



The Property Practitioners Authority is delighted to share with all stakeholders its draft guidelines which incorporate the **Transformation Incubation for Principalisation programme** processes within the **Property Practitioners Regulatory Authority** Transformation department for your review, comments and questions.

The objectives for the external stakeholders' consultations include to: –

- (i) Ensure that the Transformation Departments processes reflects the views and feedback of all relevant industry players;
- (ii) Obtain the buy-in on the development of internal policies and procedures of the Authority regarding exemptions and ensure that the Authority's policies and procedures reflect best practices.
- (iii) Identify opportunities for enhanced collaboration and further engagements on the guidelines.

The feedback received from key stakeholders would benefit the Authority in finalizing the guidelines, enhance dialogue and inform internal policy and processes within the Transformation Department.

We would be honoured by your participation in this key stakeholders' guidelines consultation.

All organisations/ stakeholders can provide feedback directly to: **principalisation@eaab.org.za**.

The Authority welcomes your input and is looking forward to receiving your comments. Please note that the final date for submission of comments is **8TH March 2022**.

For more information, visit the www.eaab.org.za.



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PPRA

**PROPERTY PRACTITIONERS
REGULATORY AUTHORITY**



1. DEFINITIONS

The definitions below are relevant to these guidelines, for a detailed list of definitions please refer to the Property Practitioners Act 22/2019.

1.1 **“Authority”** –means the Property Practitioners Regulatory Authority

1.2 **“Property practitioner” means Property Practitioner”**

- a) means any natural or juristic person who or which for the acquisition of gain on his, her or its own account or in partnership, in any manner holds himself, herself or itself out as a person who or which, directly or indirectly, on the instructions of or on behalf of any other person—
 - i. by auction or otherwise sells, purchases, manages or publicly exhibits for sale property or any business undertaking or negotiates in connection therewith or canvasses or undertakes or offers to canvas a seller or purchaser in respect thereof;
 - ii. let’s or hires or publicly exhibits for hire property or any business undertaking by electronic or any other means or negotiates in connection therewith or canvasses or undertakes or offers to canvass a lessee or lessor in respect thereof;
 - iii. collects or receives any monies payable on account of a lease of a property or a business undertaking;
 - iv. provides, procures, facilitates, secures or otherwise obtains or markets financing for or in connection with the management, sale or lease of a property or a business undertaking, including a provider of bridging finance and a bond broker, but excluding any person contemplated in the definition of “financial institution” in section 1 of the Financial Services Board Act, 1990 (Act No. 97 of 1990);

- v. in any other way acts or provides services as intermediary or facilitator with the primary purpose to, or to attempt to effect the conclusion of an agreement to sell and purchase, or hire or let, as the case may be, a property or business undertaking, including, if Licensing Department Guidelines for Stakeholders - VERSION 001/2022 5 performing the acts mentioned in this subparagraph, a home ownership association, but does not include—
- (aa) a person who does not do so in the ordinary course of business;
 - (bb) where the person is a natural person and that person in the ordinary course of business offers a property for sale which belongs to him or her in his or her personal capacity;
 - (cc) an attorney or candidate attorney as defined in section 1 of the Attorneys Act, 1979 (Act No. 53 of 1979); or
 - (dd) a sheriff as defined in section 1 of the Sheriffs Act, 1986 (Act No. 90 of 1986), when he or she performs any functions contemplated in paragraph (a) of this definition, irrespective of whether or not he or she has been ordered by a court of law to do so; or
 - (vi) renders any other service specified by the Minister on the recommendation of the Board from time to time by notice in the Gazette.
- b) includes any person who sells, by auction or otherwise, or markets, promotes or advertises any part, unit or section of, or rights or shares, including time share and fractional ownership, in a property or property development;
- c) includes any person who for remuneration manages a property on behalf of another;



- d) includes a trust in respect of which the trustee, for the acquisition of gain on the account of the trust, directly or indirectly in any manner holds out that it is a business which, on the instruction of or on behalf of any other person, performs any act referred to in paragraph (a);
- e) for the purposes of sections 34, 46, 48, 59, 60, 61 and 65 includes—
 - i. any director of a company or a member of a close corporation who is a property practitioner as defined in paragraph (a);
 - ii. any person who is employed by a property practitioner as envisaged in paragraph (a) and performs on his, her or its behalf any act referred to in subparagraph (i), (ii), (iv), (v) or (vi) of that paragraph;
 - iii. any trustee of a trust which is a property practitioner as envisaged in paragraph (d);
 - iv. any person who is employed by a property practitioner as envisaged in paragraph (b) and performs on its behalf any act referred to in subparagraph (i), (ii), (iv), (v) or (vi) of paragraph (a); and
 - v. any person who is employed by a property practitioner contemplated in paragraph (a) or (b) to manage, supervise or control the day-to-day operations of the business of that property practitioner;
- (f) includes any person who is employed by or renders services to an attorney or a professional company as defined in section 1 of the Attorneys Act, 1979, other than an attorney or candidate attorney, and whose duties consist wholly or primarily of the performance of any act referred to in subparagraph (i), (ii), (iii), (iv), (v) or (vi) of paragraph (a), on behalf of such attorney or professional company whose actions will be specifically covered by the Attorneys' Fidelity Fund and not the Property Practitioners Fidelity Fund;
- (g) for the purposes of section 61 and any regulation made under section 70, includes any person who was a property practitioner at the time when he



or she was guilty of any act or omission which allegedly constitutes sanctionable conduct referred to in section 62,

but does not include an attorney who, on his own account or as a partner in a firm of attorneys or as a member of a professional company, as defined in section 1 of the Attorneys Act, 1979, or a candidate attorney as defined in that section, who performs any act referred to in paragraph (a), in Licensing Department Guidelines for Stakeholders - VERSION 001/2022 6 the course of and in the name of and from the premises of such attorney's or professional company's practice, provided that such an act may not be performed—

- i) in partnership with any person other than a partner in the practice of that attorney as defined in section 1 of the Attorneys Act, 1979; or
- ii) through the medium of or as a director of a company other than such professional company; and

1.3 **“The Act”**- means the Property Practitioners Act 22 of 2019.

2. ABBREVIATIONS

EAA Act	The Estate Agency Affairs Act 112/1976
PPA	Property Practitioners Act 22/2019
PPRA	Property Practitioners Regulatory Authority



3. INTRODUCTION

This document provide for the principalisation programme process which includes the following: Purpose, Applicability, Qualification criteria, Application process, selection process, appointment process and condition, monitoring and evaluation. This document aspires to show the methods and tools for principalisation Programme will be used during the course of the programme.

4. BACKGROUND

- 4.1 The principalization incubation programme is a process wherein the PPRA will embark on an aggressive recruitment of all suitable qualifying previously disadvantaged persons and businesses and assist them to qualify as principal estate agents and also in establishing their own agencies within a period of 12 months from enrolment thereto by providing financial and material support.

BLACK PERSON

The B-BBEE Amendment Act 2013 defines Black as follows:

- a. black people“ is a generic term which means Africans, Coloureds and Indians—
- b. who are citizens of the Republic of South Africa by birth or descent; or
- c. who became citizens of the Republic of South Africa by naturalization
 - i. before 27 April 1994; or
 - ii. on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date



5. ENABLING PROVISION

The Act in Chapter 4 section 21 (3) provides that the Authority must utilise the Property Sector Transformation Fund in such a manner as may be prescribed which may include the following Transformation and Empowerment programmes:

(a) Principalisation Programme, to promote Black owned firms and principals.

6. PURPOSE

The purpose of these guidelines is to;

6.1 To provide for the Principalisation programme the processes, guidelines and procedures in recruiting and boarding of suitably qualified and competent candidates in a fair and non-discriminatory manner.

6.1.1 This policy is to set-out guidelines for the implementation of the principalisation programme in the sector and further providing a qualifying criterion for the programme.

6.1.2 This document will ensure that programmes and strategies to be implemented for the Principalisation programme are clearly defined. And that the best possible fairness and non-discrimination approach is adhered to in the advertising, selection and recruitment processes of the Property Practitioner Regulatory Authority (PPRA).

6.1.3 Ensure that a continuous review and monitoring of the performance of the programme is sustainable.



- 6.1.4 Assist all stakeholders in understanding the requirements to be complied with by all property practitioners with regard to the requirements and procedures for principalisation application.
- 6.1.5 Set the standards to be followed by the Authority and its support staff in undertaking principalisation applications.
- 6.2 These guidelines are intended to provide information and guidance on the criteria and procedures applied by PPRA when evaluating principalisation applications submitted in terms the Act.
- 6.3 It is also important to note that these guidelines are not exhaustive of all the transformation provision contained in the Act and should therefore be read in conjunction with the Property Practitioners Act and the supporting Regulations.

7. APPLICABILITY

These guidelines apply to applicants that are required to make a formal application to the Authority for the Principalisation Programme under the provisions of the Property Practitioners Act and regulations.

8. OBJECTIVES

The objectives of the incubation for principalization programme is inter alia:

- 8.1 to grant any person who hold the necessary educational qualification suitable to be exempted from the compliance to certain requirements of the Property



Practitioner Regulatory Authority (Act No 22 Of 2019), to qualify as an Property Practitioner and to assist them to qualify as Property Practitioner Principal within the period of 12 months of enrolment.

- 8.2 To grant any person who operates any formal business or commercial \residential property business for a period of over 12 months holding the necessary educational qualification suitable to be exempted from the compliance to certain requirements of the Act and Regulations, assist them to qualify as Property Practitioner Principal within the period of 12 months of enrolment.
- 8.3 To grant any person who previously held a valid fidelity fund certificate (FFC) as a Full Status / Principal and was subsequently disqualified for any other reason thereto as set out in the Act and Regulations an opportunity to re-register and to acquire a full principal status within the period of 6 months of enrolment.

9. METHODOLOGY OF INCLUSION INCUBATION OF PRINCIPAL

The PPRA decided that this process of incubation will be conducted over a period of five years. The intention is that each year with effect from the 2021/2022 there will be an accreditation or inclusion of twelve (12) individual principal and/or entities run, managed and controlled by principals who are on the program.

9.1 Geographic spread.

The selection of such entities will be aimed at ensuring equitable geographic spread among the nine provinces and considering the Property Sector business activity in the various provinces.



9.2 **Number of entities to be included in the incubation program annually**

The PPRA has decided to accredit or include a certain number of Principals or entities run by Principals. For the current year, the intention is to include or accredit a total of twelve (12) Principals and/or entities run, administered and managed by Principals

9.3 **Value proposition why you should participate in this program.**

The PPRA holds the view that Property Sector in general and principals specifically experience various barriers to entry and barriers to continued sustainability. The few main barriers identified to date are the following:

9.3.1 Access to funding

9.3.2 Access to markets

9.3.3 Too much professionalization and educational requirements that are more time consuming for entrepreneurial agents who wants to earn income.

In order to address these few main barriers and increase sustainability of entities, the PPRA has put in place the programme of incubation to certain extends reduce the barriers? This includes the administration and management by principals with extensive experience.

9.4 **Access to Funding- Grant**

The PPRA has one of its core mandates being that of transformation. One of the biggest barriers to growth and sustainability of entities in the Property sector has been as consequences of lack of access to funding. The PPRA has therefore, through the transformation committee and the board, made the decision to provide financial support to the entities that will be accredited and/or included in the incubation



program. The nature and amount of the financial support to be provided to each entity with Principals or individual Principal is the amount of R500 000 (five hundred thousand rand) per entity, per annum for a period of one financial year, said amount should be in tranches.

The amount of provided as funding for the incubated entities with Principals and entities run, be subject to terms and conditions that will be stipulated in writing during the contracting stage between PPRS and the incubating entity or individual... Such grant utilisation will be closely monitored and subject to the requisite terms and conditions to be concluded and agreed upon, PPRA will ensure that the funding of the Principalisation Programme is aligned to the outcome intended.

The allocation grant provided herein will be only provided subject to acceptance and sign off on the prescribed terms and conditions that will be provided once accreditation or allocation has been provided. Mechanisms will be put in place for monitoring and evaluation of the utilisation of the grant and provide reporting framework managed and controlled by principals shall be a ***Grant and Loan***. This grant is to be subject to terms and conditions that will be stipulated in writing during the contracting stage between PPRA and the incubating entity or individual... Such grant utilisation will be closely monitored and subject to the requisite terms and conditions to be concluded and agreed upon, PPRA will ensure that the funding of the Principalisation Programme is aligned to the outcome intended.

The allocation grant provided herein will be only provided subject to acceptance and sign off on the prescribed terms and conditions that will be provided once accreditation or allocation has been provided. Mechanisms will be put in place for monitoring and evaluation of the utilisation of the grant and provide reporting framework



10. QUALIFICATION CRITERIA

To ensure that the minimum requirements are met for any person who may qualify to be on the programme, the policy sets out the requirements. And in accordance with the policy the following must be met:

- 10.1 The applicants must be South African citizens
- 10.2 Applicants must be knowledgeable with Property Sector (Practitioners Act 22 of 2019)
- 10.3 Property Practitioners with at least 3 years' experience of running a Property Sector business/firm on their own.
- 10.4 The principal Potential business owners must come from the registered Property Sector with qualification of NQF 5,
- 10.5 The PPRA it's the business entity earmarked for the programme should have a Level 1 Broad Based Black Economic Empowerment status
- 10.6 The employees of PPRA/Department of Human Settlement or any other entity falling under the Human Settlement Department are not eligible to apply.
- 10.7 The exclusion of the current Board members of the PPRA from applying for the offering (Principalisation programme), Board members can only apply after they have resigned from the Board or their term comes to an end to avoid negative image and reputational challenge on an inherent "conflict of interests" issue.
- 10.8 Any Property Practitioner who is or has been issued with Fidelity Fund Certificate (FFC) as a principal for the previous five years or more and has been disqualified to be the holder thereof



- 10.9 Any person who hold the necessary educational qualification suitable to be exempted from the compliance to certain requirements of the Estate Agency Affairs Act, 1976 (Act No 112 Of 1976) to qualify as Principal
- 10.10 Possess above average entrepreneurial skills with the passion to develop of others and display proven results.

11. APPLICATION PROCESS

- 11.1 The most important recruitment of candidate principals should be undertaken after the approval by Chief Executive Officer (CEO) and that must be conducted in accordance with the principalisation policy.
- 11.2 This Recruitment processes can be waived in consideration of any resolution that would have been passed by the CEO and or the board.
- 11.3 Placement of the advert will be subsequent to the approval by the CEO and that will be in a manner that allows a wide pool of applicants as it can be searched.
- 11.4 The advertisement for the Principalisation programme will state the inherent requirements to enter into the programme and the duration in the programme.
- 11.5 In addition to the requirements stated in class the advertisement of the programme should also indicate the following that the PPRA is an equal opportunity entity and that the program is open to all without distinction
- 11.6 Any applicable supporting documents.



- 11.7 Any additional information requested by the Authority.
- 11.8 The advertisement must be placed in at least one newspaper circulating nationwide and on PPRA website; with PPRA “one learner” designated e-mail address.
- 11.9 Principals application can be submitted to the Authority through the designated email address as per the advertisement.

12. SELECTION PROCESS

- 12.1 A selection panel should be established to conduct the selection process (that is the shortlisting and the interview of potential candidates).
- 12.2 The selection panel should constitute of at least four (5) panel members and shall be constituted by the executive manager or manager duly appointed to be responsible for Transformation Unit, Provincial Transformation Administrator duly appointed to be responsible for Transformation in the specific province ;officer of the Human Resource department and SCM an additional member duly appointed by the CEO for this purpose
- 12.3 The panel should where possible be representative in terms of Race, Gender and Disability.
- 12.4 Each member of selection panel should complete and sign a declaration interest form before commencement of selection process where does a potential conflict



of interest of whatsoever kind the affected panel member should withdraw from the selection process.

13.APPOINTMENT PROCESS AND CONDITIONS

13.1 Approval of the appointments should be executed in the following stipulated processes and conditions whereby Chief Executive Officer should approve the appointment of the Principal Candidates.

13.2 The offer will be reduced into writing in the standard format and it must be valid for a period of seven (7) where the selected candidate should accept or reject an offer within seven (7) days, unless he/she furnished justifiable reason why he or she could not do so within the prescribed time.

13.3 Approval for the appointment has to be obtained from Chief Executive Officer (CEO) as the case may be.

14. MONITORING AND REVIEW

14.1 Property Principal will be required to submit monthly attendance registers and reports of placement.

14.2 The numbers on provincial allocation will be revised annually as dictated by the demands of transformation and on-going development and growth of the program



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