



INSTITUTE OF ESTATE AGENTS OF SOUTH AFRICA PIETERMARITZBURG & INTERIOR REGION ANNUAL REPORT: SEPT 2005 - JULY 2006

BY THE CHAIRMAN ARNOLD NEL

As we come to the end of the Institute's 12th year, it is my pleasure to report to you on what we have done and accomplished since our Annual General Meeting in August 2005. It has been one of the most exciting and prosperous years in for the Industry.

The topics I will cover are membership, the regional board, organisation, finance, education, Narea, 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.

Regional Board

- The Regional Board had 13 directors as constituted in August 2005, comprising of Louise Yeats, Charmaine Strydom, Marlene Wilmans, Jason Coetzee, Etienne Venter, Kerry Lee Rainier, Cathy Pretorius, Shamin Naidoo, Harold Kwitshana, Paul Campbell, Bryan Tyrer, Terry Petersen and Arnold Nel (Chairman).
- The following Directors resigned during the year, Paul Campbell left for England, Shamin Naidoo, Etienne Venter, Kerry Lee Rainier, Louise Yeats and Bryan Tyrer. Therefore leaving a board of Directors of 7 Directors to handle the affairs of the Institute.

Organisation

- Our Regional Secretary Mrs. Deverani Naidoo, has performed her duties well over the past year.
- Our lease on our offices expire at the end of August and have negotiated a 2 year lease for smart offices being suite 25 @ 80 Commercial Road which is centrally situated and we are sure everyone will be happy to rather visit our new offices as from 1st September 2006.
- we continue to run as an autonomous regional body/ Institute with a single half day secretary to carry out all the day to day duties of running our office, coordinating RPPI Online and booklet, organising the various functions including our highly successful EAAB Course, presented by Mr Leo Combrink, plus our sports day, golf day, ABSA Annual Awards evening to name just a few of the functions and events that we as a regional Institute arranges.

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.
- Last year we showed an operating profit of only approximately R35663.00 however I am pleased to say that this year our finances have improved and we show an increased operating profit of approximately R98365-00 which I will discuss more fully under item 6 of the meeting agenda.

Narea

- I have over the last couple of weeks sent out a full report which I hereby annex for everyone's perusal, should you have any questions iro this organization I will gladly respond to your queries.

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 those eight years ago.
- via National we have revived the old Certificate of the IEA qualification which we discontinued in 1983, and we will be offering it to the industry as an alternative to the Board exam, because it appears on the official list of accepted alternative qualifications.
- 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 is been rewritten in accordance to the SAQA requirements and to include all the new Acts of Parliament which affect our industry, this new curriculum should be available in 2007.
- we have arranged with Prof. Henk Delpont to present a Legal Update Seminar here in Maritzburg on the 20th October 2006.
- we have arranged with Leo Combrink to present a 2 day Commercial & Industrial course on behalf of the Institute in November 2006.

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 transformation charter for the property sector was finalised in June and is pending ministerial approval for it to be implemented in January 2007.
- like other sectors' charters, it is based on 5-year objectives and a scorecard, the key objectives being quotas for Black (i.e. 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".
- The Governments response to its own report, caused a stir internationally iro investment opportunities and fortunately common sense prevailed and the idea of placing a moratorium on foreign ownership was scrapped.

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. I trust that everyone has complied with this legislation.

Strategic Alliances

- we maintained our alliance with the Estate Agency Affairs Board and I have personally met with Mrs. Mapetla the CEO of the EAAB. She has fully reported to the Industry via the EAAB Imbizos what is transpiring at the EAAB and I am sure all the problems encountered by her will be sorted out shortly.
- 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 have maintained our association with 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 especially for their sponsorship of the GOING FOR GOLD convention we held in April 2006.
- I was interviewed on East Coast Radio a few times this past year.
- Our region was featured in the various editions of the Property Professional where photographs of our various functions have been displayed.
- In April 2006 I attended the SIMA INTERNATIONAL PROPERTY CONVENTION & EXPO in MADRID SPAIN on behalf of the IEASA where I presented a paper/ power point presentation on investing in property in South Africa. This was a wonderful opportunity to network with the International Property/ Agent Associations.

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 and party was enjoyed by all present. I thank Standard Bank for their generous sponsorship. Please note the IEASA PMB Sports day is next week 4 August at the VCC.
- 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.

- Once again our “**A NIGHT OF THE STARS**’ gala evening function, which I believe surpassed everyone’s wildest expectations was a great success and I want to thank Louise and her committee for their hard. I also want to thank ABSA for their sponsorship and especially Trish Buchannan for her continued involvement and support for this event.

External Events of Relevance to the Institute

- Mrs Nomondone Mapetla the CEO of the Estate Agency Affairs Board, needs our support and may I encourage each of you to positively make a contribution to the EAAB and not negatively criticize her or the EAAB for their short comings.
- May I remind you that 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 2006. (Prevention of Illegal Eviction From and Unlawful Occupation of Land Amendment Bill)
- also I want to remind everyone to correctly complete their SARS returns as since May 2005, 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 non residents 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. (Revenue Laws Amendment Act, Act 32/2004).
- I attach for everyone’s perusal an overview of the IEASA activities 2001 – 2006.

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 role-players 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 you our members, without whom we have no reason to exist.

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