



# **PROPERTY PRACTITIONERS' REGULATORY AUTHORITY**

## **ANNUAL PERFORMANCE PLAN**

**2023/2024**

The Annual Performance Plan 2023/24 of the Property Practitioners Regulatory Authority (PPRA) is compiled with the latest available information to the PPRA.

## EXECUTIVE AUTHORITY STATEMENT



**Mmamoloko Kubayi, (MP)**

**Minister of Human Settlements**

At the launch of the Property Practitioner's Regulatory Authority (PPRA) last year I said that "Corporate governance includes principles of transparency, accountability, and security. All these principles need to be observed so that an entity can function properly with a safe and healthy work environment in which the entity is best abled to achieve its mandate. I expect that the launch of the PPRA will assist in the process of turning a new leaf in the entity. I expect that individuals within the PPRA will act within a system of rules, policies, and practices that engender respect for one another and for the established structures of governance and how they function." Regrettably, the PPRA has not yet lived up to these principles.

The unfortunate circumstances surrounding the suspension and the subsequent departure of the previous chief executive officer (CEO) has created a level of uncertainty within the property practitioners regulatory authority. This was further exacerbated by the fact that most of the executive positions are not filled with permanent people. The uncertainty has been reflected by the number of complaints the PPRA has been receiving from its clients. The board and executive management has initiated a process to fill most of the senior positions and I hope that this process will be concluded sooner rather later.

In the first year as the property sector regulator, the PPRA navigated through a number of transitional issues, among others, requirements for Fidelity Fund Certificates (FFCs), under the new licensing regime; qualification standards for the new property practitioners as defined in the PPA. Due to its internal weaknesses, the PPRA has not adapted to its new mandate in the manner that we expected. Since the current Acting CEO took the reigns we have seen improvement in terms of stability and the functioning of the entity. admittedly, the entity still has a long way to go before things get back to satisfactory performance. In the financial year 2023/24 I expect the PPRA to drastically to not only put systems in place to deliver on its mandate but to improve its performance.

Transformation of the property sector continues to be a sore point especially in the estate agency subsector. Industry equity has not yet been achieved despite the efforts put in place to address transformation. It was therefore clear that this could only be achieved through the introduction of more robust initiatives and legislative policies that will make a material difference to transforming the sector. Through the creation of the

Transformation fund, the PPRA has a mandate to build a sector that is reflective of the society it serves. It goes without saying that establishment of the Transformation fund must be a foremost priority. More importantly, the PPRA must develop a set of programmes that will be funded through this fund to accelerate transformation.

In addition, the transformation initiative will also be accelerated by the fact that the Property Sector Transformation Charter code will apply to all property practitioners, when procuring property related goods and services, all organs of state will be obliged to utilise the services of property practitioners who comply with the broad - based black economic empowerment and employment equity legislation and policies. This refers to all properties owned by the state entities which are either up for sale or rental to the public.

This gives an opportunity for the state not only to uplift the black real estate agencies but to also create black owned commercial property owners. I expect the PPRA to galvanize government departments and state-owned entities to be at the forefront of enabling transformation in the property sector.

I am confident that the board together with the executive leadership of the PPRA will assist the entity to adapt and be able to implement its new mandate in totality.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right, positioned above a solid horizontal line.

**MT Kubayi, MP**

**Minister of Human Settlements**

## ACCOUNTING AUTHORITY STATEMENT

In presenting this Annual Performance Plan (APP) for the 2023-2024 planning period of the Property Practitioners Regulatory Authority (PPRA, the Authority), formerly the EAAB, to the Executive Authority, the Minister of Human Settlements, MT Kubayi, MP, it is with great pleasure to announce that the PPRA has commenced in earnest with establishing itself in terms of its establishment mandate, the Property Practitioners Act (No. 22 of 2019) (PPA, the Act), which came into effect on 1 February 2022.

The PPA repeals the Estate Agency Affairs Act (No. 112 of 1976), providing for the establishment of the PPRA. The APP sets the tone for the development of a new Strategic Plan for the remainder of the MTSF 2019-2024 planning period, with a renewed strategic focus for the PPRA in terms of its mandate, as guided by Priority 5 of the MTSF: Spatial integration, human settlements, and local government. The PPRA, therefore, takes the lead from the Department of Human Settlements through delegated responsibilities in its contribution to the Priority. This APP reflects the priorities, commitments, and targets for the transitional period of the PPRA, April 2023 to March 2024. The Board of Directors, together with its Executive Committee and staff, reaffirms its commitment to the transformation of the property practitioner sector, to inculcate the highest standards of excellence, as well as to fulfil its statutory mandate:

Regulating the property practitioners' sector in the public interest, for the benefit of property consumers and property practitioners.

Practitioners Act (No. 22 Of 2019)

Effective since 1 February 2022, the PPA has heralded an exciting era in the history of the property sector in South Africa. Notwithstanding the new challenges that the Act presents for the property sector regulator, due to the expansion of its statutory mandate, the PPRA warmly embraces the promising opportunities that it brings.

The PPRA has already commenced to engage the Executive Authority, the Department of Human Settlements, and the Parliamentary Portfolio Committee in relation to the transitional provisions provided for by Chapter 11 of the Act. A range of stakeholders are being engaged in this process considering that the new legislation now includes a broader spectrum of property practitioners. Successful implementation of the Act requires the understanding and buy-in of all affected role-players. Transformation is crucial. To that effect the PPA makes specific provisions for the advancement of transformation in the residential property sector under Chapter 4 of the Act, and the Charter Code under Section 20(1). Procurement processes will now also be linked to transformation under Section 20(2). To instil the transformation imperative, the licensing or issuance of a Fidelity Fund Certificate (FFC) will be obligatory for all principal property practitioners, who must be in possession of a valid B-BBEE certificate.

The PPRA has been able to successfully open a Transformation Fund Bank Account. Work is underway to make the necessary appointment for the management of same. The Accounting Authority remains committed to the successful implementation of the transformation programmes during its tenure and seeks to ensure that there is meaningful participation by strategically directing in this regard. The PPRA will be hosting a Transformation Indaba during the last Quarter of the year in review. We look forward to the pivotal role that the Executive Authority will be playing as we host such an important event.

The Act provides for a Property Sector Transformation Fund and a Property Sector Research Centre.

The PPRA is working tirelessly to ensure that all stakeholders are informed of the integration in line with the new jurisdiction of the Authority. The PPRA has commenced engagements with various stakeholders who form part of the PPA to gain a better understanding of their respective business operations and to discuss the Authority's views on their respective roles and responsibilities under the auspices of the new Act. Currently, a massive public awareness campaign is underway through various media platforms to promote the PPA and the milestone developments for the property sector, including greater consumer protection, economic development, and transformation. The planned industry workshop will focus on five work streams, namely, Transformation, Fidelity Fund, Enforcement, Licensing, and Education and Training.

The primary narrative of the PPRA in relation to the PPA includes integrated real estate dialogues, public awareness, and improved economic activity for all property practitioners.

#### Compliance and Enforcement

The inspection powers of the PPRA are enhanced with specific reference to search and seizure. This includes, amongst other things, the appointment of inspectors, the powers to issue compliance and enforcement notices, the issuance of fines, and dispute resolution mechanisms for mediation, adjudication, and appeal adjudication committees.

#### Funding

The Act provides for funding of the Regulatory Authority from multi-dimensional sources, which allows for monies appropriated by Parliament, fees from property practitioners, and investment of monies for the Fidelity Fund.

#### The Property Practitioners Fidelity Fund

The overall Fidelity Fund will be retained as is in terms of management and control, including claims against the Fund. However, the underlying fund structure shall reflect new sectors under the new mandate.

#### The Transformation Fund

The establishment and monitoring of the Transformation Fund will be a key test in the delivery of the PPRA. We have a six-month period to provide the guidelines and terms of engagement and, importantly, to garner industry participation, buy-in, and goodwill in ensuring that the legislated contributions are received timeously. This is a foremost priority of this APP as it underpins our ability to meaningfully contribute to sector transformation and the empowerment of property practitioners and consumers that are from the designated groups – women, youth and people with disabilities.

#### Initiatives as the Authority

Innovative licensing regime – horizontal licensing on classes of licence:

Collection of licence fees.

Collection of contributions for the growth of the Fidelity Fund.

Education and training and continuing professional development (CPD) that is responsive to the needs of all property practitioners in the residential property sector.

## Structural Changes for the Authority

It is imperative that the organisation is restructured to address specific needs for various spheres of property practitioners in the residential property sector, under the auspices of the PPA. This will require expansion and reconfiguration of the PPRA's operating model and organisational structure, supported by the recruitment of competent staff, as well as the development and implementation of responsive systems and processes, and policies and procedures.

We look forward to this new phase of property sector development and will be striving incessantly to build sustainable cooperation amongst stakeholders with a view to turn the sector into an effective catalyst for economic growth, the creation of sustainable jobs, and a professional and ethical property profession, with the protection of consumer rights and sector transformation at the forefront.

A handwritten signature in black ink, appearing to read 'S. Ngubeni', is positioned above a horizontal line.

**Steven Ngubeni**

**Chairperson of the Board**

## CHIEF EXECUTIVE OFFICER STATEMENT

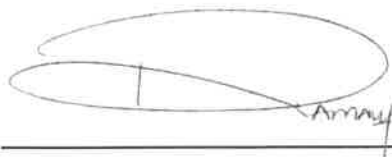
This APP will guide the PPRA with regard to the programmes and outputs that need to be implemented in order to deliver on its extended mandate of regulating the property sector.

The PPRA aligns itself with the statement of its external stakeholder the Property Sector Charter Council (PSCC), in recognising that it is only by transforming the sector, promoting equal opportunity and creating access for previously disadvantaged individuals and companies, that South Africa will be able to create a world class, competitive property industry. The PPRA transformation fund has been established and the APP consists of prioritized programmes that will further support the transformation of the sector and assist the PPRA in achieving outcomes included in the Property Practitioners Act, such as establishing The Principalisation Programme, to promote Black owned firms and principals and Regularisation Programme, to promote and encourage participation of the historically disadvantaged due to non-compliance.

In addition to the above, the PPRA will also be focusing on the Property Sector Research imperatives aimed at increasing the national scientific research and innovation capability and stimulating the generation of new knowledge in the property sector in achieving this objective, the PPRA will be in partnership with institutions the National Research Foundation (NRF) .

In acknowledging that ICT makes a business more efficient, effective and assist in promptly responding to customers' needs the APP has included ICT as one of the key performance targets in the 2023- 2024 APP.

The PPRA is in the processes of capacitating itself in terms of the new structure meant to fulfil its mandate and therefore the strategic, annual performance and operational plans remain highly ambitious in view of the fact that the PPRA has limited resources, despite these critical challenges, the PPRA is committed to the implementing this Annual Performance Plan and this serves as full proof that the PPRA is indeed ready to take on the task of regulating the new spectrum of property practitioners by ensuring that the sector is fully licensed. Indeed, and without doubt, the PPRA is equal to the task and ready to make an impact in the sector.



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**Thato Ramaili**

**Chief Executive Officer (Acting)**

## OFFICIAL SIGN-OFF

It is hereby certified that this 2023/24 Annual Performance Plan:

- 1) Was developed by the management of the Property Practitioners Regulatory Authority, under the guidance of the Board and the Minister of Human Settlements.
- 2) Considers all the relevant policies, and legislation for which the Property Practitioners Regulatory Authority is responsible.
- 3) Accurately reflects the Outputs and Targets which the Property Practitioners Regulatory Authority will endeavour to achieve over the 2023/24 financial year.

Strategic Alignment Oversight:



27 March 2023

**Londolani Tshavhungwa**

**Date**

Chief Risk Officer (Acting)

Financial Information Oversight:



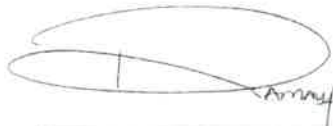
27 March 2023

**Thalitha Shongwe**

**Date**

Financial Manager

Authorised By:



27 March 2023

**Thato Ramaili**

**Date**

Chief Executive Officer (Acting)

Submitted By:



27 March 2023

**Steven Ngubeni**

**Date**

Chairperson of the Board

**APPROVED BY:**



31 March 2023

**MT Kubayi, MP**

**Date**

Minister of Human Settlements



## ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BFI	Budget Facility for Infrastructure
BNG	Breaking New Ground
CCMA	Commission for Conciliation, Mediation and Arbitration
CDC	Council for Debt Collectors
COP26	26th United Nations Climate Change Conference of the Parties
COVID-19	Novel Coronavirus Disease 2019
CPD	Continuing Professional Development
DDM	District Delivery Model
DHET	Department of Higher Education and Training
DPME	Department of Planning Monitoring and Evaluation
EAAB	Estate Agency Affairs Board
ERRP	Economic Reconstruction and Recovery Plan
ESG	Environmental, Social and Governance
FFC	Fidelity Fund Certificate
GDP	Gross Domestic Product
HSI	Homeowner Sentiment Index
IBBASA	International Business Broking Association of South Africa
IEASA	Institute of Estate Agents of South Africa
IMF	International Monetary Fund
IRBA	Independent Regulatory Board for Auditors
M&E	Monitoring and Evaluation
MORCSA	Mortgage Origination Council of South Africa
MTSF	Medium-Term Strategic Framework
NDHS	National Department of Human Settlement
NDP	National Development Plan
NGO	Non-governmental Organisation

NPC	National Planning Commission
NSAA	National Spatial Action Area
NSDF	National Spatial Development Framework
PDA	Priority Development Areas
PESTEL	Political, Economic, Social, Technological, Environmental and Legislative
PFMA	Public Finance Management Act (No. 1 of 1999)
PHSHDA	Priority Human Settlements and Housing Development Area
PPA	Property Practitioners Act (No. 22 of 2019)
PPRA	Property Practitioners Regulatory Authority
REBOSA	Real Estate Business Owners of South Africa
SAIA	South African Institute of Auctioneers
SAPOA	South African Property Owners Association
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SDG	Sustainable Development Goal
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprise
SONA	State of the Nation Address
SP	Strategic Plan
SPLUMA	Spatial Planning and Land Use Management Act
UN	United Nations

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## **PART A: OUR MANDATE**

### **2. UPDATES TO RELEVANT LEGAL AND POLICY MANDATES**

The Property Practitioners Regulatory Authority (PPRA) is a schedule 3A public entity in terms of the Public Finance Management Act, 1999. The PPRA reports to the Minister of Human Settlements as its Executive Authority and shareholder representative. The PPRA is a successor in title to the erstwhile Estate Agency Affairs Board (EAAB) and it is established by section 5 of the Property Practitioners Act, 22 of 2019 ("the Act"). The PPRA's primary mandate is premised on the following strategic pillars:

- To regulate the conduct and activities of property practitioners when engaged in financing, leasing, marketing, sale, purchasing and managing of property;
- To set and determine educational and training standards of property practitioners;
- To ensure transformation of the property industry to reflect the demographics of the country;
- To safeguard consumer interests.
- Educate and inform consumers about their rights and responsibilities relating to the financing, marketing, leasing, sale, purchasing of property as set out in section 69 of the Act;
- To manage and administer the Property Practitioners Fidelity Fund and pay-out claims against the Property Practitioners Fidelity Fund in accordance with the provisions of the Act;
- To ensure overall compliance to the Act.

In delivering on its core legislative mandate, the PPRA is responsible for undertaking its functions in line with the following key legislation and policy frameworks, which directly informs the various day-to-day operations:

*Table 1: Legislation and Policy Mandates*

<b>Legislation relating to PPRA Mandate</b>	<b>Broad Governance Legislation</b>
<ul style="list-style-type: none"> <li>- Housing Act (No. 107 of 1997)</li> <li>- Rental Amendment Act (No. 35 of 2014)</li> <li>- Restitution of Land Rights Act (No. 22 of 1994)</li> <li>- Housing Consumers Protection Measures Act (No. 95 of 1998)</li> <li>- Consumer Protection Act (No. 68 of 2008)</li> <li>- Home Loan and Mortgage Disclosure Act (No. 63 of 2000)</li> <li>- Social Housing Act (No. 16 of 2008)</li> <li>- Spatial Land Use Management Act (No. 16 of 2013)</li> <li>- Financial Intelligence Centre Act (No. 38 of 2001)</li> <li>- Electronic Communications and Transactions Act (No. 25 of 2002)</li> <li>- Property Sector Council Charter and the Property Sector Transformation Code</li> <li>- National Qualifications Framework Act (No. 67 of 2008)</li> <li>- Skills Development Act (No. 97 of 1998)</li> </ul>	<ul style="list-style-type: none"> <li>- Public Finance Management Act (No. 1 of 1999) (PFMA)</li> <li>- Treasury Regulations</li> <li>- Companies Act (No. 71 of 2008)</li> <li>- Competitions Act (No. 89 of 1998)</li> <li>- Protection of Personal Information Act (No. 4 of 2013)</li> <li>- Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)</li> <li>- Promotion of Access to Information Act (No. 2 of 2000)</li> <li>- Promotion of Administrative Justice Act (No. 3 of 2000)</li> <li>- Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000)</li> <li>- Protected Disclosures Act (No. 26 of 2000)</li> <li>- Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended by Broad-Based Black Economic Empowerment Act (No. 46 of 2013)</li> <li>- Employment Equity Act (No. 55 of 1998)</li> </ul>

Legislation relating to PPRA Mandate	Broad Governance Legislation
<ul style="list-style-type: none"> <li>- Skills Development Levy Act (No. 9 of 1999)</li> </ul>	<ul style="list-style-type: none"> <li>- Preferential Procurement Policy Framework Act (No. 5 of 2000) and Preferential Procurement Regulations (2017)</li> <li>- Labour Relations Act (No. 66 of 1995)</li> <li>- Basic Conditions of Employment Act (No. 75 of 1997)</li> <li>- Intergovernmental Relations Framework Act (No. 13 of 2005)</li> </ul>
Key Policy Frameworks	
<ul style="list-style-type: none"> <li>- UN Sustainable Development Goals (SDGs)</li> <li>- African Union Agenda 2063</li> <li>- National Development Plan, Vision 2030</li> <li>- National Spatial Development Framework (NSDF)</li> <li>- Medium-Term Strategic Framework 2019-2024 (MTSF)</li> <li>- Comprehensive Plan for the Creation of Sustainable Human Settlements (2004).</li> <li>- Integrated Urban Development Framework (2016).</li> <li>- District Development Model (DDM)</li> <li>- National Youth Policy 2015-2020 (2020-2030 under development).</li> <li>- White Paper on the Rights of Persons with Disabilities (2016).</li> <li>- State of the Nation Address (SONA).</li> <li>- National Department of Human Settlements, 2020-2025 Strategic Plan.</li> <li>- Empowerment Policy (DHS, 2021)</li> </ul>	

## 2.1. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

As a national public entity operating within the developmental state trajectory, the PPRA intends to meaningfully and significantly contribute to the achievement of the National Development Plan (NDP) strategic goals, particularly, attainment of 'spatial transformation, through a commitment to building a legitimate and equitable property sector'. During its first year of existence as an overarching property sector regulator, the PPRA has been challenged to navigate through a number of transitional issues, included among others, the following:

1. Expanded regulatory mandate.
2. Increased number of property practitioners requiring Fidelity Fund Certificates (FFCs), under the new licensing regime.
3. Determining new qualification standards for the new property practitioners as defined in the Act;
4. The need to accelerate transformation of the property sector to reflect the demographics of the country;
5. The need to implement consumer education and awareness programmes;
6. The need to enhance service delivery and administrative efficiency;

To respond positively and meaningfully to these challenges, the PPRA needs to implement tangible measures to change the face of the property sector; inculcate the highest standards of professionalism and ethical conduct amongst property practitioners; and to safeguard public interests.

Although a legitimate and equitable property sector impacts many chapters of the NDP, the PPRA's primary alignment to the NDP is through Chapter 8 – Transforming Human Settlements and the National Space Economy. The achievement of the NDP goals demands a cooperative relationship across national, provincial, and local governments, and across the social partners, including the private sector, labour, and civil society. The three spheres of government need to work collaboratively to ensure alignment between their powers and functions, the planning processes, budget allocation processes, and coordinated implementation. Priorities must be clearly articulated in the short and medium-term plans across the spheres of government. The overriding principle is that the whole of government should take collective ownership of the priorities and responsibility for achieving the outcomes of the NDP within the context of their respective mandates.

Over the medium-term, in terms of the Medium-Term Strategic Framework (MTSF) 2019-2024, the PPRA takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government, which aims at achieving:

- 1) A spatially just and transformed national space economy that enables access to social services and economic opportunities in cities, regions, and rural areas, through outcomes related to:
  - a) Spatial transformation.
  - b) Adequate housing and improved quality living environments.
  - c) Security of tenure.
- 2) Transformation of human settlements into liveable neighbourhoods by 2030.

The DHS is also rolling out the implementation of the Priority Human Settlement and Housing Development Areas (PHSHDAs), which aim to:

- 1) Create opportunities for liveable, inclusive, and resilient towns and cities.
- 2) Reverse the unjust and dysfunctional spatial legacy of Apartheid.
- 3) Improve participation of the disadvantaged in the residential property market.
- 4) Increase the asset creation potential of the State's investments in human settlements.

The 2024 impact is to achieve spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities.

The PPRA has been delegated responsibilities to contribute to Strategic Pillar 4 of the Human Settlements' MTSF: Facilitate the development of a single residential property market, as follows:

**Table 2: PPRA Contribution to MTSF 2019-2024**

MTSF Indicator	MTSF Contribution by Entity
<b>Strategic Pillar 4: Facilitate the development of a single residential property market</b>	
<b>Number of people in the target market exposed to</b>	Implement a borrower, homeownership (Zenzeleni, Help Me Buy a Home), and Tenant Education Programme



MTSF Indicator	MTSF Contribution by Entity
<b>education programmes on owning and renting a home</b>	Monitor and report on the number of persons exposed to education programmes on owning and renting a home
<b>Consumer protection programmes implemented</b>	Number of consumer disputes submitted to PPRA and resolved within 90 days
	Report of number of estate agents registered and number of new (youth) estate agents registered <b>(expanded to the full definition of property practitioners in terms of the PPA)</b>
<b>Residential property sector transformation achieved</b>	In collaboration with DHS develop an implementation strategy with targets for the transformation of the residential property sector
	Develop transformation targets for the sector
	Monitor and report on the implementation of the sector transformation targets

Specific interventions and performance indicators have been included in Part C of the APP to reflect the PPRA's contribution to the above MTSF indicators of the Human Settlements' sector.

At an institutional level, the PPRA also contributes to the following MTSF 2019-2024 Priorities:

- 1) Priority 2: Economic Transformation and Job Creation through targeted procurement to black majority-owned businesses, as well as by implementing the preferential procurement regulations in support of the MTSF targets for designated groups, namely, 40% procurement spend to women, 30% for youth, and 7% for persons with disabilities.

The DHS has set the following targets for the remainder of the planning period: 40% procurement spend to women, 20% for youth, and 5% for persons with disabilities.

- 2) Priority 1: Capable, Ethical and Developmental State is the foundation of the PPRA operations as the organisation transitions from being the EAAB to a fully functional and well-governed Property Practitioners Regulatory Authority as directed by the Act.

The DHS has in place a transversal outcome for all reporting public entities in terms of which the PPRA aligns: A functional, efficient, and integrated government, with standardised indicators relating to internal audit, risk, and fraud and corruption included at an output-level in this APP.

### 3. PLANNED INSTITUTIONAL POLICY INITIATIVES

To give effect to the provisions of the Act, there are several institutional policies, frameworks, and programmes that need to be developed and implemented to transition the Authority to being fully functional in terms of the Act. The Trust account is now designated as a section 54(2)(a) trust account and to ensure that the bank implements this requirement of the Act, the PPRA has had several consultations with Banking Association (BASA). BASA has confirmed that several banks have already made system changes to cater for the change in legislation by implementing naming convention for trust accounts.



The PPRA's executive team backed up by its strong management team together looks forward in executing its legislative mandate of:

- (a) Regulating the conduct of property practitioners in dealing with the consumers;
- (b) Regulating the conduct of property practitioners in so far as marketing, managing, financing, letting, renting, hiring, sale and purchase of property are concerned;
- (c) Regulating and ensure that there is compliance with the provisions of the Act;
- (d) Ensuring that the consumers are protected from undesirable and sanctionable practices as set out in section 62 and section 63 of the Act;
- (e) Regulating any other conduct which falls within the ambit of the Act in as far as property practitioners and consumers in this market are concerned;
- (f ) Providing for the education, training and development of property practitioners and candidate property practitioners;
- (g) Educating and inform consumers about their rights as set out in section 69; and
- (h) Implementing measures to ensure that the property sector is transformed as set out in Chapter 4.

Further under the new Act we intend to continue:

- (a) With stakeholder engagements as a critical forum for dialogue, learning, and exchange of information with our stakeholders;
- (b) Looking into better ways of improving on delivery of FFC's;
- (c) Implement the newly established approaches to regulation, supervision and enforcement;
- (d) Increase awareness of regulations and the code of conduct to all stakeholders;
- (e) Act decisively and visibly against any form of contravention by any practitioner; and
- (f ) Pursue additional innovations in order to improve efficiency in respect of all the departments

### **1) Transitional Provisions**

In the previous Annual Performance Plan (2022-23), the PPRA highlighted that there will be a need to acclimatise to the new environment and put in place systems for the full operation of the PPRA and its provisions. Section 75 of the Act allowed for a transitional period for the introduction of the relevant policies and procedures to give effect to the Act.

### **2) Transformation of the Property Sector**

Section 20 of the PPA emphasises the applicability of the Property Sector Transformation Charter Code to all property practitioners; and that when procuring property-related goods and services, all organs of state must utilise the services of property practitioners who comply with the broad-based black economic empowerment and employment equity legislation and policies.

Transformation of the property sector remains an imperative that the PPRA will continue to support in order to build a sector that is reflective of the society it serves. We acknowledge that industry equity has not yet been achieved despite the efforts put in place to address transformation. It was therefore clear that this could only be achieved through the introduction of more robust initiatives and legislative policies that will make a material difference to transforming the sector. One such legislative policy introduced by the Act provides that the Property Sector Transformation Charter code will apply to all property practitioners, when procuring property related goods and services, all organs of state will be obliged to utilise the services of property practitioners who comply with the broad - based black economic empowerment and employment equity

legislation and policies. This refers to all properties owned by the state entities which are either up for sale or rental to the public. We believe that the state is presented with an opportunity not only to uplift the black real estate agencies,

but to also create black owned commercial property owners. In line with this mandate and agenda the PPRA seeks to galvanize government departments and state-owned entities to be at the forefront of enabling transformation in the property sector.

The PPRA's transformation strategy has also been developed to ensure that employment equity is achieved, empowerment of black woman and disabled individuals are supported financially through the transformation initiatives. The establishment of the research centre will assist with providing expert knowledge on predetermined areas of transformation of the property sector.

There are a number of transformation and empowerment programmes that the PPRA will review, develop, and implement to support the transformation agenda, including but not limited to: The Principalisation (Incubation) Programme, Regularisation Programme, Consumer Awareness Programme, Work Readiness Programme, Internship Programme – *'one learner, one property practitioner'*, Amnesty of Black Property Practitioners Programme, and other transformational education programmes, such as the Retiree Programme and the Bridging Property Practitioners Programme.

#### **a) Property Sector Transformation Fund**

Section 21 of the PPA stipulates that within six months of its establishment, a Property Sector Transformation Fund needs to be opened, into which grants are to be paid.

The establishment of the Property Sector Transformation Fund is, therefore, a foremost priority. The fund will need policies that address the introduction, establishment, and monitoring of the Transformation Fund. The policy interventions will require that there be guidelines that will apply to the collection of contributions to the Transformation Fund and the terms of allocation of the Transformation Fund amounts to different projects and players. The PPRA, therefore, must prepare guidelines that will address two areas:

- i) Contributions to the Transformation Fund, and
- ii) The manner of allocation of the Transformation Fund.

#### **3) Property Sector Research Centre**

Section 22 of the Act provides for the establishment of a Property Sector Research Centre, which must conduct market research in partnership with the National Research Foundation and institutions of higher learning.

The Research Centre would include a central repository or knowledge exchange hub consisting of useful data, information, and advice in one accessible place. Organisations will be encouraged to contribute their knowledge products to the hub, with links to their own data platforms. The knowledge exchange hub will ensure that information is easily accessible to a broader audience and will link enquirers to knowledge providers in a more efficient manner.

As specified by the Act, the Property Sector Research Centre must implement an annual Consumer Awareness and Education Programme, which must include educating consumers on their rights and responsibilities in respect of property ownership and development, all the empowerment programmes of the Authority, consumer protection, and lodging of claims.

#### **4) Licensing Regime**

Licensing is the backbone of the PPRA and the standard and approach to licensing is critical, requiring a migration from registrations to a licensing regime. The Authority is a self-funding entity and, as such, is reliant on license fees as a major source of funding. As required by the Act, a framework for the licensing of property practitioners must be developed.

A market analysis will assist in obtaining a full list of all the potential and current licensees that fall within the jurisdiction of the PPRA. The framework needs to progress the Authority towards achieving an optimal collections rate.

#### **5) Financial Intelligence Centre**

The PPRA is the Supervisory Body of the property practitioners' profession pursuant to the Financial Intelligence Centre Act (No. 38 of 2001) and is obliged to take all steps required to prevent or alternatively, identify and report on, anti-money laundering and terrorist financing activities in the property practitioner sector. Compliance and enforcement processes, therefore, need to support this critical function.

#### **6) Professionalisation and Continuous Professional Development**

Qualification standards need to be established to regulate the property profession. The educational material will ensure the professionalisation of all sectors, especially those sectors that are being brought into the fold which were previously not regulated. In terms of the Act, practical training standards need to be developed for candidate property practitioners, as well as for Continuous Professional Development.

### **4. CASE LAW DEVELOPMENTS RELATIVE TO THE OPERATION OF THE PPRA**

The PPRA has yet no specific court rulings that have a significant impact on its operations or service delivery obligations.

## **5. PART B: OUR STRATEGIC FOCUS**

### **5.1. SITUATIONAL ANALYSIS**

Globally, South Africa is the signatory to the United Nations Sustainable Development Goals (SDGs) 2030. The SDGs are a set of 17 "Global Goals", 169 targets, and 230 indicators that are designed as a standard measure for monitoring progress across the world to reduce poverty, improve quality of life, and realise development outcomes.

Continently, the African Union adopted Agenda 2063: The Africa We Want, which is a developmental and transformation agenda for African countries. The aspiration for Agenda 2063 is that: "African countries will be amongst the best performers in global quality of life measures". The strategies to achieve this aspiration are "inclusive growth, job creation, increasing agricultural production; investments in science, technology, research and innovation; gender equality, youth empowerment and the provision of basic services including health, nutrition, education, shelter, water and sanitation".

Locally, in May 2010, the 4th Administration established the first National Planning Commission (NPC) in the country. The mandate of the first NPC was to chart a developmental agenda and trajectory for the country. The work of the first NPC culminated in the adoption of National Development Plan (NDP) Vision 2030 as the inspiration for achieving socio-economic developmental needs of the country. The NDP aims to eliminate poverty, create jobs and reduce inequality by 2030 and predates the adoption of the SDGs 2030 adopted in 2015 and Agenda 2063 adopted in May 2013. Recent analysis by the United Nations Development Programme indicates very high level of alignment between the NDP and SDGs.

The NDP posits that the country can only realise these goals by harnessing the energies of all its people in all sectors of society inter alia, government, labour, business and civil society. It is therefore critical that government builds capabilities to create an enabling environment for growing an inclusive economy.

#### **5.1.1 Economic Performance**

South Africa has for a while now, being engulfed in declining economic growth and the increase in GDP to debt ratio has put pressure on the fiscus. This resulted in National Treasury revising the expenditure ceilings downward. The downward revisions will result in downscaling of services to the public.

The economic position has also been exacerbated by such factors as the effects of Covid-19, credit downgrades, severe drought, and high unemployment, especially, among the youth.

#### **5.1.2. Unemployment and economic growth**

The official unemployment rate was 34,9%. The number of unemployed people fell by 183 000 to 7,6 million, but unemployment slumped by 660 000 to 14.2 million. Job losses were concentrated in the trade sector (-309 000), community and social services (-210 000), construction which is a backbone of the property sector fell by (-65 000), private households (-65 000) and mining (-54 000). The expanded definition of unemployment (discouraged workers) was 46.6%, up from 44.4% in the second Quarter of 2021. The youth unemployment rate, measuring jobseekers between 15 and 24 old, hit a new record high of 66.5%. The number of discouraged work-seekers decreased by 183 000 (4,9%) and the number of people who were not economically active for reasons other than discouragement decreased by 452 000 (3,3%) between the two

quarters resulting in a net decrease of 635 000 in the not economically active population.

The above changes in employment and unemployment resulted in the official unemployment rate decreasing by 0,6 of a percentage point from 34,9% in the first quarter of 2022 to 33,9% in the second quarter of 2022 – The unemployment rate according to the expanded definition of unemployment also decreased by 1,4 percentage points to 44,1 % in Q2:2022 compared to Q1:2022.

The results continue to show that youth remain vulnerable in the labour market. The second quarter of 2022 saw the total number of unemployed youth (aged 15-34) increase by 2,0% (or 92,000) to 4,8 million from Q1:2022. There was a noticeable increase of 7,2% or 370 000 in the number of employed youth during the same period. The increase in both employment and unemployment among the youth resulted in a decrease in youth unemployment rate by 1,3 percentage points to 46,5% in Q2:202

The results of the QLFS not only show an increase in unemployment, but also indicate a disparity in the country's labour market. There is a gender disparity in that men are more likely to be employed or economically active than women. In the third quarter of 2021, the unemployment rate, (per official definition of unemployment), was 37,3% among women. It was 32,9% among men. Further, there is a racial disparity, showing that unemployment is highest among black women than their fellow women from other races. The official unemployment rate among black African women was 41,5% during this period compared to 9,9% among white women, 25,2% among Indian/ Asian women and 29,1 among coloured women.

The outcome of the QLFS has direct implications on how programmes and interventions of the PPRA should be geared, not only towards reducing unemployment, but also towards transformation of the property sector through reducing the gender and racial disparity in economic participation in the property sector.

In the quest to mitigate economic decline and provide economic stimulus, government introduced the Economic Reconstruction and Recovery Plan (ERRP) in 2020. The overarching goal of the plan is to create a sustainable, resilient and inclusive economy through focus on the following priority areas: Energy security; Industrial base to create jobs; mass public employment program; infrastructure development; macro-economic interventions; green economy; food security and reviving the tourism sector.

The PPRA contributes to the achievement of the Economic Reconstruction and Recovery Plan (ERRP) through some of its programs. The "One Learner - One Property Practitioner" will contribute towards job creation and increased participation in the economy. The PPRA also contributes to, and is affected by, the ERRP priority area of reviving the tourism sector. A large number of property managers operate in the tourism sector and are now regulated by the PPRA, pursuant to s1(c) of the Property Practitioners Act. Furthermore, the transformational programmes being implemented by the PPRA are expected to yield more results towards enhanced property development and investment.

### 5.1.2 Impact of Covid 19 pandemic

Marked by COVID-19, the 2020-2021 period was incredibly challenging for the South African economy, especially the Property Sector. Data from Stats Sa's latest Annual Financial Statistic (AFS) survey, which includes the first three months of the hard lockdown, shows a decline in formal business turnover and expenditure.

The AFS reference period typically entails a lag effect: the survey reference period for 2021 covers the financial years of companies including those in the public sector, ending on any date between 1 July 2022 and 30 June 2021. During the AFS reference period, 14% of enterprises that responded to the survey had

financial years ending during the first national COVID-19 lockdown, For the AFS 2021 survey.

The proportion increased to 88%. Formal business turnover declined from R11,0 trillion in 2020 to R10,6 trillion in 2021, representing a decrease of 3,0%. This is a first decline in turnover since AFS 2010, when the global economy was struggling with the fallout from the global financial crisis of 2008/2009

### 5.1.3 Impact of Just Transition on the Property Sector

Understanding social impacts is crucial to building a fuller picture of the impact of climate change on societies, economies and investments across the globe. The Property Sector is not immune to these social impacts especially as South Africa is dealing with the challenge of crippling loadshedding which is applied when the electricity supply system has insufficient capacity to fulfil all energy demands and is undertaken to optimally manage the energy that is still available in order to maintain system stability. This is undertaken on a rotational basis to distribute the impacts and the Property Sector has been gravely affected.

Considering PPRA's relationship with all its stakeholders (employees, suppliers, customers, regulators, shareholders, local communities, and the environment) is key to understanding the durability of our business model and long-term sustainability of the organisation. Maintaining strong relationships with, and listening to the inputs of, all stakeholders in relation to the effect of climate change in the sector is important to our long-term success. Climate change, and the need to rapidly reduce emissions, will dominate sustainability discussions with more companies, countries, cities, and regions committing to net zero targets to limit long-run temperature rises.

However, it is important that in the process of delivering those ambitions, that the PPRA does not neglect or undermine the positions of the other key stakeholders on which key strategic focus as detailed in this APP rest. Our focus in this Just Transition paradigm will gain little by delivering a climate transition but undermining the stakeholders on which we rely. We undertake through our Research Unit to study the effect of climate change and the impact of the Just Transition on the Property Sector in detail and provide the much needed social impact analysis which will further aid rigorous and focused planning in the Property sector.

## 5.2. MTSF 2019 – 2024

Since the adoption of the NDP by all parties in Parliament in 2012, the Medium-Term Strategic Framework (MTSF) evolved to become the five-year implementation plan of the NDP. The MTSF 2014-2019, which was the first of such plan to align to the NDP, provided the framework for the implementation, monitoring and reporting of the 14 priority outcomes of government, which were derived from and aligned to the chapters in the NDP.

The MTSF 2019-2024 is the translation of the government priorities outlined by the President at the 2019 State of the Nation Address (SONA) that are derived from the electoral mandate for the next five-year period. The seven priorities of this strategic framework are embedded into the three pillars of achieving a more capable state, inclusive economic growth and building the capabilities of South Africans.



The PPRA has a vital role to play in building a capable, ethical and developmental state which has been elevated by Cabinet to become priority number one. The PPRA contributes to this priority by ensuring that its Strategic Plans and Annual Performance Plans are geared towards achieving targets identified in the seven priorities as identified in by the 6th Administration.

The MTSF 2019 – 2024 contains an integrated monitoring framework which sets out targets and indicators to be monitored for the current administrative cycle.

Evaluations will therefore be focused on the implementation and impact of programmes related to the seven priorities.

The PPRA operates within the 'Mature market paradigm' which views the property industry as evolutionary and developmental, towards increased maturity, characterised by the following:

- Accommodation of full range of use and investment, through development of diverse property products;
- Flexible market adjustment in short-long run, implying effective trade and ability to react to new information and opportunities;
- Sophisticated property profession with associated institutions and networks, regulated by law;
- Extensive information flows and research activity, serving requirements of flexible market;
- Market openness in spatial and functional terms, allowing markets participants to operate across such boundaries and aiding the transmission of information;
- Standardisation of property rights and market practice, for greater certainty of the property interests traded in the market;

Within this context, the PPRA is also expected to assist in unlocking opportunities in the property sector that have the potential to grow the economy and contribute in addressing poverty, unemployment and inequality.

### 5.3. POLITICAL PERSPECTIVE

"Much has changed for the better since the apartheid era, but the lived reality for the majority of South Africans is still of high unemployment, limited access to economic opportunities, and asset poverty" (Economic Progress Towards the NDP, NPC 2020). And hence the national objective of the desired inclusive growth has yet to be achieved, with some of the reasons being:

- Significant improvements in employment, poverty and growth over the decade up to 2008, since then progress has stalled;
- High structural unemployment and a lack of economic participation have impacted on efforts to raise living standards, eradicate poverty and achieve greater equality.
- Performance in meeting NDP objectives for industrial dynamism over the past decade has been poor;
- South Africa still has high levels of market concentration, significant presence of collusive behaviour and legacy barriers to market access for new players, especially those that were historically disadvantaged;
- Significant asset poverty amongst the majority of the population contributes to vulnerability and

constrains intergenerational class mobility - slowing overall economic and employment growth – the suite of challenges relates to land ownership in rural, township and urban areas, home ownership, access to finance, and the ability to build up household savings

- Insufficient efforts to address the youth and gender dividend and focus on higher levels of economic inclusion
- Public infrastructure investment – most notably in respect of energy, water, ICT, and transport – is central to achieving greater productivity and competitiveness, reducing spatial inequality, and supporting the emergence of new job-creating sectors.
- Electricity shortages are still a key constraint, despite a slowdown in economic activity. Electricity shortages will continue to hamper economic activity and deter people from making new investments.
- Evidence suggests that the social wage has made a significant impact on the quality of life, with the multi- dimensional poverty headcount falling from 17.9% in 2001 to 8.0% by 2011, and then to 7.0% in 2016 – but there are limits to the contribution of the social wage;
- Although education outcomes have improved, we are still behind based on international benchmarks - there is a very close correlation between improvement in education and employment and incomes;
- The quality of delivery – from public infrastructure to skills development– is determined by the capability of the state. A capable state implements policies effectively, uses state resources efficiently, and builds the confidence of citizens and the private sector.

#### 5.4. LEGAL FRAMEWORK

The Property Practitioners Act was signed into law by the President of the Republic of South Africa on 3 October 2019. The effect of the new legislation is that it brings new players into the property space, thereby increasing the regulatory mandate of the entity. Following a proclamation notice on 14 January 2022, President Cyril Ramaphosa has declared 1 February 2022 as the date that the Property Practitioners Act 22 of 2019 (Practitioners Act) comes into operation. Such commencement has repealed the Estate Agency Affairs Act 112 of 1976 (Estate Agency Act) which presently governs the regulatory framework dealing with estate agency affairs.

The final Property Practitioners Regulations (the Regulations) which replace the draft regulations published for comment on 6 March 2020, were also published in the notice on 14 January 2022. Like the Estate Agency Act which governs “agents”, the Practitioners Act also provides for the registration of property practitioners, prescribed training and qualifications, the obligation to obtain a fidelity fund certificate, and the compulsory use of trust accounts. It also provides, amongst other matters, for the protection of consumer interests, a dispute resolution mechanism, a legal framework for the managing and letting of property, and the transformation of the property sector.

#### 5.5. SOCIAL IMPACT

Recurring incidents of racism and anti-social and discriminatory behaviour have continued within the property sector. These are a source of great concern to the PPRA. Property practitioners who engage or participate in racist or anti-social and discriminatory behaviour may not only render themselves guilty of a contravention of the provisions of the Code of Conduct for Property Practitioners (“the Code of Conduct”) but will also be criminally prosecuted by the PPRA through the Equality Courts.



There can be little doubt that acts of racism are not only contrary to the integrity of property practitioners in general but also bring the property practitioners profession into disrepute. Such proven behaviour would, therefore, constitute a contravention of regulation 2.1 of the Code of Conduct.

Regulation 2.6 of the Code of Conduct, for its part, enjoins property practitioners not to deny equal services to any person for reason of race, creed, sex, or country of national origin. This provision of the Code of Conduct gives effect to the provisions of sections 9(3) and (4) of the Constitution, which provide that:

“(3) The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language, and birth.

(4) No person may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3).”

The PPRA remains determined to eradicate any vestiges of racism and anti-social and discriminatory behaviour in the property practitioner sector through both increased levels of enforcement as well as the introduction of appropriate education and sensitivity training for property practitioners and consumers alike. The Continuing Professional Development (“CPD”) programme conducted by the PPRA constitutes a useful mechanism for achieving this latter objective.

Through the promotion of continuing awareness of the offensiveness, hurt, destruction and manifestly undesirable consequences of racism and the perpetuation of racist and anti-social and discriminatory acts, the PPRA is confident that this endemic scourge will be speedily eliminated from the property sector in general and from the property practitioner environment in particular.

The Minister of Human Settlements has, in fact, tasked the PPRA with ensuring the elimination of racism, in all its nefarious forms, from the property sector. The PPRA is determined to expedite the fulfilment of this important mandate through all means at its disposal.

The PPRA has already acted resolutely, within the scope of its regulatory and authoritative powers, to remove such vestiges of racism and discrimination whenever they are identified and wherever they may occur within the property practitioner sector. Acting in concert with the property practitioner sector the PPRA was instrumental in creating an ‘equality pledge’ pursuant to which property practitioners are required to pledge their commitment to the principles of non-racism and absolute equity in the rendering of property practitioner services to property consumers. The response from the property practitioner sector was most encouraging and the goodwill thus engendered is of such a nature that the PPRA has good reason to anticipate that this thorny issue will be positively resolved in the near future.

## 5.6. DIGITAL TECHNOLOGY

The property practitioner sector is one that has unequivocally embraced the widespread use of modern technology in both promoting and rendering property practitioners' services to the consuming public. Property practitioners and other stakeholders, moreover, are increasingly resorting to the use of technological devices when seeking to interact with the PPRA. The PPRA has to respond and adjust to the global dynamics of the fifth industrial revolution. As a regulator the organisation has to be on par and always prioritise the digitization of services and lead the sector in as far as technological advancement is concerned. The impact of COVID in the

property sector has fast-tracked the leveraging of the use of technology to enhance services. This is despite the fact that most of PPRA clients due to its transformation mandate, still require face-to-face / telephone contact. The uptake and the implementation of innovation and alternative technology has been slow and must be fast tracked with the PPRA.

It is expected that PPRA stakeholders will derive the added advantage of not only expediting the resolution of transactions but also of allowing stakeholders to track the progress of their various applications, registrations, payments and complaints simply by accessing the PPRA website.

The use by the PPRA of social media, in emulation of many similar property sector regulatory jurisdictions worldwide, has undoubtedly improved access, communication and the free-flow of information between the PPRA and its various stakeholders. The PPRA, to this end, has launched a 'Facebook' page designed to facilitate ongoing communication with stakeholders thereby enabling the PPRA more effectively to monitor, measure and assess the success, or otherwise, of its interactions with property practitioners and the consuming public alike and, just as importantly, timeously to institute appropriate remedial measures where warranted.

## 5.7. ACCESS TO HOUSING FINANCE

Access to finance especially for low-and moderate-income households is still a challenge in South Africa. It is in this area where the most vulnerable of the society are found and where most illegal housing transactions occur. Access to housing finance in this section of the economy can be attributed to affordability challenges, impaired credit records, indebtedness, and the reluctance of financial institutions to extend credit to low-income households. The current NCR figures indicate that there is a perceptible decrease in bank lending the low-income house market. This is despite the fact that at the end of September 2021, the banking sector share of total credit granted accounted for a massive 83.6% (R133bn) followed by non-bank lenders at 6.5% (R10.36bn). The mortgages share total credit granted increased from R56.59 billion for the quarter that ended June 2021 to R66.15 billion for the quarter that ended September 2021.

## 5.8. EXTERNAL ENVIRONMENT ANALYSIS

PPRA used PESTEL Analysis is a strategic framework to evaluate the external environment of the organization by reflecting on key factors such as Political, Economic, Social, Technological, Environmental, and Legal. The framework below thresh-out these factors as they have direct implication on strategy design and framing the APP. The extent to which PPRA navigates challenges and opportunities reflected in the PESTEL analysis will influence the operating model which is aligned to the new mandate and strategic imperatives as the organization emerge from Covid 19 pandemic.

Political	Economic	Social
<ul style="list-style-type: none"> <li>• Diminishing public confidence manifesting in civil unrest</li> <li>• Low investor confidence due to among other variables state capture investigations</li> <li>• Collapse of the local government –adverse findings by the Auditor General</li> <li>• Unstable coalition at local governments</li> <li>• Series of public protests accompanied by destruction of property.</li> <li>• Debilitating political contestation</li> <li>• Negative impact on the delivery of coalition governments in municipalities which may affect the property market</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Growth stimulation and economic recovery will take much longer than initially forecasted</li> <li>• Low economic growth and high public debt will continue to undermine property market as majority remain trapped in poverty.</li> <li>• High levels of unemployment among youth undermines economic recovery and prosperity</li> <li>• Shrinking public sector budgets due to a constrained fiscus</li> <li>• Impact of the global economic meltdown due to COVID 19 pandemic</li> <li>• High public debts in relation to GDP undermines developments as significant resources are spent on debt servicing.</li> <li>• Low business confidence that is underscored by civil unrest.</li> <li>• Inflation induced inflammatory food prices.</li> <li>• Increased demand for housing market as covid 19 Pandemic changes the office landscape</li> <li>• Majority of people could not take advantage of low interest rates</li> </ul>	<ul style="list-style-type: none"> <li>• Weak or lack of appropriate consumer/ education</li> <li>• Poor communication and consultation with the intended beneficiaries resulting in trust deficit.</li> <li>• Increasing urbanisation as predominantly marginalised and low-income households gravitates towards metropolitan to increase chances of employment opportunities.</li> <li>• Limited exposure and financial planning from lower income groups limits their participation in the housing market.</li> <li>• Inability to manage the impact of undocumented foreign nationals which may affect the low-cost property market</li> <li>• Poor location of settlements hampers access to economic opportunities</li> </ul>
Technological	Environmental	Legal
<ul style="list-style-type: none"> <li>• The rise of digital economy innovation and deployment of robust system will impact reach of PPRA</li> <li>• Adoption of innovative and new technologies will improve service delivery.</li> <li>• Digital application processes and downloadable FFCs</li> <li>• Updating of IT system to handle the changes the legislation brings.</li> </ul>	<ul style="list-style-type: none"> <li>• Unlawful occupation of land designated for property development.</li> <li>• Increased awareness of ecological footprint has provided the market with new considerations to ensure their needs are met in a sustainable manner</li> </ul>	<ul style="list-style-type: none"> <li>• Delays as a result of litigation and court judgments</li> <li>• Given the recency of the Act, the Authority is likely to experience court challenge</li> <li>• Regulations could lead to unintended consequences such as inefficient implementation mechanisms</li> </ul>

The PPRA commands a vast and important sphere of influence. It centres around land and access to property. This is an area of interest to multidimensional array of stakeholders.

On one dimension, it concerns government and society at large regarding the basic need of access to adequate housing, as defined in the constitution. On yet another consumer dimension, it concerns commercial institutions involved in the consumption of real estate to house and operate commercial enterprises. In the middle it concerns an array of practitioners involved in the development, financing, transacting and transfer of rights in the real estate.

The stakeholder analysis below considers the key groups – those external to the PPRA and the property sector (external stakeholders) and those in the property sector but external to the PPRA (intra-sector stakeholders). Thereafter an internal lens is put on the PPRA in the SWOT analysis.

External Stakeholders, not necessarily in the Property Sector				
Stakeholder	Characteristics / Attributes?	Influence	Interest	Linkages with other stakeholders
National, Provincial and Local Government Institutions	Agents of service delivery Key implementer of the targets in the NDP	H	H	Key player in the legislative and regulatory environment
Private Sector	Driver of economic growth	H	M	Provision of capital and employment opportunities through partnerships and investment
Civil Society	The voice of various organised sectors of society Includes but not limited to citizen advocacy groups, foundations, interest groups, NGOs, professional associations, religious groups etc.  They play an active role in active citizenship and public participation	H	H	Participate in planning and implementation of the NDP Holds government and the private sector accountable

External Stakeholders, not necessarily in the Property Sector				
Stakeholder	Characteristics / Attributes?	Influence	Interest	Linkages with other stakeholders
Labour	Bargaining and statutory councils formed in the interest of protecting the collective interests of the labour force	H	H	Main negotiators of working conditions and terms of employment between employers and employees in South Africa
Academia	Key producers of new knowledge Key players in the development of new skills and capabilities  Research outcomes can influence social discourse and policies.	H	H	Generating knowledge for all sectors of society. They prepare students for employment
TVET Institutions	Key producers of new knowledge Key players in the development of new skills and capabilities within the Further Education and Training Sector	H	H	There is need to generate knowledge specifically for the Property Sector. TVET colleges prepare students for Employment
Experts (domestic + international)	Provide expertise in the development, implementation and monitoring of long- term country plans	H	M	Subject matter experts
Ruling party	Sets the political agenda	H	H	Election manifesto
Cabinet	Executive structure of government	H	H	Approval of policy documents and plans
Audit Committee	Independent oversight body	H	H	Advisory role over management Responsibilities
Financial Institutions	Most property sales are financed. These institutions play a critical enabling role.	H	M	Linkages with public sector initiatives to improve access, particularly in the affordable housing market (e.g., FLISP).
AGSA	Constitutional body tasked with responsibility of oversight accountability and governance in the public sector	H	H	Audit role on compliance with Legislation



## 5.9. INTRA-SECTOR STAKEHOLDERS

Intra-Sector Stakeholders				
Stakeholder	Key Considerations	Influence	Interest	Linkages with other stakeholders
National Department of Human Settlements	Policy, regulation, and programming imperatives Transformation of the sector to reflect the country's demographics in the property market	H	H	Key player in the legislative and regulatory Environment
Department of Planning Monitoring and Evaluation	Policy and regulation imperatives driven by data Promoting data driven policy and programming Change	H	M	Policy and regulatory guidelines for entities and government departments
Estate Agencies	Compliance with PPA Transformation imperatives driven by equity considerations especially from Black buyers entering the property market Continuation of undue influence on sellers to use certain conveyancers	H	H	Financial Sector Regulation Act, Regulators, SARS, National Finance Board, National Treasury and SSETA
Bridging Finance Practitioners	Compliance with PPA and professional body codes of good practice Compliance with Property Sector Charter Code Compliance with other relevant legislation	H	M	Financial institutions, Banking associations
Business Broker Practitioners	Compliance with PPA and professional body codes of good practice Compliance with Property Sector Charter Code Compliance with other relevant legislation	H	M	Financial institutions, Banking associations
Bond brokers	Compliance with PPA Sourcing, negotiating and securing mortgage bonds to achieve the best deals. possible, based on the	H	H	Mortgage Origination Council of South Africa (MORCSA), South African Property Owners Association (SAPOA); and

## Intra-Sector Stakeholders

Stakeholder	Key Considerations	Influence	Interest	Linkages with other stakeholders
	Individualised needs of each and every client.			Financial institutions, Banking associations
Bond originators	Compliance with PPA and professional body codes of good practice Leveraging on social capital and institutional capital to secure better deal for a client from lenders (intermediaries services)	L	H	Mortgage Origination Council of South Africa (MORCSA), The Independent Regulatory Board for Auditors (IRBA), The Council for Debt Collectors (CDC)
Conveyancers	Compliance with PPA and legal professional body codes of good practice Transformation imperatives	H	M	Stakeholder value chain include the estate agent, seller and purchaser to the mortgage originator, bank valuator, bond attorney, financial institutions and conveyancer
Real estate investors	Compliance with PPA and legal professional body codes of good practice Transformation imperatives	H	H	The Real Estate Business Owners of South Africa (REBOSA). the Institute of Estate Agency of South Africa (IEASA);  The South African Property Owners Association (SAPOA); and  The South African Institute of Auctioneers (SAIA); and the International Business Broking Association of South Africa (IBBASA)
Services Seta	Partnership with PPRA on new programmes and funding of such Accreditation of newly developed education and training programmes for the sector	H	H	Department of Higher Education and Training (DHET), South African Qualification Authority (SAQA), QCTO and host employers' organisations  such as IEASA, NAMA, SAFMA, REBOSA, SAPOA, SAIBBP, PSCC
Voluntary associations	Setting norms and standards for members, advocacy and lobbying on of the members	H	H	the Institute of Estate Agents of South Africa the South African Property Owners

				Association (SAPOA); and the National Association of Managing Agents (NAMA). The South African Institute of Auctioneers (SAIA) the International Business Broking Association of South Africa (IBBASA) National Property Forum (NPF) SA Institute of Black Property Practitioners (SAIBPP) Real Estate Transformation Association of SA (RETASA) Property Practice Institute (PPI)
Auctioneers	Compliance with PPA and regulations Advocacy for programmes members Transformation imperatives as it relates to entrance of Black auctioneers	H	H	The South African Property Owners Association (SAPOA) the National Association of Managing Agents (NAMA). The South African Institute of Auctioneers (SAIA). South African Professional Auctioneers Association (SAPAA)  The International Business Broking Association of South Africa (IBBASA)



Intra-Sector Stakeholders				
Stakeholder	Key Considerations	Influence	Interest	Linkages with other stakeholders
Fund managers	Compliance with PPA and regulations	H	H	The Institute of Estate Agency of South Africa (IEASA). the South African Property Owners Association (SAPOA); and the National Association of Managing Agents (NAMA). The South African Institute of Auctioneers (SAIA); and the International Business Broking Association of South Africa (IBBASA)
National Research Foundation	Strategic partnerships to initiate programmes to respond to national priorities and international agendas to benefit society and ensure a better life for all. Strengthening institutional capacity, the Property Research Centre	H	H	Bilateral agreements (country to country) international Science Council, Science Granting Council Initiative (Africa) Global Knowledge Partnership and universities
Property Developers	Compliance with PPA	H	H	Fund managers, national and international financial institutions, government
Property Managing Agents	Compliance with PPA	H	H	NAMA is their voluntary organisation. Community Schemes Ombud Services (CSOS) who oversee the rules pertaining to HOA's and Sectional Title Schemes and their management.
Property Valuers	Compliance with PPA	H	H	South African Council for property Valuers Profession (SACPVP)

## 5.10. KEY MESSAGES FROM SITUATIONAL AND ENVIRONMENTAL ANALYSIS

The PPRA is tasked with regulating practitioners in the property sector, a sector that enjoys interest from a wide array of stakeholders, including government.

Government developed the NDP, with aspirations, among others to improve the quality of life of its citizens. Although there has been progress in several objectives, not all have been met. Among others, gender and racial disparity in employment and economic participation persists. The government has also recently developed the Economic Reconstruction and Recovery Plan (ERRP). To this end, the PPRA has the “One-Learner One- Practitioner” program, designed at upskilling the youth and introducing them into a career path in the property sector. The PPRA also has targets laid out in Part C of this document, to help black women to achieve full principal status through the Principalisation program, among others.

The PPRA recognises the mammoth task at hand in this strategic planning cycle to achieve its mandate, given the somewhat unfavourable economic and socio-political conditions. For instance, low investor confidence recognized in the PESTEL, has the potential to affect our property-investor stakeholders. This could in turn limit the growth in the property sector, to levels that will challenge the growth targets that the PPRA has set in the absorption of youth and other groups into the sector.

Success in executing the stakeholder management plan will lead to mutual awareness of the PPRA’s and its stakeholders’ objectives, robust challenge and solutions that are likely going to lead to better achievement of the PPRA’s targets, in spite of the challenging external environment in some areas.

## 5.11. INTERNAL ENVIRONMENT ANALYSIS

The situational analysis is based on an assessment of both the internal and external environment. The analysis highlights strengths in:

- 5.11.1 Governance, through the timely appointment of the PPRA board with the requisite skills and experience per section of the PPA; as well as stability and continuity in the company secretariat.
- 5.11.2 Competent executive management
- 5.11.3 A good balance sheet and a self-sustaining position.
- 5.11.4 Legislation that enables the PPRA to carry its mandate.

There are opportunities arising from:

New initiatives mandated by the legislation, like the sector Transformation Fund, to drive transformation.

A weakness is identified arising from the number of vacancies in the organisation. The PPRA has set targets to implement a new HR plan, linked to the extended mandate and aligned organogram.

Threats to achieving the mandates of setting up a sector Transformation Fund and sector Research Centre are recognised, since these will be resource intensive. The PPRA will develop a business plan for the Transformation Fund, which should help mitigate the risk. Partnerships will be sought with organisations like the National Research Foundation (NRF) in setting up the Research Centre.

## 5.12. SETOR LANDSCAPE - SWOT ANALYSIS (INTERNAL)

Strengths	Weakness
<p><b>Legislative compliance</b></p> <ul style="list-style-type: none"> <li>The Property Practitioners Act No. 22 of 2019 (PPA) has far reaching enforcement powers which addresses gaps of the previous dispensation.</li> <li>The PPA is a consumer-focused piece of legislation that has been designed to protect consumers in the property industry – it obliges property practitioners to operate ethically.</li> </ul> <p><b>Transformation</b></p> <ul style="list-style-type: none"> <li>Application of the PPA recognises key change levers such as Employment Equity Act and Broad-Based Black Economic Empowerment and the Property Sector Charter.</li> <li>HDI's are in a better position to participate in the market as the PPA outlaws any type of practice in which a practitioner provides a consumer with an incentive to use a particular conveyancer or service provider.</li> <li>Through the transformation fund, the PPRA will expedite transformation of the sector by implementing empowerment programmes, including programmes to promote black-owned firms.</li> </ul> <p><b>Licensing / Compliance</b></p> <ul style="list-style-type: none"> <li>Appointment of auditors by licensed practitioners increase accountability across the system</li> <li>Since the property practitioner cannot operate legally unless they display a valid Fidelity Fund Certificate, accountability and transparency is heightened</li> </ul> <p><b>Property Practitioner Fidelity Fund</b></p> <ul style="list-style-type: none"> <li>Through the organizational restructuring, alignment and prioritization of IT systems, the Fund management can be optimized.</li> <li>Diversification of investment portfolios presents an opportunity to grow the Fidelity Fund</li> </ul>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>The current vacancy gaps could undermine the performance</li> <li>Instability caused by an excess of acting senior posts.</li> <li>Ineffective performance management process to measure organizational performance.</li> <li>Inadequate HR Management system (Software System)</li> </ul> <p><b>Budget</b></p> <ul style="list-style-type: none"> <li>Inadequate budget to deliver some of the transformation mandates.</li> </ul> <p><b>Database and Knowledge Systems</b></p> <ul style="list-style-type: none"> <li>Lack of a comprehensive database of all property practitioners regulated under PPA.</li> </ul> <p><b>IT Governance</b></p> <ul style="list-style-type: none"> <li>Inadequate ICT infrastructure and support</li> <li>Low functionality of IT system</li> <li>Outsourcing of certain ICT services</li> <li>Increase in IT processes downtime.</li> </ul>

**Governance**

- The new Board of directors has the requisite skills and technical capacity, per s7 of the PPA, to provide sound leadership necessary for the organization to meet its mandate. The CEO and company secretary provide a degree of continuity and institutional memory to complement the board's strength.
- Sufficient internal governance structures to support the implementation of the organizational strategy.
- The company secretariat remains a critical element of good corporate governance – the stability at this level will support the new board of directors.

**Management**

- Competent and qualified management at the helm.
- Competent disciplinary and claims committee.
- Design business Model and Service Delivery Model.

**Financial**

- Effective management of limited budget.

Opportunities	Threats
<p><b>Consumer protection</b></p> <ul style="list-style-type: none"> <li>Increasing consumer knowledge of real estate transactions to enhance consumer protection.</li> </ul> <p><b>Transformation</b></p> <ul style="list-style-type: none"> <li>Property sector Incubator for small struggling Estate Agencies, rehabilitation of non-compliant Estate Agencies is key in transformation of the sector.</li> <li>The establishment of Property Sector Research Centre will support evidence-led decision making. It will also contribute to transformation.</li> <li>Section 50(a)(x) of the PPA makes a valid BEE certificate mandatory for issuance of fidelity fund certificates. This provides an opportunity for the PPRA, in conjunction with the Property Sector Charter Council (PSCC) to track the state of transformation more accurately in the sector. The PSCC <del>and</del> as a sample of BEE certificates as an input into their state of transformation reports.</li> </ul> <p><b>Legislation compliance</b></p> <ul style="list-style-type: none"> <li>According to the Property Sector Charter Council, the average adjusted BBBEE score for the sector puts it at a recognition level of 6. The mandatory BBBEE certificates also provide the PPRA an opportunity to devise incentives, within the ambit of the law, to further drive transformation – by making the BBBEE certificate not only a matter of compliance to get FFCs, but also a tool of commercial value to qualifying enterprises.</li> <li>The PPRA will also explore a funding mechanism for the Transformation Fund, based on contributions from the property practitioners. There is an opportunity to link the level of contribution to the fund to the BBBEE level. For an example, a reverse sliding scale would result in those with better BBBEE scores.</li> </ul>	<p><b>Legislation compliance</b></p> <ul style="list-style-type: none"> <li>Non-compliance by property practitioners jeopardizes the regulatory power of PPRA.</li> <li>Litigation against PPRA</li> <li>Social instability and civil unrest</li> </ul> <p><b>IT Governance</b></p> <ul style="list-style-type: none"> <li>Cyber security threats</li> </ul> <p><b>Transformation</b></p> <ul style="list-style-type: none"> <li>The fund's investments may be subject to greater volatility.</li> <li>Lack of funds to fund transformation initiatives.</li> </ul> <p><b>Sales transactions</b></p> <ul style="list-style-type: none"> <li>A tightening credit market may reduce the number of sales transactions, threatening the sustainability and viability of the property sector.</li> </ul> <p><b>Property Practitioner Fidelity Fund</b></p> <ul style="list-style-type: none"> <li>Slow pace of approval process may result in an increased interest claims by practitioners.</li> <li>Weak control environment increases risks of money laundering, fraud and theft which can lead to higher claims from Fidelity Fund.</li> <li>An increase in uninformed / un-empowered property consumers and consequent escalation in the number of complaints and claims may negatively impact the Fund's sustainability.</li> </ul>

<p>barriers and providing equal access to knowledge regarding the property sector.</p> <ul style="list-style-type: none"> <li>Section 50(a)(x) of the PPA makes a valid BEE certificate mandatory for issuance of fidelity fund certificates. This provides an opportunity for the PPRA, in conjunction with the Property Sector Charter Council (PSCC) to track the state of transformation more accurately in the sector. The PSCC analyses a sample of BEE certificates as input into their state of transformation reports.</li> </ul> <p><b>Legislation compliance</b></p> <ul style="list-style-type: none"> <li>According to the Property Sector Charter Council, the average adjusted BBBEE score for the sector puts it at a recognition level of 6. The mandatory BBBEE certificates also provide the PPRA an opportunity to devise incentives, within the ambit of the law, to further drive transformation – by making the BBBEE certificate not only a matter of compliance to get FFCs, but also a tool of commercial value to qualifying enterprises.</li> <li>The PPRA will also explore a funding mechanism for the Transformation Fund, based on contributions from the property practitioners. There is an opportunity to link the level of contribution to the fund to the BBBEE level. For an example, a reverse sliding scale would result in those with better BBBEE scores.</li> </ul>	
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### Key Message from the SWOT Analysis

Overall, the PPRA enters this new strategy planning period in a good footing, with notable strengths and exploitable opportunities to deliver on its mandates. Plans are being put in place to address weaknesses and mitigate threats, starting in the APP 2023-24. PPRA has signed an MoU with the National Research Foundation (NRF) to address the resource threat in setting up the Research Centre; the business case to address the resource threat in setting up and growing the Transformation Fund.

## 6. PART C: MEASURING OUR PERFORMANCE

### 6.1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The drafting of the Annual Performance Plan 2023-2024 has been guided the Department of Human Settlements Medium-Term Strategic Framework ("MTSF") and utilising the recently promulgated Property Practitioners Act No. 22 of 2019 which came into effect on the 01 February 2022. The Property Practitioner Regulatory Authority (PPRA) has the responsibility to regulate, maintain and promote the conduct of property practitioners, issue Fidelity Fund certificates, prescribe the standard of education and training for property practitioners, investigate complaints lodged against property practitioners, manage, and control the Property Practitioners Fidelity Fund.

**These Seven Apex Priorities derived from the NDP, Electoral Mandate and SONA, form the MTSF baseline:**

- **Priority 1:** A Capable, Ethical and Developmental State
- **Priority 2:** Economic Transformation and Job Creation
- **Priority 3:** Education, Skills, and Health
- **Priority 4:** Consolidating the Social Wage through Reliable and Quality Basic Services
- **Priority 5:** Spatial Integration, Human Settlements and Local Government
- **Priority 6:** Social Cohesion and Safe Communities
- **Priority 7:** A better Africa and World

The PPRA aligns with the DHS through:

Priority	Problem Statement	Overview
<b>Priority 1:</b> A Capable, Ethical and Developmental State	State capacity is uneven and at times uncoordinated. Maladministration, poor governance, and corruption need to be addresses across all three spheres, including public entities.	Priority 1 focuses on building a capable, ethical and development state which underpins the achievement of the other priorities of the MTSF 2019-2024
<b>Priority 5:</b> Spatial Integration, Human Settlements and Local Government	The legacy of spatial inequalities and access to assets continue to hobble inclusive growth.	Priority 5 seeks to address historical spatial inequalities, ensure the development of sustainable human settlements, and promote access to basic services. Key to this is also to ensure environmental sustainability in both urban and rural spaces.

**Key components to ensure implementation include the following:**

- Improving the quality of interventions including delivery plans/ implementation plans
- Alignment of Annual Performance Plans and APPs
- Geospatial referencing and spatial planning alignment
- District Development Model (N/A)

- MTSF Monitoring and Reporting System
- Performance Management System

#### **Alignment with MTSF**

PPA oblige the entity to align not only the strategy but the APP with the approved Medium Term Strategic Framework (MTSF) for the 6th Administration. Henceforth the entity will focus on the following priorities.

- a) Property sector transformation
- b) Property transformation Fund
- c) Property Research Centre
- d) Development of the qualification standards for property practitioners.
- e) Prescription of continuing professional development requirements for the property practitioners.
- f) Establish transformation and empowerment programmes that include Principalisation Programme; Regularisation Programme; Consumer Awareness Programme; Work Readiness Programme.



## 6.2. PROPERTY PRACTITIONERS' REGULATORY AUTHORITY (PPRA): 2019/24 MEDIUM TERM STRATEGIC FRAMEWORK CONTRIBUTIONS

MTSF Indicator	MTSF contribution by the PPRA	Comments
Number of persons in the target market exposed to education programmes on various aspects of owning and renting a home	Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme	To be reported quarterly
	Monitor and report on the number of persons exposed to education programmes on owning and renting a home	To be reported quarterly
	Number of consumer disputes submitted and resolved within 90 days	To be reported quarterly
Consumer protection programmes implemented	Report the number of property practitioners registered and number of new (youth) property practitioners registered (one learner one property practitioner programme)	To be reported quarterly
	In collaboration with DHS, develop an implementation strategy with targets for the transformation of the residential property sector	To be reported quarterly
Transformation of the residential property market	Develop transformation targets for the sector	To be reported quarterly
	Monitor and report on the implementation of the sector transformation targets	To be reported quarterly

## 6.3. IMPACT STATEMENT

<b>Impact Statement</b>	A fully transformed integrated Property Sector that reflects the demographics of society and ensure access to social services and economic opportunities in cities, regions, and rural areas.
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#### 6.4. PROGRAMME 1: ADMINISTRATION

##### Purpose

The programme seeks to give effect to Chapter 6 of the PPA which provides for effective governance, collection, utilisation, of the Funds of Authority.

##### 6.4.1 Outcome, Output, Performance Indicator and Targets

			Annual Target					
Outcome	Output	Output Indicator	Audited/Actual Performance			Estimated Performance	MTEF Period	
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
MTSF Priority 1: A capable, ethical, and developmental state								
Outcome 1 Functional, efficient, and integrated government	1.1	Unqualified audit opinion with no material findings	New Indicator	Unqualified audit opinion with significant findings	Qualified audit opinion	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings
	1.1.1.	Unqualified audit opinion with no material findings						
	1.2. Internal Audit Report	1.2.1. Percentage implementation of the approved internal audit plan	New Indicator	New Indicator	New Indicator	100% implementation of the approved internal audit annual plan	100% implementation of the approved internal audit annual plan	100% implementation of the approved internal audit annual plan

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	1.3. Risk Management Report	1.3.1. Percentage implementation of the approved risk management plan	New Indicator	New Indicator	68% of risk mitigation plans implemented	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan
	1.4. Anti-Fraud and Corruption Report	1.4.1. Percentage implementation of fraud prevention plan	New Indicator	100% implementation of fraud prevention plan	New Indicator	100% implementation of fraud prevention plan	100% implementation of fraud prevention plan	100% implementation of fraud prevention plan	100% implementation of fraud prevention plan
	1.5. Procurement Spent on designated groups	1.5.1. Percentage procurement spent on businesses owned by persons with disabilities.	New Indicator	New Indicator	New Indicator	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		1.5.2. Percentage procurement spent on businesses owned by military veterans.	New Indicator	New Indicator	New Indicator	New Indicator	5% procurement spent on businesses owned by military veterans.	5% procurement spent on businesses owned by military veterans	5% procurement spent on businesses owned by military veterans
		1.5.3. Percentage procurement spent on businesses owned by women	New Indicator	New Indicator	New Indicator	40% procurement spent on businesses owned by women	40% procurement spent on businesses owned by women	40% procurement spent on businesses owned by women	40% procurement spent on businesses owned by women
		1.5.4. Percentage procurement spent on businesses owned by youth	New Indicator	New Indicator	New Indicator	20% procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth	18% procurement spent on businesses owned by youth	20% procurement spent on businesses owned by youth

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance				Estimated Performance	MTEF Period	
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1.6. Reduced and speedy resolution of consumer queries	1.6.1. Percentage of consumer queries resolved within 90 days	New Indicator	89% of consumer queries resolved within 90 days	New Indicator	80% of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days	90% of consumer queries resolved within 90 days	100% of consumer queries resolved within 90 days	
			New Indicator	New Indicator	New Indicator	New Indicator	100% maintenance of ERP integrated system	100% maintenance of ERP integrated system	100% maintenance of ERP integrated system
1.7. Fit for Purpose customized ERP solution.	1.7.1. Percentage integration of ERP	New Indicator	New Indicator	New Indicator	New Indicator	New Indicator	100% implementation of ERP integrated system	100% maintenance of ERP integrated system	100% maintenance of ERP integrated system
			New Indicator	New Indicator	New Indicator	New Indicator	100% implementation of ERP integrated system	100% maintenance of ERP integrated system	100% maintenance of ERP integrated system

#### 6.4.2 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
1.1.1. Audit Outcome	Unqualified audit opinion with no material findings	No Target	Unqualified audit opinion with no material findings	No Target	No Target
1.2.1. Percentage implementation of the approved internal audit plan	100% implementation of the approved internal audit annual plan	25% implementation of the approved internal audit annual plan	50% implementation of the approved internal audit annual plan	75% implementation of the approved internal audit annual plan	100% implementation of the approved internal audit annual plan
1.3.1. Percentage implementation of fraud prevention plan	100% implementation of fraud prevention plan	25% implementation of fraud prevention plan	50% implementation of fraud prevention plan	75% implementation of fraud prevention plan	100% implementation of fraud prevention plan
1.4.1. Percentage implementation of the approved risk management plan	100% implementation of the approved risk management plan	25% implementation of the approved risk management plan	50% implementation of the approved risk management plan	75% implementation of the approved risk management plan	100% implementation of the approved risk management plan
1.5.1. Percentage procurement spent on businesses owned by persons with disabilities	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.	5% procurement spent on businesses owned by persons with disabilities.



Output Indicator	Annual Target	Q1	Q2	Q3	Q4
1.5.2. Percentage procurement spent on businesses owned by military veterans	5% procurement spent on businesses owned by military veterans.	5% procurement spent on businesses owned by military veterans.	5% procurement spent on businesses owned by military veterans	5% procurement spent on businesses owned by military veterans	5% procurement spent on businesses owned by military veterans
1.5.3. Percentage of procurement budget spend on women owned enterprises	40% of procurement budget spent on women owned enterprises	40% of procurement budget spent on women owned enterprises	40% of procurement budget spent on women owned enterprises	40% of procurement budget spent on women owned enterprises	40% of procurement budget spent on women owned enterprises
1.5.4. Percentage procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth	16% procurement spent on businesses owned by youth
1.6.1. Percentage of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days	85% of consumer queries resolved within 90 days
1.7.1. Percentage of implementation of ERP integrated system	100% implementation of ERP integrated system	No Target	No Target	No Target	100% implementation of ERP integrated system



## 6.5. PROGRAMME 2: LICENSING

### Purpose of the Programme

The programme seeks to give effect to Sections 47 and 48 of the Act which compels property practitioners (including its Directors, Members or Trustees, and its employees who act as property practitioners) to obtain and hold a valid Fidelity Fund Certificate.

#### 6.5.1 Outcome, Output, Performance Indicator and Targets

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 5: Spatial Integration, Human Settlements and Local Government									
<u>Outcome 2.</u> Inclusive, integrated and transformed property sector	2.1. Property Practitioners registered on the database of the PPRA	2.1.1. Number of property practitioners registered on the database of the PPRA per annum	New Indicator	New Indicator	6627 property practitioners registered on the database of the PPRA per annum	9 000 property practitioners registered on the database of the PPRA per annum	8 000 new (compliant) property practitioners registered on the database of the PPRA per annum	10 000 new (compliant) property practitioners registered on the database of the PPRA per annum	13 000 new (compliant) property practitioners registered on the database of the PPRA per annum
	2.2. Agile and Responsive	2.2.1. Percentage of all compliant new registrations processed within 30 working days	New Indicator	89.34% of all compliant new registrations processed within 21 working days	98.87% of all compliant new registrations processed within 21 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		2.2.2. Percentage of compliant renewals processed within 30 working days of payment reconciliation		64.38% of compliant renewals processed within 5 days	78% compliant renewals processed against those received within 5 days	80% of compliant renewals processed within 5 days of payment reconciliation	85% of compliant renewals processed within thirty (30) working days of payment reconciliation	90 of compliant renewals processed within thirty (30) working days of payment reconciliation	100% of compliant renewals processed within thirty (30) working days of payment reconciliation

### 6.5.2 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
2.1.1. Number of new complaint property practitioners registered on the database of the PPRA per annum	8000 New (compliant) property practitioners registered on the database of the PPRA per annum	2000 New (compliant) property practitioners registered on the database of the PPRA	2000 New (compliant) property practitioners registered on the database of the PPRA	1250 New (compliant) property practitioners registered on the database of the PPRA	2750 New (compliant) property practitioners registered on the database of the PPRA
2.2.1. Percentage of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days	100% of all compliant new registrations processed within 30 working days
2.2.2. Percentage of complaints renewals processed within thirty (30) working days of payment reconciliation	13.85% of compliant renewals processed within thirty (30) working days of payment reconciliation	85% of compliant renewals processed within thirty (30) working days of payment reconciliation	85% of compliant renewals processed within thirty (30) working days of payment reconciliation	85% of compliant renewals processed within thirty (30) working days of payment reconciliation	85% of compliant renewals processed within thirty (30) working days of payment reconciliation

## 6.6. PROGRAMME 3: INSPECTION AND ENFORCEMENT

### Purpose of the Programme

The programme seeks to give effect to Sections 24 and 25 of the Act which make provision for inspections / searches at the business premises of property practitioners.

#### 6.6.1 Outcome, Output, Performance Indicator and Targets

Outcome			Output			Output Indicator			Annual Target																	
									Audited/Actual Performance			Estimated Performance			MTEF Period											
						2019/20			2020/21			2021/22			2022/23			2023/24			2024/25			2025/26		
MTSF Priority 1: A capable, ethical, and developmental state																										
Sub-programme: Enforcement Mechanisms																										
Outcome 3. Improve Compliance with the PPA			3.1. Compliant Practitioners		3.1.1. Number of PPA Inspections Conducted per annum		New Indicator		New Indicator		New Indicator		200 PPA Inspections conducted per annum		210 PPA Inspections conducted per annum		230 PPA Inspections conducted per annum		250PPA Inspections conducted per annum							
					3.2. Effective Enforcement		3.2.1. Percentage of investigations that are completed through mediation		New Indicator		89% Disciplinary hearings held against completed investigations		New Indicator		75% of completed investigations that result in disciplinary hearings		75% of investigations that are completed through mediation		85% of investigations that are completed through mediation		90% of investigations that are completed through mediation					
			3.2.2. Percentage of adjudicators'		New Indicator		New Indicator		New Indicator		New Indicator		New Indicator		100% of adjudicators' orders enforced by serving on the respondents.		100% of adjudicators' orders enforced by serving on the respondents.		100% of adjudicators' orders enforced by serving on the respondents.		100% of adjudicators' orders enforced by serving on the respondents.					

		orders enforced by serving on the respondents							
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#### 6.6.2 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
3.1.1. Number of PPA Inspections Conducted per annum	210 PPA Inspections conducted per annum	48 PPA Inspections Conducted	100 PPA Inspections Conducted	152 PPA Inspections Conducted	210 PPA Inspections Conducted
3.2.1. Percentage of investigations that are completed through mediation	75% of investigations that are completed through mediation.	75% of investigations that are completed through mediation	75% of investigations that are completed through mediation	75% of investigations that are completed through mediation	75% of investigations that are completed through mediation
3.2.2. Percentage of adjudicators' orders enforced by serving on the respondents	100% of adjudicators' orders enforced by serving on the respondents	100% of adjudicators' orders enforced by serving on the respondents	100% of adjudicators' orders enforced by serving on the respondents	100% of adjudicators' orders enforced by serving on the respondents	100% of adjudicators' orders enforced by serving on the respondents

## 6.7. PROGRAMME 4: EDUCATION, PROFESSIONALISATION, CPD

### Purpose

To build capacity for the property sector through training and continuous professional development of property practitioners.

### Strategic objectives related to the Programme.

- Build capacity of registered property practitioners
- Ensure continuing development of property practitioners.

#### 6.7.1 Outcome, Output, Performance Indicator and Targets

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance		Estimated Performance	MTEF Period			
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: A capable, ethical, and developmental state									
Sub-programme: Education, Professionalisation, CPD									
<b>Outcome 4</b> <b>Improved professionalism and ethical practices of Property Practitioners</b>	4.1. Facilitate sustained increase in number of qualified practitioners	4.1.1. Number of Property Practitioners (estate agents) awarded professional designations	Revised Indicator	Revised Indicator	Revised Indicator	New Indicator	1500 property practitioners (estate agents) awarded professional designations	1750 property practitioners (estate agents) awarded professional designations	2000 property practitioners (estate agents) awarded professional designations
<b>Outcome 5.</b> <b>Continuous Professional Development of property practitioners</b>	5.1. Facilitate continuous professional development	5.1.1. Number of property practitioners fully meeting CPD requirements	Revised Indicator	Revised Indicator	Revised Indicator	12 000 property practitioners fully meeting CPD requirements	12 000 property practitioners fully meeting CPD requirements	15 000 property practitioners fully meeting CPD requirements	20 000 property practitioners fully meeting CPD requirements in the year



## 6.7.2 Outcome, Output, Performance Indicator and Targets

### Indicators, Annual and Quarterly Targets – 2023/2024

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
4.1.1. Number of Property Practitioners (estate agents) awarded professional designations	1500 Property Practitioners (estate agents) awarded professional designations	375 Property Practitioners (estate agents) awarded professional designations	750 Property Practitioners (estate agents) awarded professional designations	1125 Property Practitioners (estate agents) awarded professional designations	1500 Property Practitioners (estate agents) awarded professional designations
5.1.1. Number of property practitioners fully meeting CPD requirements	12 000 property practitioners fully meeting CPD requirements	No quarterly target	No quarterly target	No quarterly target	12 000 property practitioners fully meeting CPD requirements



## PROGRAMME 5: RESEARCH CENTRE

### OBJECTIVE

The research centre is aimed at contributing to the transformation agenda through scientific research and innovation in the property sector.

### PURPOSE

The research centre seeks to prioritize the meaningful participation by historically disadvantaged individuals in the property sector, the demographic distribution of skills, a transformative curriculum development, systematic patterns of discriminatory behaviour and the efficacy of the compliance, monitoring, and enforcement mechanisms.

### Outcome, Output, Performance Indicator and Targets

			Annual Target						
Outcome	Output	Output Indicator	Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
			2025/26						
MTSF Priority 5: Spatial Integration, Human settlements, and Local Government									
<b>Outcome 6</b> Inclusive, integrated and transformed property sector	6.1. Develop and establish research knowledge management in sector	6.1.1. Percentage of approved transformation agenda items researched	New Indicator	New Indicator	New Indicator	New Indicator	60% of approved transformation agenda items researched	80% of approved transformation agenda items researched	100% of approved transformation agenda items researched
		6.1.2. Percentage of research report prioritised recommendations implemented	New Indicator	New Indicator	New Indicator	New Indicator	10% of the research report prioritised recommendations implemented	20% of research report prioritised recommendations implemented	40 % of research report prioritised recommendations implemented

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	6.2. Drive Consumer Awareness Programme	6.2.1. Percentage Implementation of the Consumer Awareness Programme	New Indicator	New Indicator	New Indicator	New Indicator	100% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme

#### Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
6.1.1. Percentage of approved agenda items researched	60% of approved transformation agenda items researched	10% of approved transformation agenda items researched	30% of approved transformation agenda items researched	40% of approved transformation agenda items researched	60% of approved transformation agenda items researched
6.1.2. Percentage of research report prioritised recommendations implemented	10% of research report prioritised recommendations implemented	10% of research report prioritised recommendations implemented	10% of research report prioritised recommendations implemented	10% of the research report prioritised recommendations implemented	10% of research report prioritised recommendations implemented
6.2.1. Percentage Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme	25% Implementation of the Consumer Awareness Programme	50% Implementation of the Consumer Awareness Programme	75% Implementation of the Consumer Awareness Programme	100% Implementation of the Consumer Awareness Programme

## PROGRAMME 6: PROPERTY SECTOR TRANSFORMATION

### Strategic Objectives to the Programme:

- Implementing and assessing measures to progressively promote an inclusive and integrated property sector.
- Implementing appropriate measures and assessing the state of transformation within the property sector.
- Creating such mechanisms for the continuous monitoring and evaluation of the sector performance on the transformation imperatives and technical assistance as may be prescribed; and
- Introducing measures to be implemented, which may include growth and capacity-building programmes to redress the imbalances of the past.
- Cross-functional interface with other sections to ensure that transformational agenda is pursued, i.e., reviewing models and initiatives.

### Purpose

- To promote meaningful participation of historical disadvantage individuals and small, micro, and medium enterprises in the property market.
- To provide for the transformation of the property market and the establishment of the Property Sector Transformation Fund.
- To provide for the transformation of the property market that facilitates property ownership to more South Africans through structural interventions and the creation of property consumer ownership programmes in the affordable and secondary market.

### 6.7.3 Outcome, Output, Performance Indicator and Targets

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTSF Priority 1: A capable, ethical, and developmental state									
Sub-programme: Education, Professionalisation, CPD									
Outcome 6 Inclusive, integrated and transformed property sector.	6.3. Increase in the number of black principals	6.3.1. Number of Full status Black Women supported through the implementation of the Principalisation Programme	New Indicator	New Target	515 Full status Black Women supported through the implementation of the Principalisation Programme	300 black women principals established through the Principalisation Programme	400 black women principals established through the Principalisation Programme	500 black women principals established through the Principalisation Programme	600 black women principals established through the Principalisation Programme
		6.3.2. Number of Black Principals established through the Implementation of the Principalisation Programme	260 Black Principals established through the Implementation of the Principalisation Programme	129 Black Principals established through the Implementation of the Principalisation Programme	1094 Black Principals established through the Implementation of the Principalisation Programme	800 Black Principals established through the Implementation of the Principalisation Programme	1000 Black Principals established through the Implementation of the Principalisation Programme	1200 Black Principals established through the Implementation of the Principalisation Programme	1300 Black Principals established through the Implementation of the Principalisation Programme

6.4. Participation by historically disadvantaged groups in the property sector	6.4.1. Number of candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	1470 youth interns on the one-learner one-estate agent programme	131 youth interns on the one-learner one-estate agent programme	0 youth have been placed. Progressed made to place 249 by June 2022	300 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	500 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	600 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	800 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme
	6.4.2. Number of SMMES owned by historically disadvantaged groups placed through the incubation programme	New Indicator	New Indicator	New Indicator	25 SMMES owned by historically disadvantaged groups placed through the incubation programme	25 SMMES owned by historically disadvantaged groups placed through the incubation programme	30 SMMES owned by historically disadvantaged groups placed through the incubation programme	35 SMMES owned by historically disadvantaged groups placed through the incubation programme

#### 6.7.4 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
6.3.1. Number of Full status Black Women supported through the implementation of the Principalisation Programme	400 Full status Black Women supported through the implementation of the Principalisation Programme	80 Full status Black Women supported through the implementation of the Principalisation Programme	160 Full status Black Women supported through the implementation of the Principalisation Programme	240 Full status Black Women supported through the implementation of the Principalisation Programme	400 Full status Black Women supported through the implementation of the Principalisation Programme
6.3.2. Number of principals established through the Principalisation Programme	1000 principals established through the implementation of the Principalisation Programme	200 principals established through the implementation of the Principalisation Programme	500 principals established through the implementation of the Principalisation Programme	750 principals established through the implementation of the Principalisation Programme	1000 principals established through the implementation of the Principalisation Programme
6.4.1. Number of candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	500 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme	No quarterly target	No quarterly target	No quarterly target	500 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme
6.4.2. Number of SMMEs owned by historically disadvantaged groups placed through the incubation programme	25 SMMEs owned by historically disadvantaged groups placed through the incubation programme	6 SMMEs owned by historically disadvantaged groups placed through the incubation programme	6 SMMEs owned by historically disadvantaged groups placed through the incubation programme	6 SMMEs owned by historically disadvantaged groups placed through the incubation programme	7 SMMEs owned by historically disadvantaged groups placed through the incubation programme



## PROGRAMME 7: Transformation Fund

### Purpose

The programme seeks to give effect to Chapter 21 of the PPA, by establishing a Transformation Fund.

#### 6.7.5 Outcome, Output, Performance Indicator and Targets

Outcome	Output	Output Indicator	Annual Target						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
			MTSF Priority 5: Spatial Integration, Human settlements, and Local Government						
<b>Outcome 7</b> Develop and establish a Property Sector Transformation Fund	7.1. Property Sector Transformation Fund	7.1 .1. Percentage of Implementation of the transformation fund strategy	New Indicator	New Indicator	New Indicator	New Indicator	100 % Implementation of the transformation fund strategy	100 % Implementation of the transformation fund strategy	100 % Implementation of the transformation fund strategy

#### 6.7.6 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
7.1.1. Percentage of Implementation of the transformation fund strategy	100% of Implementation of the transformation fund strategy	No quarterly target	No quarterly target	No quarterly target	100% of Implementation of the transformation fund strategy



## 6.8. PROGRAMME 8: FIDELITY FUND

### Purpose of the programme

The Fidelity Fund's purpose is to provide an accumulation of financial resources to be used as a protection mechanism for property consumers that have suffered pecuniary financial loss and been defrauded by property practitioners.

### Strategic objectives related to the Programme

- To ensure that the Fidelity Fund is effectively and efficiently managed
- To ensure that the Fidelity Fund is financially sustainable

#### 6.8.1 Outcome, Output, Performance Indicator and Targets

Outcome	Output	Output Indicator	Annual Target					
			Audited/Actual Performance			Estimated Performance	MTEF Period	
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
MTSF Priority 5: Spatial Integration, Human settlements, and Local Government								
Outcome 8 Maintain a sustainable Property Practitioners Fidelity Fund	8.1. Effective and efficient income collection & payment systems	8.1 .1. Percentage of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within six months	100% of fully compliant claims paid within six months	100% of fully compliant claims paid within six months	90% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement
			100% of fully compliant claims paid within six months	100% of fully compliant claims paid within six months	100% of fully compliant claims paid within six months	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement

## 6.8.2 Indicators, Annual and Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
8.1.1. Percentage of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement	100% of fully compliant claims paid within 90 days of lodgement

## 6.9. EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The envisaged impact of the PPRA is directly linked to its mandate of its regulatory interventions, which includes to regulate the affairs of all property practitioners; to allow for transformation in the property sector and to provide for consumer protection.

In the medium-term period, the PPRA to focus on overseeing the implementation of the PPA and its promulgated Regulations. This will largely be to ensure a transitional process that is smooth and risk proof.

## 6.10. ENABLING CONDITIONS TO MEET THE MTSF 2019-2024 PRIORITIES

Key to the success of PPRA in fulfilling its mandate of ensuring the full transformation of the property sector. A Transformation Fund is to be created within 6 months of when the PPRA is established. It will be funded by the Fidelity Fund; government grant; fees and fines paid by PPs; Investments; and monies donated or bequeathed to the PPRA. The funds are to be used to promote the interests of the historically disadvantaged, including providing for training and development and education of the general public. The PPRA will seek to accelerate the provisions of Act wherein, the Property Sector Transformation Charter which will apply to all property practitioners is developed with its implementable scorecards.

The PPRA will strengthen its internal capacity to issue licenses within specified periods by the Act and ensuring compliance by the FFC holders.

The transitional period during the medium term will be underpinned by regular interaction and consultations with key stakeholders.

The following are explanations of the enabling conditions for the attainment of the NDP/MTSF 2019-2024 imperatives in relation to the core mandate of the PPRA:

## 6.11. PROGRAMME 1: ADMINISTRATION

The PPRA road map to achieving the Annual Performance Plan for 2023-24 in support of the MTSF Priority 1 of building an effective and capacitated government will include the following:

- Establishment of the Property Practitioners Fidelity Fund within six months of commencement of the Act.

- Building on the expanded mandate and structures, reflection on the PPA.
- Strengthening the capacity of the PPRA to implement Property Practitioners Act (PPA) which will only be able to achieve the desired outcome if it is driven by a stable and well-functioning regulatory authority.
- Stakeholder engagement and Sector Consensus.
- Ensuring an Unqualified audit opinion with no material findings.

#### **6.12. PROGRAMME 2: LICENSING AND COMPLIANCE**

The objectives of compliance are to ensure property practitioners (including its Directors, Members or Trustees, and its employees who act as property practitioners) obtain and hold a valid Fidelity Fund Certificate.

The PPRA will amplify the provisions of the PPA which is aimed at strengthening the regulatory aspect of the human settlements sector.

The PPRA supports the objectives of the Department of Human Settlements in working towards the National Development Plan (NDP) 2030, implemented through the Medium-Term Strategic Framework (MTSF) 2019-

2024 through the achievement of MTSF Priority 5: Spatial Integration, Human settlements, and Local Government.

#### **6.13. PROGRAMME 3: INSPECTION AND ENFORCEMENT**

The PPA is anchored, as a consumer-focused piece of legislation that has been designed to protect consumers in the property industry. And hence the PPRA, in contrast to EAAB, will have more reaching power which include inspections without notice and more serious consequences for non-compliance.

#### **6.14. PROGRAMME 4: RESEARCH, PROFESSIONALISATION AND TRAINING**

The PPRA road map for the next financial year in the Annual Performance Plan for 2023-24 in support of the MTSF Priority 1 of building an effective and capacitated government, and professionalising the property sector will include the following:

- Development of the qualification standards for property practitioners.
- Development of course materials, including assessment and approval of existing materials of representative bodies.
- Establishment of Professional Designation Examination
- Development of standards for the practical training of non-principal property practitioners
- Regulation of Candidate property practitioners (CPPs) undergoing 12 months of training, under the active supervision and control of an agency principal or a qualified agent with at least three years' experience.
- Prescription of continuing professional development requirements for the property practitioners.

- Establish the Knowledge and Research Centre for making available knowledge resources and to disseminate knowledge in the property sector.

#### **6.15. PROGRAMME 5: TRANSFORMATION**

The PPRA road map for the next financial year, in the Annual Performance Plan for 2023-24 in support of the MTSF Priority 5 of Spatial Integration, Human settlements and Local Government by ensuring transformation of the property sector so that the historically disadvantaged, especially women and people living with disabilities, can participate meaningfully, and so will include the following:

- Capacitation and enterprise support for historically disadvantaged property practitioners.
- Support of existing SMME's owned by historically disadvantaged property practitioners.
- Promotion of the standard of training and development of historically disadvantaged property practitioners.
- Supporting existing historically disadvantaged property practitioners to become principal property practitioners and owners of business property practitioners.
- Facilitation of ownership of and participation in property investment enterprises.
- Enabling the transformation of property ownership in South Africa by providing grant support (through the Transformation Fund) to historically disadvantaged property practitioners who are in the business of developing residential properties in the affordable and secondary housing markets.

## 7. UPDATED KEY RISKS AND MITIGATION FROM THE STRATEGIC PLAN

	OUTCOME	KEY RISKS	MITIGATION PLANS
1	Functional, efficient, and integrated government	Inability to execute the PPRA mandate.	Develop a business process to inform IT system requirements. Procurement of an ERP system Develop an organizational-wide transitional strategy. Filling of critical vacant positions Regular performance assessments Enforcement of the Consequence Management. Proper alignment of budget with key performance indicators
2		Fraud and Corruption	Ongoing training for Supply Chain officials Revised Fraud Prevention Policy and Plan Conduct awareness on fraud, corruption, and prevention mechanisms across the organisation Probity and Proactive Security Audits (including SCM, Grant reviews, Validation of Disclosure of Interest, Phishing reviews etc.) Review internal HR policies to allow for effective investigations. Continuous monitoring of adherence to internal control procedures
3		Damage to the image, integrity, and reputation of the PPRA	Communication awareness programs Regular training for the call centre personnel Regular performance assessments Develop the latest Marketing Plan and brand awareness campaigns Implement customer surveys for feedback. Develop a communication strategy and plan. Develop a business process to inform IT system requirements
4	Inclusive, integrated, and transformed property sector	Illegally trading Property Practitioners	Inspection unit to be reinforced with more inspectors. Action to be taken against those found guilty on the whistle-blower report Communication to the public through awareness campaigns to discourage illegal traders.
5	Functional, efficient, and integrated government	Lack of understanding of the real estate transactions by consumers (stakeholder awareness)	Consumer awareness program Enforcement of more awareness campaigns like FLISP through various communication strategies Evaluate the impact of the consumer awareness programs
6		Erosion of the Fidelity Fund	Establish the debtor's recovery department Prescribed enforcement of the PPRA Act against those eroding the Fidelity Fund Investigation and recovery of the claims paid fictitiously. Apply for an exemption from Treasury to invest outside CPD

7		IT Systems not meeting business requirements.	Procurement of an ERP System Develop a comprehensive business continuity plan. Develop a business process to inform IT system requirements.
8		Inability to generate sufficient revenue	Establish the database for new property practitioners. Propose a revenue strategy for implementation. Embark on the consultation process with stakeholders to repeal the regulations. Develop the project implementation Plan to correct the regulations A proposed amendment to the relevant provision
9	Inclusive, integrated, and transformed property sector	PPA regulations not meeting PPRA requirements	
10	Functional, efficient, and integrated government	Cyber-attacks (Data and Information vulnerability)	Implementation of business continuity management, including testing of the disaster recovery plan Monitor the implementation of the practice directive of the hybrid system and its effectiveness for the regulation program. Continue to provide information communication technology and training to staff on installing unknown sites.
11		Non-compliance to policies and applicable legislation	Appointment of an officer to deal with the monitoring of compliance. Continuous monitoring and reporting on regulatory compliance on a quarterly basis. Develop and improve the performance management system tools, provide training, and monitor and report on compliance. Establish a Policy Committee with adequate skills and experience in compliance
12		Irregular, fruitless, and wasteful expenditure	Capacitation of the SCM department Update and keep track record of the Irregular, fruitless, and wasteful expenditure register. The entity must seek an independent investigation report to the recovery of the financial loss on the irregular, fruitless and wasteful expenditure. Continuous monitoring of contract registers



## 8. FINANCIAL BUDGET FOR 2023/24

### Statement of financial Performance

	2021/2022	2022/2023	2022/2023	2023/2024	2024/25	2025/26
	Audited Outcome	Approved Budget	Forecast	Medium Term Estimates		
<b>Revenue</b>	173,541,376	248,845,798	160,001,842	194,233,700	214,658,040	234,352,528
FFC Renewals	24,262,167	68,413,383	28,471,674	32,409,020	37,312,940	42,707,252
New Registrations	4,388,266	-	-	-	-	-
Examinations	41,267,429	95,449,147	41,991,626	62,503,000	71,764,410	81,811,432
Interest Income	179,740	186,399	658,448	5,040,000	2,200,000	500,000
Management fees	53,423,252	63,791,687	53,888,357	52,996,275	56,706,014	60,675,435
Fines & Penalties	44,899,505	16,986,648	31,746,750	37,785,405	39,674,676	41,658,409
Other Income	5,121,018	4,018,534	3,244,987	3,500,000	7,000,000	7,000,000
<b>Operating costs</b>	170,627,215	230,489,709	159,092,891	181,710,993	201,381,800	219,351,710
Admin expense	56,178,452	62,756,294	51,415,321	52,281,610	53,196,755	54,324,584
Other operating expenses	7,639,148	29,300,000	10,171,139	7,190,072	6,400,000	6,940,000
Staff costs	101,913,157	133,183,415	90,947,577	116,970,310	136,585,045	152,887,126
Directors Remuneration	4,896,458	5,250,000	6,558,855	5,269,000	5,200,000	5,200,000
<b>Surplus/Deficit</b>	2,914,161	18,356,089	908,951	12,522,708	13,276,240	15,000,818
<b>Capital Expenditure</b>	2,322,450	18,100,000	12,900,000	11,350,000	7,600,000	6,100,000
<b>Surplus/(Deficit) after Capex</b>	591,711	256,089	(11,991,049)	1,172,708	5,676,240	8,900,818
<b>Profit Margin</b>	2%	7%	1%	6%	6%	6%



## Statement of financial Performance per Quarter

	2021/2022	2022/2023	2022/2023	2023/2024	2023/24 Budget per Quarter			
	Audited Outcome	Approved Budget	Forecast		Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Revenue</b>	173 541 376	248 845 798	160 001 842	194 233 700	48 558 425	48 558 425	48 558 425	48 558 425
FFC Renewals	24 262 167	68 413 383	28 471 674	32 409 020	8 102 255	8 102 255	8 102 255	8 102 255
New Registrations	4 388 266	-	-	-	-	-	-	-
Examinations	41 267 429	95 449 147	41 991 626	62 503 000	15 625 750	15 625 750	15 625 750	15 625 750
Interest Income	179 740	186 399	658 448	5 040 000	1 260 000	1 260 000	1 260 000	1 260 000
Management fees	53 423 252	63 791 687	53 888 357	52 996 275	13 249 069	13 249 069	13 249 069	13 249 069
Fines & Penalties	44 899 505	16 986 648	31 746 750	37 785 405	9 446 351	9 446 351	9 446 351	9 446 351
Other Income	5 121 018	4 018 534	3 244 987	3 500 000	875 000	875 000	875 000	875 000
<b>Operating costs</b>	170 627 215	230 489 709	159 092 891	181 710 993	45 658 835	47 045 361	44 272 311	44 734 48
Admin expense	56 178 452	62 756 294	51 415 321	52 281 610	13 301 490	14 688 016	11 914 966	12 377 14
Other operating expenses	7 639 148	29 300 000	10 171 139	7 190 072	1 797 518	1 797 518	1 797 518	1 797 51
Staff costs	101 913 157	133 183 415	90 947 577	116 970 310	29 242 577	29 242 577	29 242 577	29 242 57
Directors Remuneration	4 896 458	5 250 000	6 558 855	5 269 000	1 317 250	1 317 250	1 317 250	1 317 25
<b>Surplus/Deficit</b>	2 914 161	18 356 089	908 951	12 522 708	2 899 590	1 513 064	4 286 114	3 823 94
<b>Capital Expenditure</b>	2 322 450	18 100 000	12 900 000	11 350 000	5 500 000	2 837 500	1 175 000	1 837 50
<b>Surplus/(Deficit) after Capex</b>	591 711	256 089	-11 991 049	1 172 708	-2 600 410	-1 324 436	3 111 114	1 986 44

The increase in operational expenditure of 10,8% in contrast with the MTEF guideline of 4,5% year on year is due to additional operational requirements necessitated by the new Property Practitioners Act in order to meet its mandate.

## High level programme budget for the MTEF period

	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Approved budget	Revised budget estimate	Revised budget estimate	Planned budget estimate
<b>Rand thousand</b>										
<b>Objective/Activity</b>										
Administration	102 439	99 387	118 439	94 686	110 396	114 320	161 603	119 895	132 257	142
Compliance	41 033	32 781	51 461	30 924	44 404	42 657	49 174	48 290	53 787	59
Education and training	16 363	11 590	17 017	10 819	13 904	13 650	19 558	13 526	15 337	17
<b>Total</b>	<b>159 835</b>	<b>143 758</b>	<b>186 917</b>	<b>136 429</b>	<b>168 704</b>	<b>170 627</b>	<b>230 335</b>	<b>181 711</b>	<b>201 381</b>	<b>219</b>

## Revenue Analysis

Revenue Stream	H1	H2	2022/23	2023/24	2024/25	2025/26	Notes
				<i>Medium Term Estimates</i>			
FFC Renewals	11,085,193	15,527,436	28,471,674	32,409,020	37,312,940	42,707,252	a
Examinations	21,495,813	20,495,813	41,991,626	62,503,000	71,764,410	81,811,432	b
Interest Income	33,448	625,000	658,448	5,040,000	2,200,000	500,000	c
Management fees	26,944,179	26,944,178	53,888,357	52,996,275	56,706,014	60,675,435	d
Fines & Penalties	10,746,750	21,000,000	31,746,750	37,785,405	39,674,676	41,658,409	e
Other Income	1,292,833	1,952,154	3,244,987	3,500,000	7,000,000	7,000,000	e
<b>Total</b>	<b>71,598,216</b>	<b>86,544,581</b>	<b>160,001,842</b>	<b>194,233,700</b>	<b>214,658,040</b>	<b>234,352,528</b>	

Headcount #	103	103	103	126	126	126
Revenue per Head (Rand)	695,128	840,239	1,553,416	1,541,537	1,703,635	1,859,941

### Assumptions

- a Increase in revenue from KPI 5.5.1 anticipated 8,019 additional PPs (R7.8m) offset by foregone revenue for registration for juristic persons/firms (R2m), and net effect on change in rates (R1200 principals, R510 Full status versus flat rate of R780 for all).
- b Increase in revenue from KPI 5.7.1 for Exam fees and CPD registration for 1500 PPs awarded professional designations. Incremental revenue for additional PPs to meet their CPD requirements.
- c Interest on Funds deposited in the PPRA Call account. Increase in 2023/24 due to surplus funds emanating from 3 years FFC renewal certificates, all paid in 2022/23 financial year.  
Penalties revenue declined from R45million in the prior year due to reduction of fee from R345 per month to R125 per month. Revenue expected to decrease over the years due to the intervention by the Debt Collection Department.
- d The intercompany management fee payable by Fidelity Fund based on 9% of the Net Asset Value of the Fidelity Fund. Estimates based on the audited net asset value of the fidelity fund and the 9% proposed fee for the management fees.
- e Other income include sundry income from duplicate and amendments of FFCs, as well as foreseen rental income from unutilised office space effective 2023/24.

## Revenue Analysis (Registrations, Renewals and Examinations)

### FFC Renewals

	Annual Fee		H1	H2	H2	2022/23	2023/24		2024/25		2025/26	
				Practitioners			Practitioners		Practitioner		Practitioner	
	Rand		Value	#	Value		#		s#		s#	
Principals & Non-Principals	780.00	44%	-	2,640	2,059,200	2,059,200	3,528	2,491,512	3,881	3,027,024	4,269	3,329,726
Intern Estate Agents	380.00	56%		3,360	1,276,800	1,276,800	4,491	1,445,834	4,939	1,876,896	5,433	2,064,586
Attorneys	780.00					-		-		-		-
Existing Agents			11,085,193		14,050,481	25,135,674		28,471,674		32,409,020		37,312,940
	</											

### Education

	Rand Value		# Practitioners	Value ( R )				
Professional designations awarded (PDE 4)	1,397		800	853,600	800 <sup>F</sup>	1,117,600	800	1,117,600
Professional designations awarded (PDE 5)	1,067		3,200	3,414,400	3,200 <sup>F</sup>	3,414,400	3,200	3,414,400
		1500, 1750 and 2000 candidates annually awarded professional qualifications	4,000	4,268,000	4,000	4,532,000	4,000	4,532,000
PPs Fully meeting CPD Requirements								
Principals	2,500		4,443	11,107,000		12,773,050		14,689,008
Non Principals	2,000		17,771	35,542,400		40,873,760		47,004,824
			22,214	46,649,400		53,646,810		61,693,832
Incremental revenue target				15,000,000		17,000,000		19,000,000
<b>Total</b>				<b>62,503,000</b>		<b>71,764,410</b>		<b>81,811,432</b>

## Operating Expenses

			Medium Term Estimates			
Auditors Remuneration	3,643,253	4,401,668	4,621,751	4,852,839	5,095,481	€
Call Centre Costs	4,945,173	4,268,000	4,308,000	4,350,000	4,567,500	€
Consultants Fees	11,536,262	8,682,016	8,625,988	8,625,988	8,625,988	€
Telephone and Connection costs	4,872,385	5,025,924	5,277,221	5,541,082	5,818,136	€
Water and Electricity	2,015,773	1,190,882	1,250,426	1,312,947	1,378,595	€
Office Cleaning	1,759,216	1,920,000	1,320,000	1,386,000	1,455,300	€
Rates and Taxes	1,649,269	1,673,349	1,757,016	1,844,867	1,937,111	€
Depreciation	4,129,257	5,000,000	5,134,663	5,134,663	5,134,663	€
Other Costs	11,239,582	12,253,482	16,182,372	16,344,196	16,507,638	€
Provision for credit losses	13,179,201	7,000,000	3,804,173	3,804,173	3,804,173	€
<b>Total</b>	<b>58,969,371</b>	<b>51,415,321</b>	<b>52,281,610</b>	<b>53,196,755</b>	<b>54,324,584</b>	

- a Audit fees are linked directly to the planning and scope of the audit as determined by the Auditor General. The 2023/24 audit fees include the PSTF entity audit.
- b Call Centre costs will still be incurred as initially planned due to customer service attributable to new Property Practitioners.
- c Variable costs incurred on an activity based approach, and on CPI incremental base. Also, changes in contractual terms and conditions resulted in cost variations from the base
- d Year end provision for allowance for credit losses. The reduction in future provisions is reliant on the planned debt collection function being re-established
- e Increase in Other Costs is due to increased budget allocation for promotion and public awareness costs for the PPRA as well as Education and Training costs at R2.3million in connection with the standardization of educational programmes for different spectrum of Property Practitioners.

## Other Operating Costs

	Audited	Forecast					
		2022/23	2023/24	2024/25	2025/26		Notes
			Medium Term Estimates				
Disciplinary costs	1,202,230	850,000	-	-	-		i
Legal Costs	3,197,338	7,789,978	6,000,000	5,400,000	5,940,000		i
Rental - Leased Building	29,256	29,256	500,000	500,000	500,000		
Recruitment, Selection and Training	-	1,501,904	690,072	500,000	500,000		i
<b>Total</b>	<b>4,428,824</b>	<b>10,171,139</b>	<b>7,190,072</b>	<b>6,400,000</b>	<b>6,940,000</b>		

- a Disciplinary costs are anticipated to be incurred due to undergoing hearings instituted against staff following the outcome of the forensic investigation report.
- b The incremental costs of Legal fees associated with legal costs linked with the outcome of the forensic investigation report and the case suspended CEO and the PPRA staff under investigation.
- c The filling of vacant positions in the new structure will result in recruitment costs being incurred from 2022/23 onwards.

<b>Staff Costs</b>	<b>Audited</b>	<b>Forecast</b>				
<b>Cost of living adjustment</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Notes</b>
			<b>Medium Term Estimates</b>			
Staff costs	101,913,157	89,614,260	90,947,577	116,970,310	136,585,045	
Cost of living adjustment 3% - 3.5%		896,143	3,183,165	4,093,961	4,780,477	a
Medical Aid - Co contribution X (7.5% - 3.5%)			19,975	20,774	21,605	b
Performance Bonus Provision			4,500,000	4,500,000	4,500,000	
<b>Filling of new positions</b>						
Executive		437,174	7,709,147	-	-	c
Senior management		-	5,579,119	5,500,000	3,500,000	c
Other roles		-	5,031,328	5,500,000	3,500,000	c
<b>Total</b>	<b>101,913,157</b>	<b>90,947,577</b>	<b>116,970,310</b>	<b>136,585,045</b>	<b>152,887,126</b>	

Total of new positions 2023/24 to 2025/26 36,319,593

Cost of new vacancies (current pay rates) 32,842,804

a Cost of living adjustment 2023/2024 has been effected at 3.5% increase annually

b Medical Aid company contribution differential between salary adjustment rate and average 7.5% annual increase in contributions

c The delivery of the new legislative requirements under the PPA will necessitate for the filling of some vacant positions and new positions created in the structure for the remainder of 2022/23 onwards, based on the approved structure. Only critical positions have been identified for occupation beginning from January 2023 onwards based on the budget's affordability.



## Statement of financial Position

	2021/22 Audited	2022/23 Estimated	2023/24	2024/25 Medium Term Estimates	2025/26
<b>Assets</b>					
<b>Non current asset</b>	140 441 830	153 542 568	160 927 620	164 437 620	166 412 620
Office Furniture & Equipment	2 823 676	2 777 200	3 827 200	4 617 200	4 892 200
Computer Hardware & Infrastructure	1 638 435	10 809 032	14 159 032	16 979 032	19 279 032
Intangible Assets	832 379	3 780 811	8 680 811	10 480 811	11 780 811
Motor Vehicles	19 930	14 948	-	-	-
Land and Buildings	135 127 410	136 160 577	134 260 577	132 360 577	130 460 577
<b>Current asset</b>	130 328 082	164 461 393	138 261 566	117 293 092	181 301 192
Investments	5 131 516	65 945 576	35 000 000	10 000 000	70 000 000
Cash and Cash Equivalents	3 579 915	7 188 335	8 500 000	9 000 000	9 300 000
Trade and Other Receivables	87 748 449	67 267 147	70 630 504	74 162 030	77 870 130
Loan Fund	33 855 251	23 881 062	23 881 062	23 881 062	23 881 062
Inventory	12 951	179 273	250 000	250 000	250 000
<b>Total Assets</b>	<b>270 769 912</b>	<b>318 003 961</b>	<b>299 189 186</b>	<b>281 730 712</b>	<b>347 713 812</b>
<b>Liabilities &amp; Equity</b>					
<b>Capital and Reserves</b>	<b>162 374 346</b>	<b>153 814 622</b>	<b>161 658 981</b>	<b>170 611 449</b>	<b>181 581 449</b>
Accumulated and Revaluation Surplus	162 374 346	153 814 622	161 658 981	170 611 449	181 581 449
<b>Liabilities</b>					
<b>Non-Current Liability</b>	<b>12 140 000</b>	<b>12 149 000</b>	<b>12 149 000</b>	<b>12 149 000</b>	<b>12 149 000</b>
Post Retirement Benefits - Medical Aid	12 140 000	12 149 000	12 149 000	12 149 000	12 149 000
<b>Current Liability</b>	<b>96 255 566</b>	<b>152 040 339</b>	<b>125 381 205</b>	<b>98 970 263</b>	<b>153 983 362</b>
Trade and Other Payables	77 334 139	127 979 440	99 723 205	73 312 263	128 325 362
Provisions	18 254 427	23 402 899	25 000 000	25 000 000	25 000 000
Post Retirement Benefits - Medical Aid	667 000	658 000	658 000	658 000	658 000
<b>Total Liabilities &amp; Equity</b>	<b>270 769 912</b>	<b>318 003 961</b>	<b>299 189 186</b>	<b>281 730 712</b>	<b>347 713 812</b>
<b>Ratios</b>					
Liquidity Ratio	1,4	1,1	1,1	1,2	1,1
Solvency Ratio	36%	48%	42%	35%	44%
Return on Investment	2%	1%	1%	2%	2%

Substantial increase in cash investment for 2022/23 due to the 3 years upfront collection of registration fees for Property Practitioners. The contra effect of this lies in Trade & Other Payables through Deferred Revenue liability. Gradual decrease in the value of cash investment in 2023/24 and 2024/25 is due to the unwinding of deferred revenue liability into revenue and utilization of cash reserves in these future years. The recurrence of upfront collection of cash in 2025/26 will result in the corresponding increase in cash generated from operations as well as increase in balance sheet items for cash investments and deferred revenue under Trade and Other Payables.

## Statement of Cash Flow

	2021/22 Audited	2022/23 Estimated	2023/24 Medium Term Estimates	2024/25 Medium Term Estimates	2025/26 Medium Term Estimates
<b>Cash Flows from operating activities</b>					
Cash receipts from property practitioners and other sources	149 353 442	166 394 967	184 283 614	189 930 218	199 815 42
Cash paid to suppliers and employees (incl movement in working capital)	-135 457 503	-104 700 971	-208 877 943	-213 568 841	-146 239 06
Cash generated from operations (incl movement in working capital)	13 895 939	61 693 996	-24 594 329	-23 638 624	53 576 36
Interest income	179 740	5 250 000	5 625 000	2 520 000	4 500 000
<b>Net cash from operating activities</b>	<b>14 075 679</b>	<b>66 943 996</b>	<b>-18 969 329</b>	<b>-21 118 624</b>	<b>58 076 36</b>
<b>Cash flows from Investing activities</b>					
Acquisition of property, plant and equipment	-1 425 164	-12 900 000	-11 350 000	-7 600 000	-6 100 00
<b>Net cash used in investing activities</b>	<b>-1 425 164</b>	<b>-12 900 000</b>	<b>-11 350 000</b>	<b>-7 600 000</b>	<b>-6 100 00</b>
<b>Cash flows from financing activities</b>					
Changes in the Loan Fund	-15 121 930	9 974 189	-	-	-
<b>Total cash movement for the year</b>	<b>-2 471 415</b>	<b>64 018 185</b>	<b>-30 319 329</b>	<b>-28 718 624</b>	<b>51 976 36</b>
Beginning cash & cash equivalents	11 182 846	8 711 431	73 133 911	43 500 000	19 000 00
Ending cash & cash equivalents	8 711 431	73 133 911	43 500 000	19 000 000	79 300 00
<b>Ratio</b>					
Operating Cash Flow Cover (Operating Cash Flow / Current Liabilities)		0,7	-0,23	-0,31	0,6

## Capital Expenditure Budget

### Capital Expenditure

		2022/23 Approved Budget	2022/23 Estimated	Medium Term Estimates		
	Note			2023/2024	2024/2025	2025/2026
Office Furniture		1 000 000	500 000	700 000	550 000	200 000
Office Equipment		1 500 000	-	550 000	450 000	300 000
PPRA App	1	2 500 000	-	-	-	-
IT Infrastructure	2	-	7 800 000	2 500 000	2 500 000	2 500 000
Computer Equipment	3	3 000 000	1 500 000	1 500 000	1 000 000	500 000
Software	4	2 500 000	-	-	-	-
ERP - IT System overhaul (Installation and licence fees)	5	5 000 000	2 500 000	5 500 000	2 500 000	2 000 000
Intellectual Property - Education Materials	6	2 000 000	-	-	-	-
Land and Buildings Refurbishments		600 000	600 000	600 000	600 000	600 000
<b>Total</b>		<b>18 100 000</b>	<b>12 900 000</b>	<b>11 350 000</b>	<b>7 600 000</b>	<b>6 100 000</b>

### Notes

- 1 PPRA online customer interface tool no longer planned for implementation due to prioritisation of other critical IT projects in the pipeline
- 2 IT infrastructure for acquisition of servers, cabling and wiring and power back up systems not initially planned for
- 3 Computer hardware installations for replacement capex and new equipment to accommodate new staff as per HR structure
- 4 Software applications being deferred for roll out of SAP upgrade and SAPm ERP project overhaul
- 5 SAP Project development and configurations for complying with PPA requirements and user requirements for audit and statutory compliances
- 6 Enhancement of e-learning platform and availing of on line study for accessibility upon candidates registration.



## 9. FINANCIAL BUDGET FOR 2023/24 – PROPERTY PRACTITIONERS FIDELITY FUND

### THE ESTATE AGENTS FIDELITY FUND

#### INCOME AND EXPENDITURE BUDGET - FOR THE YEAR ENDING 31 MARCH 2024

		Audited Outcome 2021/2022	Forecast 2022/23	Approved Budget 2022/23	Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Revenue</b>	<b>1</b>	<b>77 479 887</b>	<b>83 542 192</b>	<b>109 629 059</b>	<b>75 338 012</b>	<b>80 611 672</b>	<b>86 254 489</b>	<b>92 292 304</b>
Contributions Board		2 090 125	2 124 304	2 738 800	3 207 600	3 432 132	3 672 381	3 929 441
Contributions	1,1	2 090 125	2 124 304	2 738 800	3 207 600	3 432 132	3 672 381	3 929 441
Interest		32 196 045	59 545 516	66 141 785	65 384 312	69 961 213	74 858 498	80 098 591
Agent interest	1,2	26 827 857	43 097 094	49 171 648	37 022 540	39 614 118	42 387 106	45 354 201
Interest on Investments	1,3	5 368 188	6 406 884	6 970 137	28 361 772	30 347 096	32 471 392	34 744 391
Interest Other		-	41 538	-	-	-	-	-
Grant Income		-	-	-	-	-	-	-
Grant from PPRA		-	10 000 000	10 000 000	-	-	-	-
Other Income		43 193 717	21 872 372	40 748 474	6 746 100	7 218 327	7 723 610	8 264 261
Claims Recoveries	1,4	5 659 474	3 000 000	6 000 000	6 000 000	6 420 000	6 869 400	7 350 251
Fair Value Adjustments	1,5	36 353 632	18 744 679	34 719 128	-	-	-	-
Bad debts recovered		222 120	-	-	-	-	-	-
Fines		930 950	-	-	716 100	766 227	819 863	877 251
Other income	1,6	27 541	127 693	29 346	30 000	32 100	34 347	36 751
<b>Operating costs</b>	<b>2</b>	<b>71 369 493</b>	<b>81 894 562</b>	<b>109 358 371</b>	<b>75 127 927</b>	<b>70 637 370</b>	<b>73 801 924</b>	<b>77 108 251</b>
Bank Charges		9 728	14 727	18 917	15 846	16 551	17 293	18 061
Claims Paid		2 543 903	3 000 000	6 000 000	6 000 000	6 267 000	6 547 762	6 841 101
Management Fees	2,1	53 423 252	58 840 060	63 791 763	52 996 275	55 354 609	57 834 495	60 425 481
Provision for bad debts		12 572 351	4 831 575	9 663 150	2 961 803	3 093 603	3 232 197	3 376 991
Grant expense - PSTF	2,2	284 715	8 990 581	17 590 538	7 500 000	-	-	-
Consumer Education Awareness		1 290 820	-	-	-	-	-	-
Stakeholder Awareness	2,3	378 300	1 500 000	3 000 000	1 000 000	1 044 500	1 091 294	1 140 181
Insurance	2,4	-	139 490	278 979	278 979	291 394	304 448	318 081
Publications - Agent Magazine	2,5	-	1 757 512	3 515 024	1 282 166	1 339 222	1 399 219	1 461 901
Consultants fees	2,7	-	-	-	700 000	731 150	763 906	798 121
Legal fees	2,6	866 424	2 820 617	5 500 000	1 500 000	1 566 750	1 636 940	1 710 271
Auditors Remuneration	2,8	-	-	-	892 858	932 591	974 371	1 018 021
<b>10. Surplus</b>		<b>6 110 394</b>	<b>1 647 630</b>	<b>270 688</b>	<b>210 084</b>	<b>9 974 302</b>	<b>12 452 565</b>	<b>15 184 051</b>

## STATEMENT OF FINANCIAL POSITION

R Thousand Statement of Financial Position	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Approved budget	Revised budget estimate	Revised budget estimate	Planning budget estimate
<b>ASSETS</b>										
Current assets	298 453	477 783	728 453	154 216	37 591	37 591	39 470	629 312	679 605	668 060
Current investments	290 736	347 141	708 155	123 240	5 065	5 065	5 319	623 959	654 306	628 943
Trade and other receivables from exchange transactions	3 571	5	3 821	3	3	3	3	-	-	-
Other receivables from non-exchange transactions, including taxes, fines and transfers	-	2 194	-	7 786	8 175	8 175	8 584	2 180	12 232	23 434
Cash and cash equivalents	4 147	128 444	16 477	23 188	24 347	24 347	25 565	3 173	13 067	15 683
Non-current assets	380 960	135 695	-	463 112	486 267	486 267	510 581	-	-	-
Non-Current Investments	380 960	135 695	-	463 112	486 267	486 267	510 581	-	-	-
<b>Total assets</b>	<b>679 413</b>	<b>613 478</b>	<b>728 453</b>	<b>617 328</b>	<b>523 858</b>	<b>523 858</b>	<b>550 051</b>	<b>629 312</b>	<b>679 605</b>	<b>668 060</b>
<b>LIABILITIES</b>										
Current liabilities	55 423	44 796	40 316	23 736	23 219	23 219	24 380	54 828	57 268	59 835
Trade and other payables from exchange transactions	5 145	1 908	4 116	239	251	251	263	97	100	105
Other payable from non-exchange transactions, including taxes, fines and transfers	-	486	-	1 622	-	-	-	-	-	-
Provisions for outstanding claims	2 156	2 604	2 372	3 141	3 298	3 298	3 463	1 735	1 814	1 896
Managed funds	48 122	39 798	33 828	18 733	19 670	19 670	20 653	52 996	55 354	57 834
<b>Total liabilities</b>	<b>55 423</b>	<b>44 796</b>	<b>40 316</b>	<b>23 736</b>	<b>23 219</b>	<b>23 219</b>	<b>24 380</b>	<b>54 828</b>	<b>57 268</b>	<b>59 835</b>
<b>NET ASSETS</b>	<b>623 989</b>	<b>568 682</b>	<b>688 137</b>	<b>593 592</b>	<b>500 639</b>	<b>500 639</b>	<b>525 671</b>	<b>574 484</b>	<b>622 337</b>	<b>608 225</b>
Accumulated surplus / (deficit)	623 989	568 682	688 137	593 592	500 639	500 639	525 671	574 484	622 337	608 225
<b>Total net assets and liabilities</b>	<b>679 413</b>	<b>613 478</b>	<b>728 453</b>	<b>617 328</b>	<b>523 858</b>	<b>523 858</b>	<b>550 051</b>	<b>629 312</b>	<b>679 605</b>	<b>668 060</b>

## CASH FLOW STATEMENT

	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Approved budget	Revised budget estimate	Revised budget estimate	Planning budget estimate
<b>Cash flow data</b>										
<b>R Thousand</b>										
<b>Cash flow from operating activities</b>	(19 326)	(15 342)	(18 488)	19 325	(13 750)	(13 750)	(25 288)	3 173	13 067	15 683
<b>Cash receipts from stakeholders</b>	119 517	62 536	85 992	91 461	77 045	77 045	61 952	75 339	80 611	86 253
Tax receipts	-	-	-	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	119 517	62 536	85 992	91 461	77 045	77 045	61 952	74 623	79 845	85 433
Sales of goods and services produced by entity	119 517	62 536	85 992	91 461	77 045	77 045	61 952	74 623	79 845	85 433
Administrative fees	-	59 361	76 460	89 013	63 832	63 832	54 982	46 231	49 466	52 928
Interest on trust funds	-	52 936	58 096	78 528	58 230	58 230	49 172	37 023	39 614	42 387
Contribution from estate agents	-	1 386	1 244	1 470	1 306	1 306	1 811	3 208	3 432	3 672
Claims recoveries	-	3 907	4 520	8 186	4 297	4 297	4 000	6 000	6 420	6 869
Discretionary funded projects	-	1 132	12 600	829	-	-	-	-	-	-
Sales by market establishments	90 806	3 175	9 532	2 448	13 213	13 213	6 970	28 392	30 379	32 505
Fair value adjustment	90 806	-	-	-	-	-	-	-	-	-
Interest on investment	-	3 076	9 331	2 406	13 213	13 213	6 970	28 362	30 347	32 471
Other income	-	99	19	42	-	-	-	30	32	34
Interest: Other	-	-	182	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	716	766	820
<b>Cash paid to stakeholders</b>	138 843	77 878	104 480	72 136	90 795	90 795	87 240	72 166	67 544	70 570
<b>Current payments</b>	138 843	77 878	104 480	72 136	90 795	90 795	87 240	64 666	67 544	70 570
Compensation of employees	-	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-	-
Goods and services	138 843	77 878	104 480	72 136	90 795	90 795	87 240	64 666	67 544	70 570
Administrative fees	13 905	59 276	82 747	60 675	68 223	68 223	63 792	52 996	55 354	57 834
Advertising	-	1 611	2 015	1 669	1 814	1 814	1 861	1 282	1 339	1 399
Audit costs: External	-	-	-	-	-	-	-	893	933	975
Consultants: Business and advisory services	572	-	687	-	824	824	367	700	731	764
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	-
Legal services (G&S)	3 015	3 575	3 316	737	3 933	3 933	4 130	1 500	1 567	1 637
Contractors	-	-	-	-	-	-	-	-	-	-
Agency and support/outsourced services	58 489	2 807	14 854	316	15 220	15 220	16 792	7 000	7 312	7 639
Operating payments	62 862	10 609	861	8 739	781	781	298	295	308	322
Transfers and subsidies	-	-	-	-	-	-	-	7 500	-	-
Other government units	-	-	-	-	-	-	-	7 500	-	-
National government	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	7 500	-	-
<b>Cash flow from investing activities</b>	(21 899)	149 183	(12 709)	(103 516)	(13 980)	(13 980)	(14 679)	(52 996)	(55 354)	(57 834)
Other	(21 899)	149 183	(12 709)	(103 516)	(13 980)	(13 980)	(14 679)	(52 996)	(55 354)	(57 834)
Foreign	-	-	-	-	-	-	-	-	-	-
<b>Cash flow from financing activities</b>	39 444	(11 324)	33 527	(21 065)	33 527	33 527	35 203	52 996	55 354	57 834
Other	39 444	(11 324)	33 527	(21 065)	33 527	33 527	35 203	52 996	55 354	57 834
<b>Net increase / (decrease) in cash and cash equivalents</b>	(1 781)	122 517	2 330	(105 256)	5 797	5 797	(4 763)	3 173	13 067	15 683

## Notes and Assumptions

The budget for 2023/2024 was prepared based on the following assumptions:

### 1. REVENUE

#### 1.1. Contributions

Contribution is for new registration of the Property Practitioners. Every property practitioner who is a natural person shall, upon first becoming registered as a property practitioner pay to the Property Practitioners Fidelity Fund. The contribution is R400 for natural person. The total number of new registrations for existing categories is 7290.

Due to lack of reliable data for the new categories of property practitioners, an estimate of 10% based on the expected new entrants for existing categories of property practitioners was budgeted for. This resulted in a budgeted number of new categories of new property practitioners of 729. It is expected that this new category of property practitioners will register gradually over time as the PPRA conduct awareness campaigns.

The budgeted amount of R3 207 600 was derived as follows:

Existing categories of Property Practitioners		
Non-Principal	6 643	
Principal	435	
Non-executive director	212	
Total	7 290	
Add 10% estimates of the new property practitioners	729	(7290 X 10%)
Total	8019	
X R400		R3 207 600

#### 1.2. Agent interest

Interest on the estate agents' trust funds is budgeted at R37 million. The estimated amount was arrived at after considering the prior year audited amount and the current year's Q2 actual interest on trust funds that accrued.

However, it should be noted that the PP Act is silent about the interest on the trust fund due to the PPFF. The regulation is also not clarifying the issue of interest on the trust account. Interest on agents trust account is the main revenue income in the Fidelity Fund and is used to cover most of the operational expenses in the Fidelity Fund. There is high risk that this income may not be collected or may be challenged in court by the Property Practitioners as it is not covered by the PP Act. The previous act was clear and stipulating the % due to the Fidelity Fund.

Provision for doubtful debts of 8% of the estimated revenue has been budgeted for to cover the risk of non-collection. The low estimate is because it is expected that the new debtors control unit will be fully capacitated and follow-ups on the outstanding debtors will be prioritised to improve collection of outstanding monies.

### **1.3. Interest on Investment**

Interest on investment is budgeted at R28.4 million. Most of the investments for the PPFF are invested on equity linked investments. These investments will mature on the 30th of November 2022 and it is expected that they will be invested with the SARB CPD investment portfolio while we are awaiting for a response from the National Treasury on the application to exempt PPFF from investing with the SARB CPD. Interest on investment at a rate of 5% was used to arrive at the budgeted amount.

Therefore, a conservative approach was followed when arriving at the budgeted amount while awaiting for the National Treasury response.

### **1.4. Claims recoverable.**

Claims paid out to be recovered are budgeted at R6 million for property practitioners. The budgeted amount also considered the new categories of property practitioners. It is estimated that about 10% of new categories of property practitioners will register in the 2023/2024 financial year. The PP Act includes a provision that claims will only be paid if the agent against whom the claims is made had valid FFC, therefore it is expected that the claims will drop.

### **1.5. Fair Value Adjustment**

Fair value adjustments were not budgeted for as it is expected that all PPFF investments will be invested with the SARB CPD investment portfolio as explained above regarding interest on investments.

## **1.6. Other income**

Other income mainly comprises of fines imposed on property practitioners for late submission of audit reports.

## **2. EXPENDITURE**

### **2.1 Management fee**

Management fee is budgeted at 9% increase which is in line with the Management fee policy of 9% of the Net Asset Value of the Fidelity Fund.

Management fee budget is calculated based on the approved policy. According to the approved policy, management fee must be based on the 9% of the audited Net assets value. The calculation of actual management fee has always been the same from the previous years. The budgeted management fee calculation was done using estimated 2023 year end net assets value x 9% per the policy.

The Net Asset Value as at 31 March 2023 was estimated at R588 847 496 hence the budgeted amount of R52.9 million.

### **2.2 Transformation**

Section 38(1)(f) makes provision for the Fidelity Fund to provide grants for various initiatives including the transformation of the property sector. In providing various grants, the Fidelity Fund net asset value must not be below R400million. As a result, 4% of the Fidelity Fund net asset value less the minimum net asset value to be maintained was budgeted for as a grant to the Property Sector Transformation Fund resulting in a budgeted amount of R7.5million.

See below calculations:

<b>Budgeted Net Asset Value @ 31 March 2023</b>	<b>588 847 495,54</b>
<b>Minimum NAV to be maintained</b>	<b>400 000 000,00</b>
<b>Net NAV available</b>	<b>188 847 495,54</b>
<b>Grant provided to the PSTF @ 4%</b>	<b>7 500 000,00</b>

### **2.3 Stakeholder Awareness**

Stakeholder awareness is budgeted at R1.0 million which covers costs of exhibitions for creating awareness across the country and participation in housing industry stakeholder events. The budget is to be utilised for public awareness in relation to PPRA, venue hire, women stakeholder engagement, roadshows, travelling cost, venue hires and other related cost such as advertising for road & billboard.

### **2.4 Insurance**

The PPRA indicated that the authority shall take the short term insurance. Insurance budget consists of professional indemnity insurance for the estate agents based on the history. It is difficult to estimate the amount for the new property practitioners as there is no database or statics to come up with the accurate projection.

### **2.5 Publications**

Publications budgeted amount of R1.3 million include design and printing of quarterly magazine distributed to estate agents and other stakeholders which takes into consideration the PPRA.

### **2.6 Legal Fees**

Legal fees consist of legal costs incurred in enforcing compliance as well as curatorship of estate agents trust accounts and any legal matters in the fidelity fund.

### **2.7 Consultant Fees**

Consultants' fees have been budgeted for at R700k. This is to cater for the appointment of asset managers to oversee the Fidelity Fund investments portfolio.

### **2.8 Auditors Remuneration**

Auditors remuneration has been budgeted for at R893k. This is to make provision for the Auditor General's audit of the Fidelity Fund books. Approximately R830k was included in the 2021/2021 audit strategy. After taking into account CPI of 7.6%, the budgeted expenditure amounts to R893k.



## 11. FINANCIAL BUDGET FOR 2023/24 – PROPERTY SECTOR TRANSFORMATION FUND

### Statement of Financial Performance

	2022/23 Forecast	2023/2024 Budget	2024/2025 Budget	2025/2026 Budget
<b>Total Revenue</b>	<b>8 406 432</b>	<b>26 790 884</b>	<b>36 400 000</b>	<b>42 740 000</b>
Grant from PPRA	-	-	12 000 000	12 840 000
Grant from PPFF	600 000	7 500 000	10 000 000	10 700 000
Revenue (Once off initial Grant)	-	10 000 000	-	-
SSETA Recoveries	7 806 432	9 290 884	14 400 000	19 200 000
<b>Operating costs</b>	<b>7 319 733</b>	<b>16 073 600</b>	<b>18 668 280</b>	<b>23 672 334</b>
Salaries and Related costs	2 115 733	3 173 600	3 332 280	3 498 894
Learners Stipends	3 504 000	12 000 000	14 400 000	19 200 000
Travelling & Accomodation	550 000	-	-	-
Venue Hire	-	-	-	-
Staff Training and Development	-	-	-	-
Administration Costs	350 000	-	-	-
Audit Fees	800 000	900 000	936 000	973 440
<b>Project costs</b>	<b>1 076 000</b>	<b>10 659 400</b>	<b>12 981 400</b>	<b>15 875 600</b>
<i>Transformation cost:</i>				
One learner Programme	876 000	3 918 400	5 041 000	6 248 000
SMME's		739 000	884 000	1 029 000
Principalization programme		5 002 000	6 016 400	7 517 000
Workplace Readiness programme		500 000	520 000	540 800
The establishment of the property research centre		-	-	-
Regularisation Programme		-	-	-
Consumer education awareness	200 000	500 000	520 000	540 800
<b>TOTAL COSTS</b>	<b>8 395 733</b>	<b>26 733 000</b>	<b>31 649 680</b>	<b>39 547 934</b>
<b>Surplus/(Deficit)</b>	<b>10 699</b>	<b>57 884</b>	<b>4 750 320</b>	<b>3 192 066</b>

The PSTF is a non-revenue generating entity, with funding sources from SSETA, PPRA/PPFF and external grants. Therefore, the entity should aim to operate at break even, and ensure there is a source of funding adequate to meet its expenditure target plans.

## **PART C: TECHINICAL INDICATORS**

### **11.1. PROGRAMME 1: ADMINISTRATION**

Indicator Title	1.1.1. Unqualified audit opinion with no material findings
Definition	The indicator measures processes, systems and controls implemented by the PPRA to ensure that an opinion with no material findings is achieved.
Source of Data	Annual financial statements, reports on predetermined objectives, documented business processes/ standard operating procedures (SOPs), annual audit plan and risk management plan, Internal Audit Report, Annual Performance Report and previous AG Report
Method of calculation / Assessment	An unqualified audit report on the financial statements with no adverse comment in the report of the AG on the quality of the financial information presented. An unqualified audit opinion on the performance information with no adverse comment on the quality of the information.
Means of verification	Scrutiny of the AG report
Assumptions	Availability of AG Report and Management report from the AG
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Financial statements free from material errors and misstatements
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	100% compliance with the applicable Legislation, Corporate Governance prescripts, Financial reporting standards and PPRA policies. Unqualified audit opinion
Indicator Responsibility	Chief Financial Officer

#### Internal Audit

Indicator Title	1.2.1. Percentage implementation of approved internal audit plan
Definition	Prudent and efficient use and management of the PPRA resources, testing the adequacy and effectiveness of internal controls; delivery on the Internal Audit mandate and compliance with professional standards and applicable legislations."
Source of data	Internal audit reports and internal audit progress reports.

Method of Calculation / Assessment	Total number of audits completed for the quarter or annually / total number of planned audits for the quarter or annually
Means of verification	Approved annual plan. Status report to Audit, Governance and Risk Committee (AGRC)
Assumptions	Unrestricted access to records Availability of personnel Cooperation and support from business units and stakeholders Quality of information and records
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	100% audit completed as per approved annual internal audit plan which will result in reasonable assurance to management on the adequacy and effectiveness of the system internal controls, risk management and governance processes.”.
Indicator Responsibility	Chief Executive Officer and the Chief audit and Risk Officer

#### Anti-Corruption and Integrity Management

Indicator Title	1.3.1. Percentage implementation of Fraud Prevention Plan
Definition	Implementation of approved anti-fraud and corruption plan. Activities in the plan include fraud investigations, facilitating fraud prevention projects and awareness and assisting in forensic assignments as required.
Source of data	Approved anti-fraud and corruption plan\Progress reports.
Method of Calculation / Assessment	Verification of existence of quarterly progress reports on the risk, anti-corruption and integrity management implementation plan
Means of verification	Progress reports on anti-fraud and corruption
Assumptions	Unrestricted access to records Availability of personnel Cooperation and support from stakeholders (e.g., business units and provinces).
Disaggregation of Beneficiaries (where applicable)	Not Applicable
Spatial Transformation (where applicable)	Not Applicable
Calculation type	Cumulative
Reporting cycle	Quarterly and annually

Desired performance	Implement all activities in the approved anti-fraud and corruption implementation plan.
Indicator Responsibility	Chief Risk Officer

#### Risk Management

Indicator Title	1.4.1. Percentage implementation of approved risk management plan
Definition	Risk management implementation plan is aligned to risk management strategy and unpacks specific risk management activities which will be implemented for particular year including responsible persons, resources required and targets dates.
Source of data	Risk management methodology embedded in the risk identification template will be used as the source to facilitate completion of strategic risk register. Risk monitoring tool to be used for monitoring actions identified in the strategic risk register. Data will be collected from provincial offices and updated in the risk register. The approved strategic risk register will be used as a source for the approved strategic risks including key risks.
Method of Calculation / Assessment	Total number of activities implemented / total number of planned activities for the quarter / annually
Means of verification	Approved risk management plan Progress report Risk registers
Assumptions	Complete, accurate, timeous risk information and co-operation from internal stakeholders (Risk Champions and Risk Owners).
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	100% of the approved risk management plan implemented
Indicator Responsibility	Chief Risk Officer

## Empowerment

Indicator Title	1.5.1. Percentage procurement spent on businesses owned by persons with disabilities
Definition	This indicator measures the percentage of the entity's annual procurement spent on businesses owned by persons with disabilities. The entity will procure 5% of products & services from businesses whose 51% shareholders is owned by persons with disabilities. The awarding of such contracts will be done through competitive bidding processes using the Central Supplier Database (CSD).
Source of data	Input information from suppliers awarded contracts. Data collected from the ERP system.
Method of Calculation / Assessment	Total amount of discretionary spend paid to businesses owned by persons with disabilities within a specific period / the total amount of discretionary spend paid to all service providers for the same period x 100.
Means of verification	Supplier payment report Database of accredited suppliers
Assumptions	Businesses owned by persons with disabilities registered on the National CSD database. B-BBEE certificates and / or sworn affidavits and legally valid supporting documents
Disaggregation of Beneficiaries (where applicable)	Annual Target for persons with disabilities – 5%
Spatial Transformation (where applicable)	Nil
Calculation type	Non-cumulative
Reporting cycle	Quarterly and yearly
Desired performance	5% of annual procurement spent, targeted at businesses owned by persons with disabilities
Indicator Responsibility	Chief Financial Officer

Indicator title	1.5.2. Percentage of annual procurement spent – military veterans
Definition	This indicator measures the percentage of the entity's annual procurement spent on businesses owned by military veterans. The entity will procure 5% of products & services from businesses whose 51% shareholders is owned by military veterans. The awarding of such contracts will be done through competitive bidding processes using the Central Supplier Database (CSD).
Source of data	Input information from suppliers awarded contracts. Data collected from the ERP system.
Method of calculation or assessment	Total amount of discretionary spend paid to businesses owned by military veterans within a specific period / the total amount of



Indicator title	1.5.2. Percentage of annual procurement spent – military veterans
	discretionary spend paid to all service providers for the same period x 100.
Means of verification	Supplier payment report Database of accredited suppliers
Assumptions	Businesses owned by military veterans registered on the National CSD database. B-BBEE certificates and / or sworn affidavits and legally valid supporting documents
Disaggregation of beneficiaries (where applicable)	Annual Target for People with disabilities– 5%
Spatial transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting cycle	Quarterly and yearly
Desired performance	5% of annual procurement spent, targeted at businesses owned by military veterans
Indicator responsibility	Chief Financial Officer

Indicator Title	1.5.3. Percentage of procurement budget spend on women
Definition	This indicator measures the percentage of the entity's annual procurement spent on businesses owned by women. The entity will procure 5% of products & services from businesses whose 51% shareholders is owned by women. The awarding of such contracts will be done through competitive bidding processes using the Central Supplier Database (CSD).
Source of data	Input information from suppliers awarded contracts. Data collected from the ERP system
Method of Calculation / Assessment	Total amount of discretionary spend paid to businesses owned by women within a specific period / the total amount of discretionary spend paid to all service providers for the same period x 100.
Means of verification	Supplier payment report Database of accredited suppliers
Assumptions	Businesses owned by woman registered on the National CSD database. B-BBEE certificates and / or sworn affidavits and legally valid supporting documents
Disaggregation of Beneficiaries (where applicable)	Annual Target on businesses owned by women – 40%
Spatial Transformation (where applicable)	N/A
Calculation type	Non-cumulative
Reporting cycle	Quarterly and yearly
Desired performance	40% of procurement spent on businesses owned by women

Indicator Responsibility	Chief Financial Officer
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<b>Indicator Title</b>	<b>1.5.4. Percentage of procurement budget spend on youth</b>
Definition	This indicator measures the percentage of the entity's annual procurement spent on businesses owned by youth. The entity will procure 5% of products & services from businesses whose 51% shareholders is owned by youth. The awarding of such contracts will be done through competitive bidding processes using the Central Supplier Database (CSD) (persons under the aged 35 at the time of purchase order)
Source of data	Input information from suppliers awarded contracts. Data collected from the ERP system
Method of Calculation / Assessment	Total amount of discretionary spend paid to businesses owned by youth within a specific period / the total amount of discretionary spend paid to all service providers for the same period x 100.
Means of verification	Supplier payment report Database of accredited suppliers
Assumptions	Businesses owned by woman registered on the National CSD database. B-BBEE certificates and / or sworn affidavits and legally valid supporting documents
Disaggregation of Beneficiaries (where applicable)	Annual Target on businesses owned by women – 40%
Spatial Transformation (where applicable)	N/A
Calculation type	Non-cumulative
Reporting cycle	Quarterly and annually
Desired performance	20% procurement spent on businesses owned by youth
Indicator Responsibility	Chief Financial Officer

#### Consumer Management

<b>Indicator Title</b>	<b>1.6.1. Percentage of consumer queries resolved within 90 days</b>
Definition	Measures the percentage of queries received by the PPRA, investigated, and resolved within 90 days
Source of data	Complaints Register
Method of Calculation / Assessment	Number of consumer queries (received by the PPRA, investigated) resolved within 90 days / Number of consumer queries received by the PPRA*100"
Means of verification	Quarterly progress reports on the Complaints Register Sap log queries
Assumptions	Status report to Exco and Board



Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Reduced and speedy resolution of consumer queries over a period not exceeding 90 days
Indicator Responsibility	Executive Manager: Inspections and Enforcement

Indicator Title	1.7.1. Percentage of implementation of ERP integrated system
Definition	Measures the implementation of the ERP system
Source of data	SAP
Method of Calculation / Assessment	SolarWinds is a patch management application used for Server & Application Monitoring (SAM), the system is built to monitor the most important hardware resources to help see where resources may be spread. The application also consists of an uptime Monitor and downtime tracker tool to check Server uptime. An uptime monitor helps ensure your server and applications are running at their maximum potential.
Means of verification	ERP systems have built-in user access logs that allow the administrator to check the number of activities, and system logins for security reasons. To track the ERP system up and down time the system will be integrated with SolarWinds to activate that functionality.
Assumptions	The ERP system could take more time than intended to be implemented due to administration challenges, data clean-up, migration, and standardizing the Add-On processes to function with the system to be developed.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Reduced the ICT system downtime
Indicator Responsibility	ICT Manager

## Programme 2: Licensing and Compliance

Indicator Title	2.1.1. Number new (compliant) property practitioners registered on the database of the PPRA per annum
Definition	Measures the number of eligible property practitioners as defined in the PPA that are registered on the PPRA database for purposes of enforcing compliance to PPA, transforming the property sector and collecting subscriptions
Source of data	Download reports from the SAP system. New registrations and new applications report from SAP
Method of Calculation / Assessment	The number of property practitioners registered with in the quarter or annually
Means of verification	Quarterly progress reports
Assumptions	Status report to Exco and Board
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	All eligible property practitioners in the expanded mandate fully registered and compliant
Indicator Responsibility	Executive Manager: Licensing and Compliance

## Compliant New Registration

Indicator Title	2.2.1. Percentage of all compliant new registrations processed within 30 working days
Definition	Measures the percentage of new registrations that are processed within 30 days
Source of data	Download reports from the SAP system. New registrations and new applications report from SAP
Method of Calculation / Assessment	$(\text{Number of compliant registrations processed within 30 days}) / (\text{Total Number of compliant registrations received}) * 100$
Means of verification	Quarterly progress reports
Assumptions	Compliant registrations processed within 30 days
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	100% of all compliant registrations are processed within 30 working days

Indicator Responsibility	Executive Manager: Licensing and Compliance
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#### Compliant Renewal

Indicator Title	2.2.2. Percentage of compliant renewals processed within thirty (30) working days of payment reconciliation
Definition	Measures the percentage of renewals that are processed within 30 working days of payment reconciliation
Source of data	Download reports from the SAP system. Renewal applications reports from SAP
Method of Calculation / Assessment	$(\text{Number of compliant renewals processed within 30 working days of payment reconciliation}) / (\text{Total Number of compliant renewals received}) * 100$
Means of verification	Quarterly progress reports
Assumptions	Compliant renewals processed within 30 working days of payment reconciliation
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	85% of compliant renewals processed within thirty (30) working days of payment reconciliation
Indicator Responsibility	CFO and Executive Manager: Licensing and Compliance

#### Programme 3: Inspections and Enforcement

##### Performed Inspections

Indicator Title	3.1.1. Number of PPA Inspections Conducted per annum
Definition	Measure the number of PPA Inspections Conducted per annum, to ensure compliance with PPA.
Source of data	Approved PPRA inspection plan and Inspection Reports
Method of Calculation / Assessment	Number of PPA Inspections Conducted per quarter
Means of verification	Approved quarterly inspections reports
Assumptions	PPA Inspections Conducted
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative

Reporting cycle	Quarterly and annually
Desired performance	210 PPA Inspections conducted per annum
Indicator Responsibility	Executive Manager: Inspections and Enforcement

#### Disciplinary Hearings

Indicator Title	3.2.1. Percentage of investigations that are completed through mediation
Definition	Completed investigations conducted in terms of the Act for misconduct and contravention of the Act are mediated within 30 days from date of notice being issued
Source of data	Inspection and Compliance Reports ERP reports
Method of Calculation / Assessment	$(\text{Number of investigations successfully mediated within 30 days} / \text{number of completed investigations ready for mediation}) * 100$
Means of verification	Approved Quarterly Reports
Assumptions	Completed investigations requiring mediation are mediated within 30 days from the date of notice of mediation
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	75% of completed investigations requiring mediation are mediated within 30 days from date of notice of mediation
Indicator Responsibility	Executive Manager: Inspections and Enforcement



Indicator Title	3.2.2. Percentage of adjudicators' orders enforced by serving on the respondents
Definition	Adjudicators orders issued are enforced by serving on the respondents within 60 days from date of issue.
Source of data	Sap Reports
Method of Calculation / Assessment	Number of enforced compliance notices and adjudicators orders issued within 60 days from the date of issue /total number of issued Compliance notices and adjudicators orders to respondents who have been sanctioned)*100
Means of verification	Quarterly Reports
Assumptions	N/A
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	100% of Compliance notices and adjudicators' orders issued are enforced by serving on the respondents within 60 days from the date of issue.
Indicator Responsibility	Executive Manager: Inspections and Enforcement

#### Programme 4: Education, Professionalisation, CPD

##### Registered Property Practitioners with professional designation

Indicator Title	4.1.1. Number of Estate Agents awarded professional designations
Definition	Measures the increase in the number of property practitioners awarded professional designations in the year
Source of data	Education and Training SAP Report
Method of Calculation / Assessment	Number of registered property practitioners holding the professional designation in the current period less the number of registered property practitioners holding a professional designation in the previous period
Means of verification	Quarterly Reports and Trend Analysis ERP reports
Assumptions	Improved professionalism and ethical practices of Property Practitioners
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A

Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	1500 property practitioners awarded professional designations in the year
Indicator Responsibility	Executive Manager: Education & Training

Indicator Title	5.1.1. Number of property practitioners fully meeting CPD requirements
Definition	Measures the number of property practitioners who are registered for CPD and have met CPD requirements in full.
Source of data	Education and Training SAP Report on CPD
Method of Calculation / Assessment	Number of registered property practitioners holding the professional designation in the current period less the number of registered property practitioners holding a professional designation in the previous period
Means of verification	Quarterly Reports and Trend Analysis ERP Reports on CPD
Assumptions	Facilitate continuous professional development
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	12 000 property practitioners fully meeting CPD requirements in the year
Indicator Responsibility	Executive Manager: Education & Training

#### Central Repository

Indicator Title	5.1.1. Percentage of approved transformation agenda items researched
Definition	Measuring the listed agenda which must be approved and researched in terms of Section 4 of the Act. There are 7 listed research agenda's items that must be prioritised. The research centre will therefore research 60% of the key agenda's set out by Section 22 (4).
Source of data	The website. <a href="https://theppra.org.za/">https://theppra.org.za/</a> e-repository hub
Method of Calculation / Assessment	Number of transformation agenda researched/ total number of approved transformation agenda approved * 100
Means of verification	Verification of the existence of a central repository
Assumptions	Status report to Exco and Board

Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Identify Barriers to entry and meaningful participation in Property Sector
Indicator Responsibility	Research Manager

#### Central Repository

Indicator Title	6.1.2. Percentage of the research report prioritised recommendations implemented
Definition	Measuring the implementation noted on the research report based on prioritised recommendations noted on the report per quarter.
Source of data	The website. <a href="https://theppra.org.za/">https://theppra.org.za/</a> e-repository hub
Method of Calculation / Assessment	Number of research report prioritised recommendations implemented/ total number research report prioritised recommendations * 100
Means of verification	Verification of the existence of a central repository
Assumptions	Approved Status report to Exco and Board
Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	Identify Barriers to entry and meaningful participation in Property Sector
Indicator Responsibility	Research Manager



Indicator Title	6.2.1. Percentage Implementation of the Consumer Awareness Programme
Definition	Measure the implementation of consumer awareness programmes that are stated on the approved consumer awareness plan, and to educate consumers on various aspects of owning and renting a home through Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme.
Source of data	Approved consumer awareness plan Attendance registers EXCO / Manco reports
Method of Calculation / Assessment	Number of consumer awareness programmes conducted/number of approved consumer awareness programmes
Means of verification	List of consumer awareness programmes plans
Assumptions	Drive Consumer Awareness Programme
Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Non-Cumulative
Reporting cycle	Quarterly and annually
Desired performance	80% Implementation of the Consumer Awareness Programme
Indicator Responsibility	Research Manager

Property Sector Transformation  
Principalisation Programme for Black Women

Indicator Title	6.3.1. Number of Full Status Black Women that have been supported through the Principalisation Programme
Definition	Measures the Number of Full Status Black Women that have been supported through the Principalisation Programme. (The Principalisation Programme is aimed at increasing ownership and management control of estate agencies by Black women. This indicator focuses on the participation of Black Women in this Programme)
Source of data	Black Women Property practitioners on the SAP database
Method of Calculation / Assessment	Number of Black Women in participation during current period
Means of verification	Status reports to Exco and Board
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	N/A

Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	400 Full Status Black Women that have been supported through the Principalisation Programme
Indicator Responsibility	Executive Manager: Transformation

<b>Indicator Title</b>	<b>6.3.2. Number of Black Principals established through the Implementation of the Principalisation Programme</b>
Definition	The Principalisation Programme is aimed at increasing ownership and management control of property practitioner businesses by Black people. The focus is placed on Black property practitioners upgrading to a Principal property practitioner.
Source of data	Black property practitioners on the SAP Database
Method of Calculation / Assessment	Calculate the Number of black principals on the SAP Database
Means of verification	Status reports to Exco and Board
Assumptions	1 000 black property practitioners
Disaggregation of Beneficiaries (where applicable)	N/A
Calculation type	Cumulative
Spatial Transformation (where applicable)	1 000 principals established through the Implementation of the Principalisation Programme
Desired performance	1000 principals established through the implementation of the Principalisation Programme
Indicator Responsibility	Executive Manager: Transformation

<b>Indicator Title</b>	<b>6.4.1. Number of candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme</b>
Definition	The programme aim to measures the number of candidate property practitioners that has been placed with property industry host employers through "One learner-One Property Practitioner Programme"
Source of data	Industry Placement Reports
Method of Calculation / Assessment	Number of contracts signed by learners
Means of verification	Audit Reports of Placements

Assumptions	Status report to Exco and Board
Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	500 candidate practitioners placed with property industry host employers through the "One Learner - One Property Practitioner" Programme
Indicator Responsibility	Chief Executive Officer

**Programme 5: Transformation**

<b>Indicator Title</b>	<b>6.4.2. Number of SMMEs owned by historically disadvantaged groups placed through the Incubation Programme</b>
Definition	The programme is aimed at promoting and enhancing the participation of the historically disadvantaged property practitioners , through the implementation of SSMEs placed through the Incubation Programme.
Source of data	Incubation Placement and Progress Reports Property Practitioners' database and Procurement reports
Method of Calculation / Assessment	Number of SMMEs participating in the incubation programme and who has signed contracts
Means of verification	Status reports to Exco and Board
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly and annually
Desired performance	25 annual intake and participation in the Incubation Programme
Indicator Responsibility	Executive Manager: Transformation

## Transformation Fund

Indicator Title	7.1.1. Percentage of Implementation of the transformation fund strategy
Definition	Measuring the implementation of transformation fund strategy by effectively performing all transformation agenda .
Source of data	ERP reports Approved Transformation fund strategy EXCO reports
Method of Calculation / Assessment	(Total number of activities approved and implemented / total number of activities approved ) * 100
Means of verification	EXCO, Board subcommittee and Board status reports
Assumptions	100 % Implementation of the transformation fund strategy
Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Non-Cumulative
Reporting cycle	1 April – 31 March
Desired performance	100 % Implementation of the transformation fund strategy
Indicator Responsibility	Chief Executive Officer and Executive Manager: Transformation

## Fidelity Fund

Indicator Title	8.1.1. Percentage of fully compliant claims paid within 90 days of lodgement
Definition	Increased property consumer satisfaction due to timely processing of compliant claims.
Source of data	Claims SAP Reports
Method of Calculation / Assessment	(Number of fully compliant claims paid within 90 days of lodgement)/(Number of fully compliant claims approved ) * 100
Means of verification	SAP Download
Assumptions	100% of fully compliant claims paid within 90 days of lodgement
Disaggregation of Beneficiaries (where applicable)	Nil
Spatial Transformation (where applicable)	Nil
Calculation type	Non-Cumulative

Reporting cycle	1 April – 31 March
Desired performance	100% of fully compliant claims paid within 90 days of lodgement
Indicator Responsibility	Chief Executive Officer
Indicator Responsibility	Manager: Claims Manager

#### **ANNEXURE A: DISTRICT DEVELOPMENT MODEL**

None.

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