hours of training are required for guards to be permitted to carry firearms while on duty. Firearm licences are issued to companies, not to individual guards. Licences are issued on the recommendation of the Security Officers' Board. The company to whom firearm licences are issued, is not legally bound to prove the nature of the firearm training that its guards have received.

Firearm training is not the only area where training standards are inadequate. A commission of inquiry into the death of sixteen people and the injury of eighty, at the Tembisa train station (in Gauteng) in July 1996, found that the actions and conduct of the private security guards at the

station had contributed to the tragedy. Commenting on the training of the security guards, the commission found:

*"The D grade guards have such limited training that they either could not foresee that their conduct could result in the injury and death of commuters, or that if they could foresee the consequences of their conduct, they were unable to act in a manner necessary to avert such consequences."*³²

A manager of a security company said his company did not deploy E and D grade guards because the company felt that these guards had not received adequate training to perform their functions effectively.³³ (E grade security guards receive the lowest level of training, A grade guards the highest.) According to the Security Officers' Board's training officer, Doug Nielson,³⁴ nearly 100 000 security officers are not trained for the level of work they undertake, and three-quarters of all security officers only have E grade qualifications. The lack of effective regulation allows companies to employ E grade guards, who are then armed and deployed without further training.

In-house security guards are not governed by the standards set by the Security Officers' Board, and no statutory regulatory standards apply to this category of security officer. In-house security personnel may perform security functions for a private business. However, in performing their duties, such guards often interact with the public. Regulatory standards are required to protect the public from harm as a result of the lack of training of in-house security personnel.

Another problem are fly-by-night training centres which offer training for security guards on a commercial basis. Many of these centres are not recognised by the Security Officers' Board. People undergo training at such centres only to find that their training is inadequate, thus preventing them from registering as private security guards. Such training schools are prominent in rural areas. According to Doug Nielson, non-accredited training centres have taken advantage of loopholes in the legislation. *"These operators can only be charged with fraud if they wrongfully inform their trainees that they are accredited by the Security Officers' Board."*³⁵

'Third force' activities

There are allegations that sections of the private security industry are involved in third force activities. In July 1997, the then Deputy President, Thabo Mbeki, said he believed that certain elements within the industry were involved in political and criminal destabilisation.³⁶

Although many of the allegations remain untested, information that has surfaced since 1990 tend to support these. For example, reference was made to a private security company's involvement in third force activities in the Steyn report presented to the then State President, F W de Klerk, in 1992. A 1994 report by the Goldstone Commission referred to the involvement of elements within the private security industry in political violence.

Security Officers' Board members who were interviewed, feel that a commission of inquiry should be established to deal with these allegations as they blemish the reputation of the industry. They also feel that such a commission should investigate the allegation that some private security companies acted as front companies for the apartheid government.³⁷

Unscrupulous and criminal behaviour

In December 1995, state tender board officials, referring to lucrative government contracts for

security companies in Mpumalanga, claimed that companies had launched smear campaigns against each other in an attempt to beat their competitors.38

In March 1997, the Office for Serious Economic Offences raided the offices of six large private security companies. The raids were part of ongoing fraud investigations involving R300 million. One hundred security companies' offices were searched as part of the same investigation.39

Cutting costs

Some private security companies secure contracts by undercutting competitors. Undercutting is usually achieved by reducing a company's running costs.

One of the main ways of cutting costs is by the underpayment of wages. Guards working in the private security industry have historically been badly paid and often work long hours. In April 1996, new labour legislation compelled employers to limit working hours and increase salaries. (Prior to April 1996, new and smaller companies were exempt from industry wage agreements.)

Larger security companies accuse fly-by-night and smaller companies of tarnishing the reputation of the industry by not adhering to existing labour legislation. However, investigations by the Security Officers' Board, as well as labour court rulings, indicate that the underpayment of guards and other illegal labour practices are not limited to small companies only.

Working conditions within the industry are a matter of serious concern. The Security Officers' Board has played a significant role in addressing the issue by fining companies that do not adhere to working condition standards. The Board only has the power to fine offending companies, however, and cannot seek restitution for affected employees.

One security company manager said the problem was that unscrupulous companies found it cheaper to pay a fine, than to pay their employees the statutory minimum wage.40 Companies that are illegally cutting costs by underpaying their employees often also cut costs in other areas such as training.41

The high staff turnover and the victimisation of employees have made the unionisation of the industry difficult. One Board member cited this as another reason why the Board devoted significant attention to the monitoring of labour standards.

Police involvement

Many police officers who leave their jobs find work in the private security industry. While there is no basis to assume that this movement has any sinister motives, the movement of such persons into an industry that has a coercive capacity and plays a role similar to state law enforcement agencies, raises a possible threat to stability.42 This movement could also enhance informal networks between police personnel and their former colleagues employed in private security companies.

Market forces

Much of the responsibility for ensuring professional standards within the private security industry is left to the market. One private security company owner explained that standards in the industry were often related to the maturity of the market served by these companies. Companies are forced to provide a more professional service where the market is experienced and 'mature'.

In March 1997, Mrs Christine Barry (74) was raped and murdered at Silvermine Retirement Village near Cape Town. Three of the village's private security guards were arrested and charged with her murder. Commenting after her mother's death, Kate Barry said:

"A culture of petty theft had been allowed to thrive in Silvermine Village, unchecked by management. My mother was killed by people meant to protect her; guards were hired and trained by the manager."

The manager of the village said he had decided to train his own security guards after a professional security company failed to provide an adequate service. The manager claimed that he based his training on observing the way the professional company had run security at the village.⁴³

Leaving the responsibility of standards to the owner of a private security company does not pose a problem when the service impacts only on the private person or business that contracts this service. However, it is not sufficient to leave the maintenance of standards to market forces alone when this service is used to police the general public.

Privatising policing in South Africa

The boundaries between public and private policing are becoming increasingly blurred. The establishment of a strong armed response component within the private security industry has moved the industry one step closer to performing some of the roles traditionally performed by the police. There are also a growing number of businesses and neighbourhoods that are employing private security companies to patrol their streets and suburbs. In a number of places around the country, such as Hillcrest (near Durban), security companies are part of the local community police forums.

In 1997, Richards Bay residents supported the idea of a private police structure for their town. The plan was drafted by Captain Uys of the SAPS' Public Order Unit, and the manager of GCB Private Security Systems. The proposed fee for the project was R49 per month per ratepayer. Captain Uys stated that *"a private force of well trained former police officers will patrol the streets on a 24 hour basis."* The system would include electronic security for the town, and would be undertaken together with other private security companies and the police operating in the area. Several insurance companies agreed to reduce premiums in areas where the project was put in place. Captain Uys and GCB security presented the same proposal to several other local councils in KwaZulu-Natal.⁴⁴ The proposal had not been implemented at the time of writing.

The political changes which have taken place in South Africa since 1994 have forced the police to redefine its role, and to project a new image as that of a 'service' rather than a 'force'.⁴⁵ Many communities experienced the police in the pre-1994 era as an instrument of repression.

One police officer who was interviewed, said the SAPS is hesitant, given its history, to become involved in 'controversial' areas of policing, such as the eviction of illegal tenants and the policing of strike actions.⁴⁶ The police's hesitation to get involved in such areas has resulted in some of these functions being carried out by private security companies.

The manner in which evictions and the policing of strike actions is carried out remains a controversial issue. Some private security companies have been involved in serious abuses while performing these functions. An example is the eviction of tenants from farms in northern KwaZulu-Natal. The evicted tenants alleged they were assaulted, had their property destroyed, and were served with false eviction orders by private security guards.

Extending powers

Private security providers should have limited powers and not see themselves as providing the same service as the police. One security company owner summed this up by saying: *"We exist because our clients pay for our service. We can try to assist in general crime cases but this isn't really our role, and it can't be done at the expense of our clients."*⁴⁷

The debate around the extension of the powers of private security companies has received considerable publicity. The Security Officers' Board has submitted a policy paper to the government requesting that *"peace officer status be given to certain categories of private security guards."* Powers that are being requested are full powers of arrest, and search and seizure; the right to demand the name and address from members of the public; and emergency status for security vehicles.

Private security companies police for profit and are accountable to their clients. Extending the powers of private security guards will effectively give those who employ these guards, powers and rights the general public do not have.

There have been calls from sections of the industry for greater access to firearms. Numerous robberies of cash-in-transit vehicles, where criminals used heavy calibre rifles, are cited as a justification for this request.⁴⁸ There is some validity to this argument, particularly for companies involved in cash-in-transit operations. However, there is a need for caution in relation to a general relaxation of existing policy on the issuing of firearms to security companies:

- Firearm training standards for private security guards are inadequate. Until these are addressed, further arming of the industry may pose a serious threat to the safety of the public.
- Certain security companies acknowledge that their guards are being targeted because they carry firearms. One company owner cited an example in KwaMashu (near Durban), where more than twelve weapons were stolen from on-duty guards. Some companies are reducing the number of firearms used by their firms, and are using armed guards only under specific circumstances.⁴⁹

South African expansion into Africa

South African private security companies expanded their operations into other African countries. Security markets in these countries are a lucrative means of expanding the South African security industry's business interests.

Many large security companies have opened security operations in other African countries. Coin Security is operating in at least six African countries. Grey Security has opened companies in partnership with local governments and other security operators in African countries. Some smaller companies, like Greenfour, that do not even operate at a national level in South Africa,

have security operations in other African countries.

There are a number of different services offered by these security companies, of which the most prevalent are:

- guarding of installations, mines and other strategic property;
- providing risk consultancy to South African, European and American businesses wishing to expand their markets in these countries;
- provision of private intelligence services;
- security training; and
- VIP protection services and guarding of government property.

The extent to which South African security companies are involved in political conflicts in these countries is unclear. However, there are allegations that in some cases, such as the conflict in the Democratic Republic of Congo and in Angola, South African private security firms are involved.

According to a report in the Sowetan:

"Two security companies are recruiting former members of the South African Defence Force (SADF) to help boost the Angolan government in its fight against UNITA.

The recruitment of former SADF soldiers, some of whom had previously fought with UNITA to topple the MPLA government, is being conducted by two companies with offices in Johannesburg and Pretoria.

It is understood that former senior SADF officers are working in top military structures of the MPLA."

The report states that UNITA is also recruiting mercenaries, and that former South African soldiers are working for both sides in the war. The report expresses concern that a situation has been created where former South African soldiers may find themselves at war with one another as they attempt to bolster both sides in the Angolan civil war.⁵⁰

A number of concerns have been raised about the expansion of South African private security companies into other African countries.

Security companies used for mercenary activities

In 1998, the South African Parliament passed anti-mercenary legislation that prohibits companies from conducting mercenary activities from within South Africa's borders. However, some private security companies appear to be involved in mercenary activities under the guise of carrying out private security contracts.

Lack of regulation

While regulatory structures are weak in South Africa, they are nonexistent in many other African countries. South African companies operating in other African countries can misuse the lack of regulation to provide a service that is below standard. Companies that are not forced to adhere to minimum standards might be tempted to cut running costs to increase profits.

Regulation in other countries

Most countries have legislation to regulate private security. A notable exception is the United Kingdom where past governments left the regulation of the private security industry to market forces. The Labour Party government, however, has indicated that this may change.

Furthermore, the extent of regulation is usually influenced by the political culture of the country in which the legislation is promulgated. The United Kingdom serves once more as an example, where the previous conservative government opted to leave regulation to the market, but introduced it in Northern Ireland to prevent the industry from becoming a home for political militants there.⁵¹

The regulation of private security can follow one of three models:

- ***Non-interventionist***: The state does not take responsibility for regulating the industry. It is left to the market to ensure adequate regulation occurs.
- ***Minimal regulation***: The state introduces minimal legislation to regulate the people who work in the industry. Such regulation may also set limited rules and standards for the industry.
- ***Comprehensive regulation***: The state extends regulation beyond controlling the type of person who enters the industry. Substantive regulation is introduced to raise the standard and quality of services provided by the private security industry.⁵²

In the late 1970s and during the 1980s, most countries moved away from the non-interventionist model to minimal regulation. In the 1990s, a growing number of countries moved from a minimal to a more comprehensive regulatory dispensation. Western Europe, parts of Australia, and some states in the US have introduced, or are considering the introduction of, more comprehensive regulation.⁵³

The manner in which the regulation of the private security industry is administered, varies from country to country. For example:

- In Italy, the Ministry for the Interior draws up regulations that are administered by department prefects with the assistance of the police.⁵⁴
- A board is set up with the overall authority of regulating the industry (as is the case in South Africa), or advisory boards are established to advise regulators.
- Police departments administer the regulations, as is the case in some parts of the US and Europe.
- Responsibility is divided with government departments regulating different components of the private security industry. In North Carolina (US), the Private Protective Services Board of the

Department of Justice regulates the guarding and private investigation components, while the Alarm Systems Licensing Board regulates alarm installations.

Most private security company owners, particularly those owning larger companies, favour the minimal regulatory model. Minimal legislation entails limited protection for the public, but protects larger companies against fly-by-night operators and smaller companies, some of whom cannot afford the cost that a minimal regulatory model will incur.

Regulation in South Africa

In the late 1980s, the private security industry was regulated in terms the **Security Officers Act** of 1987. (The Act was amended in 1992 to allow for a change in the composition of the Security Officers' Board.) The main objective of the Act is to establish a Security Officers' Board which exercises control over the occupation of security officer, and maintains, promotes and protects the status of the guarding industry.

The Act covers companies and individuals who provide a security service for gain. In terms of the Act, a board consisting of representatives of employers, employees, consumers, and two representatives appointed by the Minister for Safety and Security, is elected every five years.

Regulatory mechanisms set up through the Act include:

- registration of security companies and security guards;
- regulation of minimum training standards; and
- creation of an inspectorate to enforce regulations.

The Board is funded by the industry through fees and fines paid by companies and security guards.

Changes in regulation

Under the 1987 Act, the police could influence the composition of the Security Officers' Board. Nominations to the Board were prepared by the Commissioner of Police and sent to the then Minister of Law and Order for appointment. The police also had direct representation on the Board.

In 1992, a decision was taken, largely influenced by the Transport and General Workers Union,⁵⁵ to do away with police representation on the Board. The Act was amended to accommodate changes in representation on the Board. The amendment granted the Board more independence, and enabled it to issue regulations in concurrence with the minister.

In 1994, a security forum was established under the Board. The forum consisted of industry representatives and public security personnel representatives. The security forum established three task groups to look at the transformation of the private security industry. The task groups focused on:

- restructuring the Security Officers' Board;
- in-house security (which is excluded from regulation); and
- possible amendments to the Act.

The recommendations of the task groups were finalised in 1996 and led to a further amendment

of the **Security Officers Act**, which was passed by Parliament at the end of 1997.⁵⁶

Key provisions of the 1997 amendment include:

- A Security Officers' Interim Board is to be established to replace the Security Officers' Board. The Interim Board has increased employee and consumer representation.
- The Interim Board must submit reports to the Minister for Safety and Security on how the industry should be regulated in future.
- In terms of the objectives of the Interim Board, specific reference to the guarding industry has been removed to avoid the impression that preference is given to this component of the industry.
- The Interim Board must be chaired by an independent person who does not come from within the private security industry.
- The Minister for Safety and Security must prepare legislation within eighteen months of the setting up of the Interim Board, for presentation to Parliament on future regulation of the industry.

Problems with regulating the private security industry

South Africa has tried to balance the non-interventionist model with that of minimal intervention. That is, permitting regulation while, on the whole, giving industry representatives the responsibility of enforcing the regulation.

In South Africa, the organisation tasked with regulating the private security industry — the Security Officers' Board — until recently consisted mainly of representatives from within the industry. In addition, the Board is funded solely by the industry itself. This has raised concerns about the Board's ability to act as an independent regulatory body. It also created tension within the industry as Board members, who run private security companies, could misuse their position on the Board.

A flaw in the legislation is in the objectives set out in the **Security Officers Act**. One objective is to maintain, promote and protect the status of the occupation of security officer. Legislation's primary function should be the protection of the public and not the protection of a particular trade. Other problems with the legislation include:

- Several categories of security are excluded from regulation, in particular in-house security.
- The Security Officers' Board lacks the power and capacity adequately to enforce statutory regulations and its code of conduct for the private security industry. Between March 1995 and March 1996, charges were brought against 21 private security companies but none were deregistered. Some members of the Board are of the view that additional legislation is required to give the Board the power to clean up the industry.⁵⁷

Issues facing the industry

Some of the crucial issues which need to be resolved by the state and the private security industry include:

- defining the role of the police versus that of the private security industry;
- developing guidelines and mechanisms to enable the police and the private security industry to work together;
- creating mechanisms to enable the state and the industry to deal effectively with elements in the industry that are involved in illegal activities and practices; and
- protecting the public where they interface with the private security industry.

The first two points should be addressed through clear policy guidelines, the third through the criminal justice system, while the last should be dealt with through the introduction of effective regulation.

In a parliamentary debate, the Deputy Minister for Safety and Security, Joe Matthews mentioned the need for a white paper on the private security industry. Such a paper would provide the basis for clear policy on the role of private policing, and could establish guidelines for future relations between the police and the private security industry.

Future regulation

Five key issues need to be addressed in respect of any new regulatory model for the private security industry.

Objectives

The effectiveness of regulations are diminished if these are unclear or seem to be inappropriate. The objective of regulations should be the protection of the public, and not a specific occupation or private security practitioner.

Who should be regulated?

In-house security and certain other categories of the private security industry, such as locksmiths, should be included in regulation.

What aspect of the private security industry should be regulated?

Over-regulation of the industry could create serious problems, both in terms of practical implementation of the regulations, and the high cost of implementing them. This could render any onerous regulations unworkable. The regulation of certain aspects of the industry should be left to market forces. However, there are key areas of the industry that require comprehensive regulation. The three most important areas are those relating to the issuing and carrying of firearms, the standards and conduct of security guards who deal with the public, and the gathering of information in so far as it may jeopardise people's rights and civil liberties.

Who will regulate?

Most operators within the private security industry favour a self-regulatory model. They argue that this is the most cost-effective way of regulating the industry, as it is the industry which is best informed about itself. Moreover, this practice of self-regulation is followed in other occupations, such as by estate agents.

It is questionable, however, whether a body representing the interests of the industry can be independent. The argument that only practitioners within the industry are informed enough to carry out regulations negates the fact that there is a large pool of legal and other expertise outside the industry which is capable of performing such a task.

Many other occupations and practitioners regulate themselves. There is, however, a difference between the private security industry and other occupations. The former performs certain policing functions, and its employees are licenced to carry weapons not only for the purpose of self-protection, but also to protect others and their property.

The cost of regulation

This is a crucial factor in developing a regulatory framework for the industry. It will influence the type of structure to be set up to enforce regulations. A streamlined regulatory system needs to be developed that is financed jointly by the state and with fees that private security companies are obliged to pay.

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