

REPUBLIC OF SOUTH AFRICA

PROPERTY PRACTITIONERS BILL

THE NATIONAL PROPERTY FORUM

SUBMISSION ON THE BILL REFERENCE GAZETTEE NO.41671

31st MAY 2018

Executive Summary

We would like to apologise to the committee for our late submission and we appreciate the fact that the committee is able to accommodate us at this late hour. Because of the urgency of the current situation within the Property Sector it is imperative that our voice be heard.

With the limited time we have got we have decided to limit ourselves to issues that we think affect the black estate agent and the future of transformation within the industry.

OUR ORGANISATION

The National Property Forum is a National Section 21 organisation of primarily independent Black Estate Agencies boasting a membership of more than 1000 agents and Principals with regional structures in six of our country’s nine provinces. The Forum was established due to the need for a representative organisation that would represent the interests and promote the collective prospects of a grouping that have historically been marginalised with the Real Estate Industry due to a variety of factors.

Our collective aim is to:

1. Reinvigorate an effective non-racial representative national network of independent Estate Agencies.
2. Facilitate projects that capacitate members to grow their enterprises and to contribute to the goals of the Property Charter by creating employment opportunities for Historically Disadvantaged individuals wanting to enter the property industry.
3. Ensuring and managing the professionalization of our members through education programs,
4. Establishing firm relationships with all stakeholders e.g. Banks, Government, Originators etc

OUR VIEW ON THE STATE OF THE INDUSTRY

After 24 years into the democratic South Africa, transformation of the economy is still a major focus of Government and other participants in South Africa.

The Property Industry is a significant contributor to the South African Economy; however, the property sector reflects some of the most glaring inequalities from our apartheid past. South African apartheid laws discouraged property ownership by people of colour. As a result, property ownership and knowledge of the property industry is skewed in favour of one racial group.

Both the Minister of Trade and Industry and responsible for BBBEE, to whom EAAB previously reported, and the current Minister of Minister of Human Settlements, have indicated on a number of occasions and on various platforms, the need for effective transformation in the Property Sector.

Property is one of the growth sectors in the South Africa, despite the recent downturn in the world economy it remains as a beacon of hope within the economy contributing +15% in GDP. Many industry experts agree that there remain serious challenges facing the Property Industry, specifically about transformation in South Africa. Less than 6 % (six percent) of estate agencies are owned by blacks, who collectively earn less than 1 % (one percent) of the estimated R2,6b commission from the residential sector in the year 2016.

Black real estate practitioners remain frustrated and are not sufficiently exposed to opportunities within the Property Industry. This impediment also prohibits them obtaining sufficient knowledge and expertise to compete effectively. The same frustration also exists within black communities! It is a myth that barriers to enter the Property Industry are low and that all practitioners need to do is to be able to sustain themselves financially for the first few months of operations. **For the majority of black real estate practitioners this is not possible!**

Reports have shown that there aren't nearly enough black property practitioners in the market. The EAAB registration figure for **2010** reflects mere 12 % (twelve percent) black estate agents (African, Coloured and Indian) the current statistics reflect an even gloomier scenario. It has therefore become extremely important that people from previously disadvantaged backgrounds are given easier access to the Property Industry with meaningful assistance and support. Specifically, also within the context of growth in the Real Estate Industry fuelled by affordable housing over the past 8 years.

Except for a few practitioners, the South African Property Industry has in general, when considering appointments, largely ignored helping new entrants from previously disadvantaged communities – **this needs to be rectified!**

**THE BILL**

**OUR SUBMISSION**

**Application for Fidelity Fund Certificate**

* FFC is a necessary industry requirement and we fully support its issuance
* FFC must not be a barrier to entry because of the onerous and stringent requirements for emerging agents
* NQFL4 and 5 training must be streamlined and must have measurable results
* We propose the introduction of a **Cadet Program**

**Transformation**

We believe that transformation must not solely focus on shares within established large companies mostly white owned. Whilst we support Bbbee and think this should be a requirement in the eventual act we propose the following.

* Training needs to be accelerated to cater for young entrants as well as graduates
* Using the Cadet Program Government needs to offer support to new entrants though leads generation, lease management preferential provision
* Almost 99% of black estate agents don’t use their trust accounts and yet the bill proposes no differentiation between those who are and are required to use trust accounts and those who don’t
* Exorbitant auditing fees are a barrier to entry and we propose the bill puts a limit to fees and or exempts business making less than R1,5 million annual gross commission turnover from having trust accounts
* Business accounts in PDI agencies are also used as transactional accounts.
* We support the introduction of a transformation fund and we believe this should be made mandatory for businesses with a gross annual turnover of more than R1,5 million. An agreed tax-deductible levy on gross annual turnover can be levied on these businesses to grow the fund which can be administered by a recognised entity whose Board includes government appointees and the industry players.

**The Board of Authority**

* The board as currently structured is administrative and not industry attuned.
* Board should look at making it easy for PDI agents to legally operate and not act like an enforcer rather than an enabler.
* More industry and business experts should be Board Members