



NATIONAL ASSOCIATION OF INDUSTRIAL SECURITY COMPANIES

Address: **NAFTSO** - 50, Pirin str., 1680 Sofia, BULGARIA
Tel./Fax: + 359 2 9525614 e-mail: office@naftso.org www.naftso.org

POSITION

of the Management Board of NAFTSO on the consequences of the economic and financial crisis in private security sector

We witness a global, world-wide crisis, which directly affects Bulgarian economy, including the private security sector. The development of processes and their consequences require anti-crisis measures by the institutions as well as by the employers.

National Association of Industrial Security Companies (NAFTSO) is unwilling that the workers and employees in the private security sector bear the most adverse consequences of the crisis.

The aggravated financial and economic condition of the clients of private security companies is reflected directly and negatively on their activity and development, as they are also a part of the security system.

Decrease of the sites under security is registered resulting in cuts in numbers of employed personnel. As competition is intensifying, those companies without available resources (*financial, technical and human*) shall not survive on the market.

NAFTSO members acknowledge this process only partially as a negative consequence of the crisis. It can be a catalyst for speeding up the changes in the private security companies and at the same time - an opportunity for "cleaning" the market from subjects (*legal entities and physical persons*) unprepared to provide reliable and quality services, as well as such who are unfair to clients and to the state.

The damageable effect of the competition for the lowest bid for security services, which often reaches beyond the optimization of costs, should be viewed not only in the context of the security of the private security companies themselves and of their public image, but also regarding increase of security risk for clients, society and citizens. In the conditions of crisis this risk is rising and will continue to do so in the coming months including the criminal acts against the personality and possessions of legal entities and physical persons.

NAFTSO members observe with concern:

- There is a growing pressure for decrease of the prices of security services and a practice of public institutions and private clients to save on security, incl, of highly responsible and risk-intensive sites. Thus, they do not only underestimate the potential risks, do not provide quality and reliable services, but also create conditions for violation of regulations by the contractors, for rise of the “gray” sector and unfair competition.
- The ongoing practice of unfair procedures for public procurements in spite the latest amendments to the Law on Public Procurements. The law and its application have not limited the opportunities for strange criteria, indicators and requirements by assignors as well as for tenders in favor of certain companies.
- The unrealistic increase of income and acceptance of “social” commitments in contradiction to economic logic in times of crisis.
- Trend for increase of inter-company indebtedness.
- The presence of preconditions in the crisis, which affect most crucially companies maintaining fair treatment of their employees, the clients and the state.
- The process of increasing unfair competition in the sector as well as the risk of enlargement of the unregulated activities and share of “gray” economy at the market of private security services.

NAFTSO insists that executive power undertake effective actions for:

1. Increase of the funds for investment in infrastructure, limitation of social expenses, more efficient use of EU funds, outsourcing of activities of public power to private assignees, improved services for business, transparency of public spending and fight against organized crime.¹
2. Improvements on the competitive environment in the private security sector by undertaking further measures for exposing of “gray” sector, for effective coordination between the institutions responsible for the control over keeping of labor and tax legislation as well as other regulations and enactments related to private security sector.
3. Repayment of overdue obligations of budget spenders including to security companies.
4. Strengthening of administrative capacity of Ministry of Interior for control over private security activities in view of limiting unregulated security services and of the “gray” sector in the security sphere.

¹ This guideline is included in the recommendations of business representatives to Government as from the beginning of the year and to the present moment.

NAFTSO recommend to employers in private security sector:

1. Not to turn the increasing competitive fight into conflicts with negative consequences for everyone; the code of ethics of private security industry is a good foundation for correct behavior, and constructive dialogue.
2. To be proactive in the direction of change of attitude of public power and business to the sense, necessity and development of private security services.
3. With their acts not to stimulate price wars in private security services, when such do not correspond to optimal costs and keeping (*rather than violation*) of established regulations; the attitude of the public to private security industry is determined by the public image of the subjects engaged in it.
4. To treat with priority modernization of activities and qualification of personnel; operational programs “Competitiveness” and “Human resources” are a real opportunity for attraction of additional resources.
5. To participate actively in the efforts to improve the legal regulation of the system and the activities for private security, in order to analyze the condition and trends of the market, and for acknowledgement of both positive and negative phenomena and processes in the private security industry.

Note: This position has been prepared in implementation of the decisions of the General Meeting of NAFTSO and is adopted by the Management Board on 9th April 2009 by Minutes № 85 (following research on the opinions of the Association members and taking in consideration the results of the information request in the private security sector).