

CERTIFICATION - THE FEE in FREE

A few enquiries were received during the week soliciting **SANHA's** views on offering a free Halaal certification service.

We examine the concept of a **“free service”** and its ramifications. In simple terms it is a rarity that anything in life is truly free. This economic principle is described as **“opportunity costing”**. It means that the buyer subsidises the cost of the free item directly or others actually pay for it.

Examples of individual cross-subsidisation proliferate the marketplace where the cost of the **“free”** is built in. Free minutes or a brand new mobile device on purchasing a phone contract; free maintenance plan when buying a motor vehicle; free home delivery of goods purchased; a free standing lamp or a coffee table with the purchase of a lounge suite; free computer bag or accessories with a laptop purchased; free gift wrapping service etc. are but miniscule examples of such free offerings. The sale is governed by terms where the freebie is conditional on the purchase.

Just as many examples abound on free products and services to beneficiaries that are cross subsidised by others. Government services where citizens receive social benefits such as pensions and disability grants for free, funded by the revenues generated to the fiscus from taxation of individuals, companies, duties and the like is a prime example.

The proven most conclusive model on cross-subsidisation is the Muslim

community's institution of charity donation. In giving effect to the Islamic injunction of charity, following the teachings and example of the Prophet Muhammad (peace be upon him)

reinforced by our pious predecessor's and earnestly exhorted by our Ulama, our community has excelled in disbursing enormous amounts of donation. Specialist organisations established for this purpose, some of whom employ commission-driven collectors, fund raisers and generous individuals collect huge sums of money for a vast number of social welfare programmes that serve locally and internationally, cost of which is met from this income stream. Food hampers for the indigent, sandwiches for hungry school children, providing water wells, subsidising salaries and expenses of Islamic workers at educational institutes, orphanages, building and maintaining Masaajid (mosques), relief for refugees and sending relief teams to international disaster zones are but just a few mentioned.

SANHA's Halaal certification is an independent, authoritative and reliable testimony to support claims that products and services labelled as Halaal have met all the religious requirements. Enormous costs are expended to render a professional and credible Halaal certification regulatory service. It requires the provision of logistical support through offices located in the major cities with a dedicated management team of trained auditors, administrators and supervisors based at

various certified plants on a daily consistent basis. Our auditors travel hundreds of thousands of kilometres annually ensuring that the Halaal standards are implemented and maintained.

Advisory services via our dedicated national Helpline and Consumer Desk are constantly sustained. The current **SANHA** staff complement today stands at 145. This is funded by the professional service charges and levying of licensing fees. Our annual cost of these services are declared in the Annual Audited Financial Statements presented at our public AGM'S and also posted on our website.

The challenges with the free funding model are many:-

1. Total reliance on donations from the Muslim community as opposed to regular cash flow based on contractual obligation for planned monthly expenditure such as operational costs, salaries, rentals etc.
2. In terms of transparency, there is no obligation to name the donors and the amounts donated whereas income via fees levied to organisations are subject to audit and disclosures to International accreditation bodies and relevant governmental agencies.

3. Donors, some of whom choose to remain anonymous are not required to declare any vested or conflict of interest such as being a supplier of equipment and goods to the industry, a Franchisor or owner of an establishment etc.

4. Donations are sought exclusively from the Muslim community as it is incompatible and unacceptable in terms of the Shari'ah to secure this from non-Muslims. This in effect means that the Muslim community themselves are paying for the "privilege" of Halaal certification to profit generating entities. This can be interpreted as a regressive form of taxation.

5. An overwhelming majority of producers of goods and services to Muslim consumers are non-Muslims. For example, in excess of 90% of poultry and meat is produced by non-Muslim abattoirs. With a very small exception of no more than four Franchisors in the Quick Service Restaurant (QSR) category, all others are non-Muslims.

The rules of logic following on from the above dictates the only response possible i.e. **SANHA** does not and will not offer a "free" certification service.

FEEL FREE TO EXERCISE YOUR FREEDOM OF CHOICE

Any queries pertaining to the above or any other aspect of Halaal may be referred to our offices

Halaal Helpline 0861 786 111