



Institute of Estate Agents of South Africa Pietermaritzburg & Interior Region Annual Report: April 2004 - March 2005

by the Chairman Arnold Nel

As we come to the end of the Institute's 11th year, it is my pleasure to report to you on what we have done and accomplished since our Annual General Meeting in August 2004. It has been one of the most exciting and, in some respects, difficult years in our history.

The topics I will cover are membership, the regional board, organisation, finance, the competitions commission, education, transformation, the property charter, land affairs, access to information, strategic alliances, public relations, functions and local events, external events, and challenges for the future.

Membership

- Our membership has shown a steady increase over the past few years and we presently have 225 individual members, 15 Firm members, plus 12 Associate members, Nationally the Institute grew by 8% from 5167 to 5576 an increase of 49 members.

Regional Board

- The Regional Board has 9 directors as constituted in August 2004, comprised of Louise Yeats, Shamin Naidoo, Harold Kwitshana, Paul Campbell, Bryan Tyrer, Ken Roberts, Terry Petersen (Vice Chairman) and Arnold Nel (Chairman).
- Ken Roberts retired from the Board during 2004 and was not replaced and therefore we operated with only 8 Directors.

Organisation

- Our Regional Secretary Sue Green also resigned earlier this year and was replaced by Devarani Naidoo who has settled in well.
- we have moved offices from Burger Street to Coronation Road in Scottsville where we have secure private offices. Our members and the public have complimented us on this move into professional offices.
- we continue to run as an autonomous regional body/ Institute with a single half day secretary to carry out all day to day duties of running our office, coordination RPPI, organising the various functions including our highly successful EAAB Course, presented by Mr Leo Combrink, plus our sports day, golf day, annual awards evening.
- we decided to discontinue our efforts to establish an employers' association for the industry, because it was originally a Services SETA proposal and we no longer believe that the SSETA will be able to support such an association were it to be formed.

Finance

- our main source of income remains the membership fees, however supplemented by the RPPi subs, education fees and sponsorship from ABSA and STANDARD BANK which we are really thankful for.
- the R22000 fine paid to the Competition Tribunal was a heavy drain on our finances and we thank our members for their support and understanding by paying their levy portion of only R100.00, those members who have not paid, we encourage you to do so urgently and remain members in good standing with your regional institute.
- Last year we showed a low profit of only approximately R5100.00 however I am pleased to say that this year our finances have improved and we show a profit of approximately R100000.00 which I will discuss more fully under item 6 of the meeting agenda.

Competitions Commission

- when the year opened in April 2004, we were awaiting the outcome of the Competitions Commission's investigation into the tariff guidelines which we had published until 2002, and which we had resolved in March 2004 to abolish.
- the outcome was that the Commission decided that we had contravened the Competition Act by publishing the guidelines after it had (in their untested opinion) become illegal to do so in 1999; rather than go through a tribunal hearing and expose all our members to individual investigations we agreed to pay R100.00 per member admission-of-guilt fine, to destroy all unsold stocks of the tariff book, and to make sure that all our members were aware that the guidelines no longer exist.
- via National we have asked the Commission to explain why it appears to be allowing SAPOA to continue to publish commission guidelines in the form of "research surveys", as this appears inconsistent with their treatment of us; we received no satisfactory reply but our National Board decided as its half-yearly meeting in March not to pursue the matter, even though it smacks of favoritism towards SAPOA and / or victimisation of the Institute.

Education

- the long-awaited unit standards for national qualifications were registered by the SA Qualifications Authority in August 2004, but the Estate Agency Affairs Board has evidently not yet reached any decision on when and how to implement them, despite the fact that it was the Board which initiated the process of developing them eight years ago.
- via National we considered the feasibility of reviving the old Certificates of the IEA qualification which we discontinued in 1983, and offering it to the industry as an alternative to the Board exam, because it appears on the official list of accepted alternative qualifications; however we will need to determine which standards it must conform to, and the necessary manual will have to be written and approved before this can become a reality.
- the payroll threshold for payment of skills development levies was raised from R250 000 to R500 000 at the beginning of August 2005, which means that thousands of firms will no longer have to pay levies, and will therefore no longer be able to claim skills development grants; it is still too soon to tell what effect this will have on our industry.
- the EAAB exam course material has been rewritten by Prof.Delport and it is expected to be available for the November 2005 EAAB examination which will contain questions on the new and amended curriculum. I have requested our trainer to urgently obtain clarity from the EAAB in respect to this matter.

Transformation

- we had intended to introduce a mentorship programme similar to the existing programme being run in the Western Cape and South Eastern Cape Regions, but due to SSETA failing to pay over the approved fees for this mentorship programme we decided not to financially burden this region and scrapped the programme from our calendar of events.
- via National we joined the Property Sector Transformation Charter Steering Committee, which was set up to draft a charter to facilitate Black economic empowerment in the property sector.

Property Charter

- the draft transformation charter for the property sector was finalised in June and is pending ministerial approval for it to be implemented in January 2006.
- like other sectors' charters, it is based on 5-year objectives and a scorecard, the key objectives being quotas for Black (ie. African, Coloured and Indian) ownership, direction and management of firms; skills development and learnerships; procurement practices; corporate social investment; and the development of Black-owned enterprises in the property sector;
- however, while the scorecard may be suitable for developers and corporate property investors, it bears little relevance to the residential estate agency industry and we understand that a separate scorecard is to be produced for the industry;
- the Institute itself will also have to meet transformation objectives, because it is a party to the charter and because we need to lead by example and to be seen to be doing so - *inter alia* we may need to amend our regional articles of association and methods of appointing directors to ensure compliance with the race quotas.

Land Affairs

- during the course of the year, the Department of Agriculture & Land Affairs launched two important initiatives: an investigation into foreign ownership of property in South Africa, and a Land Summit on improving access to land;
- via National we made a formal submission to the DALA's Panel of Experts on foreign ownership; in it we concluded that foreign investment in South African property was modest and that it was a sign of confidence in the country and had a generally positive effect' we also made several recommendations, including a definition of "foreign buyer".

Access to Information

- the deadline for existing bodies, including the Institute and estate agencies in general, to submit Access to Information manuals to the SA Human Rights Commission was moved to the end of August 2005.
- as a service to our members, National IEASA commissioned model PAIA manuals for each regional Institute and for Estate Agency Companies, who do not want to write their own, which we have successfully sold to numerous member agencies and I encourage everyone to urgently finalise these manuals and submit a copy to the Human Rights Commission and list it on your web page.

Strategic Alliances

- we maintained our alliance with the Estate Agency Affairs Board and our National President attended a private interview with CEO Nomonde Patela together with other concerned industry players.
 - Copies of EAAB's financials have been requested numerous times but have not yet been received.
- via National we maintained our alliance with the National Association of Realtors, and our foreign affiliate agreement with them is shortly due for renewal.
- via National we maintained our representation on the Estate Agency Affairs Board, the SA Property Education Trust and the Services SETA; however, we will leave the SSETA once the present terms expire, as the SSETA is not delivering any worthwhile results.
- We joined the Property Sector Transformation Charter Steering Committee.

Public Relations

- the Natal Witness continues to give us excellent media exposure and I thank them for all their assistance and support.
- I was interviewed on East Coast Radio a few times this past year.
- Our region was featured in the July/August edition of the Property Professional on page 78 where photograph's of the IEA/ABSA Night of the Stars was displayed.

Functions and Regional events

- our Annual sports day sponsored by Standard Bank proved once again extremely popular with the agents and at the evening function a party was enjoyed by all present. I thank Standard Bank for their generous sponsorship.
- our half yearly golf days also have shown an increase in participation and enjoyed by all especially the hackers who go out their to drink as many shooters on their round of golf, thanks to PGP girls who really make this an eventful function.
- We introduced for the first time “**A NIGHT OF THE STARS**” gala evening function, which I believe surpassed everyones wildest expectations and will definitely repeat this successful event again early in 2006. I thank ABSA for their sponsorship.

External Events of Relevance to the Institute

- Mrs Nomondone Mapetla was appointed CEO of the Estate Agency Affairs Board in November 2004; as yet she has not made any major strides in the Real Estate Industry, rather she has made some unwelcome press releases concerning the so called poor standard of education levels within the industry and the rather poor taste in using the race card in respect of the claims received by the EAAB.
- the SA Revenue Service introduced a new system of stamp duty in January 2005 (Revenue Laws Amendment Act, Act 32/2004).
- also since January 2005, estate agents have been required to report sales of company-owned residential property directly to SARS, so that SARS can make sure that transfer duty is paid (Second Revenue Laws Amendment Act, Act 34/2004).
- the long awaited amendment to the “PIE Act” , to remove defaulting tenants from its protection, was gazetted in March for public comment and we look forward to it being passed by Parliament before end of 2005. (Prevention of Illegal Eviction From and Unlawful Occupation of Land Amendment Bill)
- since May, conveyances have been required to identify estate agents on transfer duty forms so that SARS can ensure that the agents pay VAT and income tax on their commissions (Second Revenue Laws Amendment Act, Act 34/2004).
- also since May, estate agents have been obliged to report any transactions which they know or suspect are connected with terrorist activities: this now forms part of the Financial Intelligence reporting system (Protection of Constitutional Democracy Against Terrorist and Related Activities Act, Act 33/2004).
- Legislation has been passed which will impose a withholding tax on nonresidents who sell property in South Africa, and make it the buyer's responsibility to make sure that the tax is paid, and the estate agent's responsibility to make sure that the buyer knows about this – the date of implementation has not yet been announced (Revenue Laws Amendment Act, Act 32/2004).
- it appears that a test case is pending in Gauteng to determine whether or not estate agents will have to ensure that sellers have electrical compliance certificates before they market or sell their properties – however, Andrew Fisher of E R Browne Incorporated presented an excellent breakfast seminar where this whole issue was well discussed and this region agrees with Mr Fisher that COC's are not needed prior to the marketing of property.
- Property 24, in conjunction with the Estate Agency Affairs Board and ourselves, carried out a survey of the industry, which yielded interesting information about the composition and remuneration of our industry.

Challenges for the Future

What lies ahead for us in the coming year;

- we must increase our membership.
- we must play a leading role in the implementation of the Property Charter, and consider what changes we will need to make to our own organization in order to meet targets.
- we must make sure that all relevant government departments and agencies and other important roleplayers in the property sector know of our existence, and include us in decision-making processes.

In conclusion, I want to thank everyone who makes our Institute run: our directors, our regional secretary Mrs Devarani Naidoo, our trainers and the many people who present workshops and seminars for us, and our members, without whom we have no reason to exist.

I look forward to your continued support during the coming year.