

**CHAIRMAN'S REPORT  
REBOSA ANNUAL GENERAL MEETING  
VIA ZOOM 9 JULY 2020**

**WELCOME**

As we activate the “new normal” and transition to remote working, it is my pleasure to welcome you all “virtually” to this seventh annual general meeting of the Real Estate Business Owners of South Africa (“REBOSA”). Thank you for being here, your presence is most valued and appreciated.

The property industry is no stranger to disruption. However, COVID-19 is unprecedented in its impact and disruption, causing large-scale loss of life, severe human suffering and a major economic crisis that will encumber us for years to come. Our industry has been deeply affected by the lockdown and business continues to be marred by closures and backlogs in the deeds and municipal offices and the EAAB. These challenges are compounded by the economic and social impact the virus has had on the communities we serve and we have had to recognise the importance of getting used to a new way of doing things if we are to survive in these extraordinary circumstances. As such, Rebosa have prepared a set of health and safety guidelines for the industry and we urge all agents to adhere to these to protect yourselves and others and to slow the spread of infection. If industry is cavalier about the contagion we all stand to lose.

This report however, covers the 2019-20 period. Well before the outbreak, the economy already exhibited a number of underlying vulnerabilities. After the initial optimism following the May 2019 elections the property market was dampened by the economic downturn, political wrangling, continued loadshedding and proposed land reform policies. I am pleased to report that despite these events, Rebosa made considerable progress on a number of fronts which I will cover in this report.

**LEGISLATION**

During the year under review the industry was confronted with a minefield of new legislation and regulatory changes which I will mention in detail below.

**Property Practitioners Act**

Considerable time and resources were spent challenging the Property Practitioners Bill. Following a 7 year progression, the Property Practitioners Act 22 of 2019 was finally signed into law on 3 October 2019 and repeals the 43 year old Estate Agency Affairs Act 112 of 1976 (EAA Act) in its entirety. The legislation definitions are also broader and now extends well beyond estate agents. It notionally also includes auctioneers, property developers, property managers, franchisees, providers of bridging finance and bond brokers (aside from financial institutions) and, for purposes of certain provisions all directors, trustees, and/or employees of property practitioners. The Act has established the Property Practitioners Regulatory Authority which replaces the Estate Agency Affairs Board and which is given more far-reaching enforcement powers than provided for in the EAA.

The draft regulations which are necessary to give effect to the commencement of the Act were gazetted on 6 March 2020, for public comment. The regulations seek to address a range of issues

raised in the Act, including training and conduct, consumer protection, compliance and enforcement. The deadline for public information sessions have however been postponed indefinitely due to the Covid-19 pandemic but Rebosa has been working with all industry stakeholders and our attorneys, to provide significant input to the regulations to ensure that many of the challenges we currently face are addressed.

### **The Financial Intelligence Centre Amendment Act, 2017 (FIC Amendment Act)**

Compliance with the Act became effective on 1 April 2019.

Rebosa provided RMCP templates, guidelines and training to the industry during the transition period leading up to implementation.

### **Proposed Amendments Regarding Land Reform**

Rebosa submitted commentary on government's proposal to amend section 25 of the Constitution that will enable the state to expropriate land and the improvements thereon without compensation, with a view to bring about land reform.

To quote former President Kgalema Motlanthe; "There is no need to amend Section 25 of the Constitution to enable expropriation in the public interest because the country's supreme law already provides for that. Section 25 protects property and recognises the need for the restoration of rights to those who have been dispossessed. If property is not protected you destroy value, and if there's no value then you won't have an economy driving forward".

### **Application of the National Minimum Wage Act 9 Of 2018**

The National Minimum Wage Act 9 of 2018 ("NMWA") applies to employees and not to independent contractors, often a grey area for estate agents.

Following widespread industry concern, we approached our attorneys, Cliffe Dekker Hofmeyr to provide our members with a legal clarity.

We have published a detailed opinion on our website together with a set of guidelines which will help members to address this issue in their businesses.

### **FINANCIAL REPORT**

While navigating an increasingly complex regulatory landscape a sizeable percentage of Rebosa's 2019/20 budget was spent on legal fees.

Notwithstanding the legal fees, Rebosa's administrative costs remain low and contained resulting in a strong balance sheet. The organisations continued sound financial planning, prudent spending and careful budgeting has resulted in membership fees remaining unchanged for the past seven years with no foreseeable increases. We are sure this will be welcomed given the current economic uncertainty and financial pressure our members are facing.

Our aim has always been to manage the organisation with low operating costs so that funds can be allocated to our core mandate of protecting real estate business owners' interests.

## **MEMBERSHIP**

Collectively our members employ 15,105 estate agents.

We have demonstrated that collaboration is an effective force to mobilise the department and the EAAB in the Herculean task of addressing the challenges around issuing of FFCs. We anticipate even bigger backlogs this year and cannot emphasise enough the importance of a collective voice for real estate. It is only through numbers that we will be heard and can effect change. We again urge members to promote REBOSA's work and encourage the smaller independent agencies to join.

There are very few instances, if any, where the interests of principals and agents are not aligned. It can therefore be undeniably argued that REBOSA also effectively represents the estate agents employed by its members. This unequivocally makes REBOSA the most representative body in the real estate sector in South Africa today.

## **STAKEHOLDER ENGAGEMENT**

During the past 12 months REBOSA has intensified collaborations with Stakeholders to better serve Members.

## **EAAB**

In the year under review a new CEO was appointed at the EAAB. Rebosa welcomed Ms Mamodupi Mohlala and looked forward to improved service levels and an overhaul of the failing IT system. Unfortunately the timely issuing of FFCs was more problematic than ever before. Despite employing temporary staff and working weekends to clear the backlog, many agents still remain without 2020 FFCs.

## **EAAB Queries**

During the period under review REBOSA received 3 861 queries from members relating to issuing of FFCs, CPD and Section 27 compliance issues – up from last year. 3 744 Queries were successfully resolved. 117 Remain outstanding and are currently being dealt with.

I would like to thank our EAAB liaison, Fiona Chaitowitz, for her hard work and perseverance under exceedingly difficult circumstances. She provides a massively valuable service to REBOSA members and her tenacity should be applauded by all of us.

## **Fees Raised by the EAAB and Penalties Imposed by the EAAB**

Rebosa has lodged a formal complaint against the calculation of the 2019-20 fees which are not in terms of the current regulation. We believe the schedule of fees cannot exceed the amount stipulated in the Regulation of the Department of Human Settlements dated 26 February 2016 and have received a legal opinion which confirms same.

We have also raised an objection that some of the fees were increased by nearly 10%, more than double the CPI figure of 4,5%. To date no satisfactory answer has been forthcoming.

There is also no provision in the Act or any of the regulations referred to in the legal opinion we received which empowers the EAAB to impose any penalty on any person for failing to notify the EAAB that they have stopped acting as an estate agent i.e. where an estate agent fails to apply for a

renewal of an "FFC" in circumstances where they elect to stop being an estate agent, and they simply allow the yearly deadline of 31 October to expire without notifying the EAAB and years later when such estate agents try to renew their FFCs, the EAAB penalises them for not having given the EAAB written notice to the effect that they no longer wish to continue operating as estate agents. It follows that any such penalty imposed by the EAAB is simply illegal and Rebosa will ensure that this is remedied.

A further objection is the huge discrepancy in the fees between Principal and Full Status Agents. Many firms are sole operators and individuals who are self-employed and the unjustifiably big gap in fees inhibits start-up's and in the process hinders transformation.

### **Illegal Agents**

Agents trading illegally continue to undermine the industry's credibility and place consumers at enormous risk.

The EAAB launched PrivySeal to promote and support consumer protection. On 3 September the EAAB announced the PrivySeal contract would not be renewed and a new service provider would be appointed following a procurement process. The industry is still to be advised on these developments.

REBOSA is working closely with EAAB's Legal and Compliance team to investigate complaints of Agents and Agencies suspected of trading illegally. In the period March to February Rebosa received 145 complaints. Of these the EAAB has closed 30 cases mainly due to insufficient evidence. The remaining 115 cases have yet to be finalised as DC hearings cannot take place until the CEO appoints a committee. A "RFP" for a panel of legal experts was advertised in April but has since been extended to 31 August so we assume no disciplinary hearings will take place until September/October.

We appeal to our members to provide us with detailed information and supporting documentation/pictures etc. when reporting agents suspected of trading illegally on our website without which cases are prematurely closed without thorough investigation.

### **National Property Practitioners Council ("NPPC")**

Rebosa is one of the founding members of the NPPC which was established to unite all agents, business brokers, bond consultants, developers, managing agents, and all individuals falling within the ambit of the Property Practitioners Act No. 22 of 2019, which provides for the regulation of property practitioners.

The NPPC is South Africa's only national united council of property sector professional associations. The council's members collectively represent over 46000 property practitioners operating in all aspects of the residential and commercial real estate industries. Other members include: SAPOA – SA Property Owners Association, SAIBPP – SA Institute of Black Property Practitioners, NAMA – National Association of Managing Agents, IEASA – Institute of Estate Agents South Africa, ICBB – Institute of Commercial Business Brokers, SAIA – SA Institute of Auctioneers, NPF – National Property Forum, SABBA – South African Business Brokers Association.

In the short time since its inception the NPPC has successfully lobbied DHS, EAAB and stakeholders for concessions for the industry.

### **Property Transformation Forum ("PTF")**

The Property Transformation Forum (PTF) is a joint initiative of The South African Institute of Black Property Practitioners (SAIBPP) and REBOSA which seeks to bring real estate practitioners together to devise practical and sustainable solutions for fast-tracking transformation and making the real estate sector more representative and competitive.

The PTF includes real estate practitioners, principles and stakeholders who are committed to advancing the pace of transformation in the real estate industry.

We are inspired by the open dialogue and exchange of ideas between participants and we anticipate that this forum will become an effective vehicle for driving transformation and entrepreneurship in the future.

### **Property Sector Charter Council (“PSCC”)**

The PSCC formed a technical committee to provide input and align with new changes to the scorecard that were introduced by the Dti.

The Final proposed changes of the Amended Property Sector Code was presented to the Dti and approved in principle to gazette.

The draft revised Property Sector Scorecard will soon be published for public comment. Rebosa are represented on the PSCC technical committee by Mr Bryan Biehler. On behalf of the Board, I wish to express our sincere gratitude to Bryan. We are grateful for his commitment and willingness to contribute to the PSCC which goes way beyond his duty to the Board.

### **SSETA**

Rebosa is represented on a committee that is providing input and guidance on the new educational qualifications for the real estate industry.

The committee has interrogated all the unit standards of L4; L5 and provided input to the relevancy of the current unit standards and also the shortcomings that must be included. The L6 qualification will be used as a specialisation qualification for Principals and it has further been agreed that another ‘Specialisation’ qualification must be developed for agents.

The next round of meetings will be with the broader industry and the finalisation will be done with the CPRE’s in the industry and some selected experts.

We would like to thank Ronel Bornman - National HRD Manager at Seeff who represents Rebosa on the Chamber Committee – real estate, for her unstinting commitment to education and her tireless campaigning for better systems and procedures.

### **The National Association of Realtors**

REBOSA’s bi-lateral partnership with the NAR has strengthened over the years and we continue to benefit through knowledge sharing, global industry research and statistics.

## **CLOSING REMARKS**

In closing, I would like to thank our members for their enduring support and patronage. Eight years on we would not be where we are today without the confidence you have in us. The REBOSA Board, Management and Staff remain committed to increasing member value and providing member focused services.

The relationships with our external stakeholders, partners and sponsors are critical to the sustainability of the organisation and I thank them for their continued support and engagement.

Please allow me to convey my deepest appreciation to my fellow board members for their valuable guidance, contribution and support over the past year.

Finally, I would like to express my sincere thanks and heartfelt appreciation to our CEO, Jan le Roux. These are difficult times for property practitioners and Jan has displayed great skill and wisdom in steering us through very trying times. We all owe him an immense debt of gratitude for his outstanding leadership, commitment and hard work. Under Jan's stewardship this organisation has continued to go from strength to strength and we remain extremely fortunate to have someone of his calibre and experience at the helm.

We're already starting to see some of the permanent structural changes brought about by the impact of this pandemic. The effects of recent events will be felt by many estate agencies for years to come and some may not survive. Much work lies ahead of us including the pressing need to advance transformation. Now is the time to unite and pursue our common goals.

Thank you and stay safe.  
Richard Gray  
Chairman