



ESTATE AGENCY AFFAIRS BOARD
FIVE YEAR STRATEGIC PLAN
For the Financial Years 2019 – 2024



ESTATE AGENCY AFFAIRS BOARD
OF SOUTH AFRICA

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

Was developed by the Estate Agency Affairs Board (EAAB) Management under the guidance of the Department of Human Settlements, Water and Sanitation.

Takes into account all the relevant policies, legislation and other mandates for which the EAAB is responsible.

Accurately reflects the strategic outcome oriented goals and objectives which EAAB will endeavour to achieve over the period 2019 – 2024.

HAPPY MOROAMOHWEBEDU	
Acting Chief Financial Officer	Signature: _____
FRANS MANTSHO	
Chief Risk Officer	Signature: _____
MS MAMODUPI MOHLALA	
Chief Executive Officer	Signature: _____
NKOSINATHI BIKO	
Chairperson of the Board	Signature: _____
APPROVED BY: HONOURABLE MINISTER LINDIWE SISULU, MP	Signature: _____
Minister of Department of Human Settlements, Water and Sanitation	



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SCHEDULE 3A PUBLIC ENTITY OF THE DEPARTMENT OF
HUMAN SETTLEMENTS, WATER AND SANITATION

ACRONYMS AND ABBREVIATIONS

DHS	Department of Human Settlements, Water and Sanitation
EAAB	Estate Agency Affairs Board
EAA	Estate Agents Affairs Act
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NSS	National Statistics System
PFMA	Public Finance Management Act
SASQAF	South African Statistics Quality Framework
SMART	Specific, Measurable, Achievable, Relevant and Time-bound

FOREWORD BY THE CHAIRMAN OF THE BOARD



MR NKOSINATHI BIKO
CHAIRMAN

It is with great pleasure that the Estate Agency Affairs Board (“EAAB”), as the Accounting Authority, presents its Annual Performance Plan for the period 2019/20 to the Executive Authority, the Honorable Minister of Human Settlements, Water and Sanitation, Lindiwe Sisulu MP. The drafting of the Annual Performance Plan has been guided by both the Estate Agency Affairs Board (EAAB) Five Year Strategic Plan 2019-2024 and the Department of Human Settlements Medium-Term Strategic Framework (“MTSF”).

The Board of the EAAB, together with its Executive Committee and staff, reaffirms its commitment to the progressive transformation of the estate agency sector to reflect the demographics of a democratic South Africa, and to the inculcation of the highest standards of excellence in pursuit of its constitutional and statutory mandate to regulate the estate agency sector in the public interest for the benefit of property consumers and estate agents.

GOVERNMENT PRIORITIES

The Chief Executive Officer has re-energised the “One Learner – One Estate Agency” Youth Programme in line with the Government strategy of job creation in particular for young Black people. The EAAB is currently on a major recruitment drive for young graduates to choose the real estate sector as a profession, and to continue the awareness to depict the Real Estate Industry as a profession, and moreover to create awareness to the housing consumer that owning property is a source of wealth creation.

An internship programme is in place to assist both young graduates, and matriculates to become estate agents, in particular young Black women. The EAAB has recently recruited 1 000 Intern/Learners that will be placed with Host Employers around the provinces and further anticipates to recruit 9 000 learners in the current financial year, and a further 20,000 intake over the ensuing two years.

From that intake, it is intended that approximately 60% will be young Black Female Women, and from that 60%, ideally 50% will be coached and mentored through the EAAB’s SMME Incubation Programme to become Principal estate agents – this means they will have their own estate agency firms. This initiative will be supported with a Loan and Grant to assist them in starting up their business. Contracts will be put in place of the terms of payment of the Loans provided.

The EAAB has also entered into partnerships with Vodacom and FNB and the Gauteng Provincial Government. To assist new Black entrants on the Programme, discussions have commenced with the Gauteng Provincial Government

to have access to new innovative markets to see how we can assist the Intern/Learners to ensure that not only are they sustainable, but when they come into the market they have a clear value proposition with regard to how they will generate revenue and in what period of time. RDP for instance is an option for them, social housing is an option for them and Black estate agents have not been in those particular sectors. There is also commercial property, sectional title and auctioneering of property available.

The Honorable Minister of Human Settlements, Water and Sanitation Lindiwe Sisulu MP, in her Budget Speech reiterated the township housing market that has been neglected, under-valued, and under-leveraged as economic assets. The EAAB is currently working closely with its sister entities like the Social Housing Regulatory Authority (SHRA) and the Housing Development Agency (HDA), to approach them to amend their policies to create a ‘niche market’ for all Black estate agents from the ‘pool’ of Interns/Learners and the Incubated SMMEs when dispatching their housing stock. It is intended to tap into the RDP and social housing markets for Black estate agents.

The EAAB intends to work closely with the Department of Public Works, and has already commenced with discussions of the properties that they own, so that a ‘captured market’ is ring-fenced for Intern/Learners on the EAAB’s “One Learner – One Estate Agency” Youth Empowerment Programme.

COMPLIANCE MEASURES

Two of the critical challenges posing a serious risk to the financial sustainability of the EAAB that have been identified are:

- The increasing number of suspicious, and potentially fraudulent, claims received by the Estate Agents Fidelity Fund; and
- Rampant money laundering using the real estate sector as a mechanism for this purpose.

The EAAB is required, to this end to ensure that all qualifying estate agents upon receipt of compliant applications are timeously issued with a valid Fidelity Fund Certificate to enable them legally to render estate agency services and so mitigate these risks.

In order to strengthen the enforcement oversight and to expose unregistered Estate Agents, the EAAB has a whistleblower platform where members of the public are able to report estate agents operating illegally. The EAAB is

currently in the process of appointing a panel of attorneys per province who will assist in obtaining interdicts against the illegal estate agents. These compliance initiatives such as “launching block applications for interdicts” to the High Court is intended to prohibit estate agents from operating without a Fidelity Fund Certificate, and thereby increase the presence and visibility of the EAAB to curb illegal trading.

EAAB PRACTICE NOTES

As a regulatory body for the real estate sector one of the functions of the EAAB is to guide the industry on issues of regulatory importance. One of the ways in which we achieve this imperative is through the issuance of practice notes. The EAAB has commenced with issuing some of these Practice Notes however, they will all have been issued during the 2019/20 financial year.

1. Practice Note EDU 001/2019 which seeks to provide clarity on the interpretation of Regulations 2(4) and (5) of the Education Regulations;
2. Practice note ETD 02/2019 which seeks to provide clarity on regulating the position of previously registered estate agents who wish to return to the sector;
3. Practice note: ETD04/2019 on regulating the fee to be paid by intern agents upgrading to full status (non-principal) agents;
4. Practice note ETD03/2019 on regulating the position of estate agents holding full status fidelity fund certificates despite having failed to comply with the requirements of the standard of training of estate agents regulations, 2008;
5. Practice Note COMPL01/2019 which seeks to compel every estate agent to ensure that all trust monies relating to the sale of property are deposited into an estate agent’s trust account.

The EAAB continues, in cooperation with its manifold stakeholders, to strive to build a professional estate agency sector. The EAAB wishes to assure the Executive Authority that it is committed to full observance of the precepts of good corporate governance, not only in strict compliance with the provisions of the Public Finance Management Act, 1 of 1999, but also any other applicable legislation and relevant codes such as the King IV Code of Practice for Good Corporate Governance and the Codes of Good Practice.

The EAAB, moreover, has fully committed itself to mutual and harmonious co-operation with other statutory regulators, the private property industry and civil society formations.

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PART A: STRATEGIC OVERVIEW

1. OVERVIEW AND BACKGROUND

The Estate Agency Affairs Board (EAAB) is a schedule 3 B public entity of the National Department of Human Settlements, Water and Sanitation which was established in 1976 in terms of the Estate Agency Affairs Act, 112 of 1976 ("the Act"). It has the mandate to regulate and control certain activities of estate agents in the public interest.

2. VISION

Our vision is that of a transformed, professional and well-regulated real estate sector in a spatially integrated society.

3. MISSION

- **Protect** – Through education, awareness building and information sharing, we strive to protect the interests and dignity of the property consuming public and their security of tenure.
- **Regulate** – We regulate the property profession by establishing norms and standards, educating, licensing, the enforcement of regulations and standards for industry role-players and the administration of the Estate Agents Fidelity Fund.
- **Transform** – As the leaders of the sector, we drive the transformation of the property market to facilitate equitable economic growth through broad participation.

4. VALUES

The following values will underpin the Board's behaviour as it strives to achieve the ideals encapsulated in its vision and mission, namely:

- **Integrity** We pledge adherence to the highest moral principles and professional standards through mutual respect amongst us and between us, our shareholder and our stakeholders.
- **Excellence** We commit to, at all times, acting professionally, delivering on our mandate and exceeding the expectations of our shareholder and all the stakeholders we serve.
- **Communication** We accept the responsibility of enabling and facilitating a free flow of information between ourselves and all our shareholders and stakeholders, especially the public, and to respecting their views at all times.
- **Transparency** We declare for all to know that, as a matter of principle, our interactions with our shareholder and all stakeholders, will be conducted in an open fashion and that we will be accountable for our actions.

5. LEGISLATIVE AND OTHER MANDATES

5.1 Constitutional Mandate

5.2 Legislative Mandates

The EAAB must always remain aware of, and comply with, legislation impacting on its functioning. Relevant legislation includes, but is not limited to:

- The South African Constitution; Act 108 of 1996;
- The Estate Agency Affairs Act, 112 of 1976;
- The Public Finance Management Act, 1 of 1999;
- The Preferential Procurement Framework Act of 2000;
- The Financial Intelligence Centre Act, 38 of 2001;
- The Labour Relations Act, 66 of 1995;
- The SA Qualifications Authority Act, 58 of 1995; and
- The Skills Development Act, 97 of 1998
- The Promotion of Administrative Justice Act;
- The Promotion of Access to Information Act;
- The Prevention of corrupt activities Act;

- The Protection of Personal Information Act;
- Sectional Title Management Act
- The National Credit Act;
- The Consumer Protection Act

5.3 The mandate in terms of the Estate Agency Affairs Act, 1976

The primary mandate of the EAAB in respect of the Estate Agency Affairs Act is to:

- Regulate, maintain and promote the standard of conduct of estate agents having due regard to the public interest;
- Issue fidelity fund certificates to qualifying applicants;
- Prescribe the standard of education and training of estate agents;
- Investigate complaints against estate agents and institute disciplinary proceedings against offending estate agents where required; and
- Manage and control the Estate Agents Fidelity Fund.

5.4 Policy Mandate

The policy mandate of EAAB is derived from government's strategic and policy priorities, which are organised into 12 outcomes.

Other critical policy mandates include:

- National Department of Human Settlements, Water and Sanitation Five Year Strategic Plan
- Medium-Term Strategic Framework (MTSF)
- National Development Plan (NDP)
- Breaking New Ground (BNG)
- State of the Nation Address (SONA)
- National Spatial Development Perspective (NSDP)
- Annual Performance Plan (APP) Framework from National Treasury.
- SPLUMA

5.5 Planned Policy Initiatives

(a) Financial Intelligence Centre

The EAAB is the Supervisory Body of the estate agency profession pursuant to the Financial Intelligence Centre Act and is obliged to take all steps required to prevent; alternatively, identify and report on, anti-money laundering and terrorist financing activities in the Estate Agents sector.

(b) Alignment to the Department of Human Settlements, Water and Sanitation Housing initiatives

The EAAB seeks to empower its own employees by offering them Department of Human Settlements, Water and Sanitation' products such as the Finance Linked Individual Subsidy Programme ("FLISP") and affordable housing where appropriate. This initiative will operate through interactions between the EAAB and the National Education, Health and Allied Workers Union ("NEHAWU") to which many of its employees belong. EAAB employees will also be encouraged to own their own homes and, consequently, to receive benefits from Department of Human Settlements, Water and Sanitation including the grant of a subsidy to assist homeowners who do not qualify to obtain a mortgage loan from a financial institution.

(c) Transactional Support Initiative

Affordable housing markets are often perceived as being weak and risky but, when compared to the entire housing market, the affordable market has out-performed the top end of the market over the last seven years. The affordable housing market presents major opportunities in terms of untapped equity and for including more people into the formal housing market. The percentage of affordable properties located in the nine metropolitan municipalities in South Africa range from a low of 44% to a high of 73% of the total housing stock.

The affordable housing market segment is an area of potential business growth as this segment serves as a vital feeder to the growing middle class in South Africa. Over the past decade the provision of housing loans to this market segment has proven to be both sustainable and commercially viable.

For estate agents to access this hitherto untapped opportunity within the affordable housing market and ensure that lower income households can enter the housing market, the EAAB has established an initiative that provides transactional support for buyers and sellers in the affordable housing market. The EAAB is determined to ensure that the transactional support services that it provides will encourage people at the lower end of the property market to enter into property transaction and to utilise immovable property as a store of wealth. The initiative, thus, supports the development of a functional and an equitable residential property market.

Creating better public access to market transaction information in the residential sector will avoid market information asymmetries which tend to be particularly marked when moving into under-developed market segments. There should, similarly, be an overall focus on reducing transaction costs to improve access and affordability.

The EAAB cannot, of course, be involved in every transaction nor is it able to provide individual consumer support. The role of the EAAB within the affordable housing market is to contribute to creating an enabling environment for real estate transactions.

(d) Establishing a Knowledge Library / Hub

The EAAB proposes establishing a Knowledge Library / Hub for estate agents and consumers. Such a repository would ensure that consumers and estate agents can access the knowledge products that have already been created by the EAAB. A knowledge exchange platform will centralise useful data, information and advice in one accessible place. Many organisations can contribute their knowledge products and links to their own data platforms. The Knowledge Library / Hub will ensure that information is easily accessible to a broader audience over a longer time period and will link enquirers to knowledge providers in a more efficient manner.

(e) Transformation

Transformation in the property sector remains an ongoing challenge. According to the recent Land Audit Report of the Department of Rural Development and Land Reform, Black South Africans directly own just 1,2% of rural land and 7% of formally registered property in towns and cities. Whites, who constitute less than 9% of the South African population, directly own 23,6% of rural land and 11,4% of land in towns and cities.

These dismal and disconcerting figures are underscored by the fact that, in the estate agency sector, of the total number of registered estate agency enterprises just 8% are black owned. Only 11% of all registered estate agents nationwide are Black. Of the approximately 37 000 registered estate agents within the estate agency sector, which is conservatively valued at R7 trillion, only some 4 200 are Black people.

The transformation imperative for the estate agency profession to ensure that it reflects the demographics of a democratic South Africa is, thus, presently still very much a work-in-progress and, due to intrinsic historical factors, requires a considerable amount of ground to be made up.

It is self-evident that the speedy and irreversible transformation of the estate agency profession requires the active implementation of human-centred and inter-disciplinary processes specifically designed to create necessary, desirable and sustainable changes in the behaviours, values, attitudes and perceptions of all relevant stakeholders including, but not limited to, individuals (both consumers and estate agency practitioners alike), systems, property enterprises in general and estate agency organisations and varies enterprises in particular.

(f) Key Initiatives to be Implemented over the following Three-Year Period

Some of the key initiatives that the EAAB intends implementing over the next three-year period include:

(g) Facilitating and Implementing the Industry Regularisation Programme (Amnesty)

The EAAB must facilitate an enhanced understanding and appreciation of the various systemic and other challenges faced by black participants in the real estate sector at all levels by conducting discussions with focus groups sourced from each of the identified target segments. This will enable the EAAB precisely to ascertain the nature and causes of specifically identified problem areas and to institute and monitor appropriate measures to resolve those challenges.

This will include inter alia, educational barriers, regulatory and financial barriers.

(h) Creating and implementing learnership and internship intervention programmes (such as the "One Learner – One Estate Agency" Youth Brigade Empowerment Programme)

The placement of youth, women and people with disabilities through the incubation programme

(i) Create and implement the Principalisation programme

It will be necessary for the EAAB to create and implement leadership intervention programmes to capacitate principal estate agents. Specific intervention programmes should be directed towards encouraging and capacitating black women to act as principal estate agents.

It should, finally, not be overlooked that the EAAB is not only the statutory regulator of the estate agency sector but that it is also recognised as the professional body in real estate by the SA Qualifications Authority. With this professional body status and authority come specific additional functions and responsibilities pertaining to the sector especially where the transformation imperative is concerned.

6. SITUATIONAL ANALYSIS

6.1 Performance Environment

(a) Economic Outlook

The global financial outlook, while substantially improved since the recession, which commenced in 2008, was still not as optimistic in 2017 as could have been hoped. South Africa, as an intrinsic player within the global community, has been able to weather, but not entirely escape, the overall economic contagion. The economic position has also been exacerbated by such endogenous factors as political uncertainty, credit downgrades, severe drought, and high unemployment, especially among the youth. The Reserve Bank repurchase rate, a key interest rate enabling the Reserve Bank to enact monetary policy, has remained unchanged at relatively lower rates and is predicted to remain stable, or even decrease, during 2018. This development is expected to exert a positive effect on the property sector in general and the real estate environment in particular.

It is encouraging to note, however, that the state of household finances also showed some improvement during the second quarter of 2017. The household debt-to-income ratio dropped to 72,6% in that quarter, which is the lowest level experienced since the first quarter of 2006. Growth in both real household disposable income and consumption expenditure, furthermore, measured 4,5% quarterly and 4,7% quarterly, respectively, in the second quarter after long periods of contraction in both of these variables.

The ABSA Homeowners Sentiment Index also recovered noticeably in the third quarter of 2017 and seemed to indicate some recovery after negative political and economic developments prompting credit downgrades which had a particularly negative impact on property market sentiment in the first and second quarters of the year.

According to the September 2017 SARB quarterly bulletin the value of new mortgage loans granted (in respect of residential, commercial and agricultural real estate) was reduced to a mildly negative year-on-year growth rate in the second quarter of 2017 after positive growth in the first quarter.

(b) Political Perspective

The following key interventions relating to the EAAB were announced by the Minister in a subsequent media briefing following the 2014 elections:

“To build 1,5 million houses in partnership with the private sector, all stakeholders and communities, over the next five years.

The National Home Builders Registration Council (NHBRC) will establish and officially open a Training Academy in partnership with the Gordon Institute of Business Science. This will focus on up-skilling 100 women and the youth. In our discussions with the EAAB, they committed to train young, Black candidate Estate Agents to revitalise the industry. The Academy established by the NHBRC will incorporate a training course on Estate Agents and other property practitioners.”

The EAAB is committed, together with the Department of Human Settlements, Water and Sanitation to ensuring the efficient realisation of these laudable goals and objectives and will do everything possible to assist the Department of Human Settlements, Water and Sanitation in this respect.

(c) Legal Framework

The Property Practitioners Bill, 2017 (“the Bill”) was published in the Government Gazette for public comment on 31 March 2017. To enrich the public comment process, information sessions were subsequently held in all provinces during June and July 2017. Substantial and useful comments emanated from both the written public comment process and as well as the information sessions. The EAAB consolidated all comments received from the two processes with a view to improving the current version of the Bill.

A revised Bill, incorporating the comments received, was thereafter drafted and submitted to the Department on or about 7 August 2017 for consideration. At end of October 2017 the EAAB received a copy of the latest version of the Bill from the office of the Minister. The EAAB is currently reviewing that version of the Bill with the Department of Human Settlement to ensure that all necessary comments and inputs are incorporated in the proposed Bill. On completion of this process the Bill will be sent back to the Minister’s office to complete the enactment process of the Bill. It is hoped that the Property Practitioners Act will be promulgated during the 2018/19 financial year.

6.1.1. Other Performance Environment Factors (i.e. Socio- Economic Environment and Technology)

(d) Social Impact

Recurring incidents of racism and anti-social and discriminatory behaviour have continued within the real estate sector. These are a source of great concern to the EAAB. Estate agents 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 Estate Agents (“the Code of Conduct”) but will also be criminally prosecuted by the EAAB through the Equality Courts.

There can be little doubt that acts of racism are not only contrary to the integrity of estate agents in general but also bring the estate agency 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 estate agents 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 EAAB remains determined to eradicate any vestiges of racism and anti-social and discriminatory behaviour in the estate agency sector through both increased levels of enforcement as well as the introduction of appropriate education and sensitivity training for estate agency practitioners and consumers alike. The

Continuing Professional Development (“CPD”) programme conducted by the EAAB 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 EAAB is confident that this endemic scourge will be speedily eliminated from the property sector in general and from the estate agency environment in particular.

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

The EAAB 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 estate agency sector. Acting in concert with the estate agency sector the EAAB was instrumental in creating an ‘equality pledge’ pursuant to which estate agents were required to pledge their commitment to the principles of non-racism and absolute equity in the rendering of estate agency services to property consumers. The response from the estate agents sector was most encouraging and the goodwill thus engendered is of such a nature that the EAAB has good reason to anticipate that this thorny issue will be positively resolved in the near future.

(e) Digital Technology

The estate agency sector is one that has unequivocally embraced the widespread use of modern technology in both promoting and rendering estate agency services to the consuming public. Estate agents and other stakeholders, moreover, are increasingly resorting to the use of technological devices when seeking to interact with the EAAB.

To accommodate this trend, and in line with its optimisation and modernisation strategy, many EAAB application processes are now able to be undertaken on-line. The processing of such transactions is increasingly being performed through the utilisation of the EAAB’s information, communication and technological infrastructure. This has 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 EAAB website.

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

6.1.2 SWOT Analysis

The EAAB has again taken careful account of its operational and regulatory environment and, more specifically, how this environment could impact upon and influence its business outlook for the 2018/19 financial year. The consolidated inputs of this process are reflected below:

Strengths, Weaknesses, Opportunities and Threats (“SWOT”) Analysis

The EAAB conducted a SWOT Analysis to determine its internal strengths and weaknesses while also identifying external opportunities that could be seized and threats that needed to be addressed and mitigated.

The EAAB acknowledges that it is required constantly to search for new and innovative ways better to deploy its identified strengths and opportunities and accommodate internal weaknesses and external threats.

The EAAB believes that performing a SWOT analysis serves as a useful tool for enhancing rational decision-making within the organisation. The SWOT analysis, simultaneously, provides an excellent framework enabling the EAAB to monitor and review its strategy, position and direction.

It has been the experience of the EAAB that the subjective assessment of logically arranged and organised data both facilitates an understanding of the functions, duties and obligations of the EAAB and enhances its strategic decision-making processes.

The results of that SWOT Analysis are as follows:

A. INTERNAL ENVIRONMENT

STRENGTHS	WEAKNESSES
<p>Fidelity Fund</p> <ul style="list-style-type: none"> Well-managed investments. Turnaround time of approved claims. <p>Governance</p> <ul style="list-style-type: none"> Strong governance structure at Board level. <p>Management</p> <ul style="list-style-type: none"> Competent and committed management with experience. Competent disciplinary and claims committee members. <p>Staffing</p> <ul style="list-style-type: none"> Young and energetic staff. Staff is utilizing the in-house study support benefits. <p>Internal processes</p> <ul style="list-style-type: none"> Effective internal processes Basic systems in place Professional Body status <p>Stakeholder Relations</p> <ul style="list-style-type: none"> Sound relationships with the SSETA, SAQA, the QCTO and sector representative organisations through the Multi Stakeholder Group 	<p>Mandate and legislation</p> <ul style="list-style-type: none"> Insufficient capacity to comply with regulatory mandate. Outdated legislation, which does not sufficiently empower the EAAB enforcement mandate. <p>Fidelity Fund</p> <ul style="list-style-type: none"> Slow approval process impacts processing speed resulting in increased interest claims. <p>Governance</p> <ul style="list-style-type: none"> Insufficient internal governance structures – vis-à-vis policies, procedures and risk-orientation. <p>Management</p> <ul style="list-style-type: none"> High vacancy rate and secondments reduces management capacity. <p>Staffing</p> <ul style="list-style-type: none"> High staff turnover erodes the experience curve Lack of succession planning to ensure business continuity. Insufficient training in current legislative frameworks and processes. <p>Internal processes</p> <ul style="list-style-type: none"> Poor ratio of recoveries to claims approved and paid. Lack of customer centered focus Slow responses to customer queries Lack of systems integration negatively impact service delivery <p>Reporting</p> <ul style="list-style-type: none"> Insufficient reporting, monitoring and control structures/ systems Unresponsive institutional culture. <p>IT system and outsourcing</p> <ul style="list-style-type: none"> Low functionality and outdated current IT system (e.g. SAP) hinder EAAB's ability to stay relevant Outsourcing of services and infrastructure resulting in loss of control High level of IT process downtime. Infrastructure (hardware and software) is not capable to support the effective implementation of the EAAB mandate Inadequate HR Management system (Software System) <p>Performance Management</p> <ul style="list-style-type: none"> No Performance culture – performance management system does not translate to effective organisational performance. Work repetition/ duplication and high workload is common <p>Budget and Finances</p> <ul style="list-style-type: none"> Inadequate budget to deliver the mandate Understated revenue due to inadequate systems

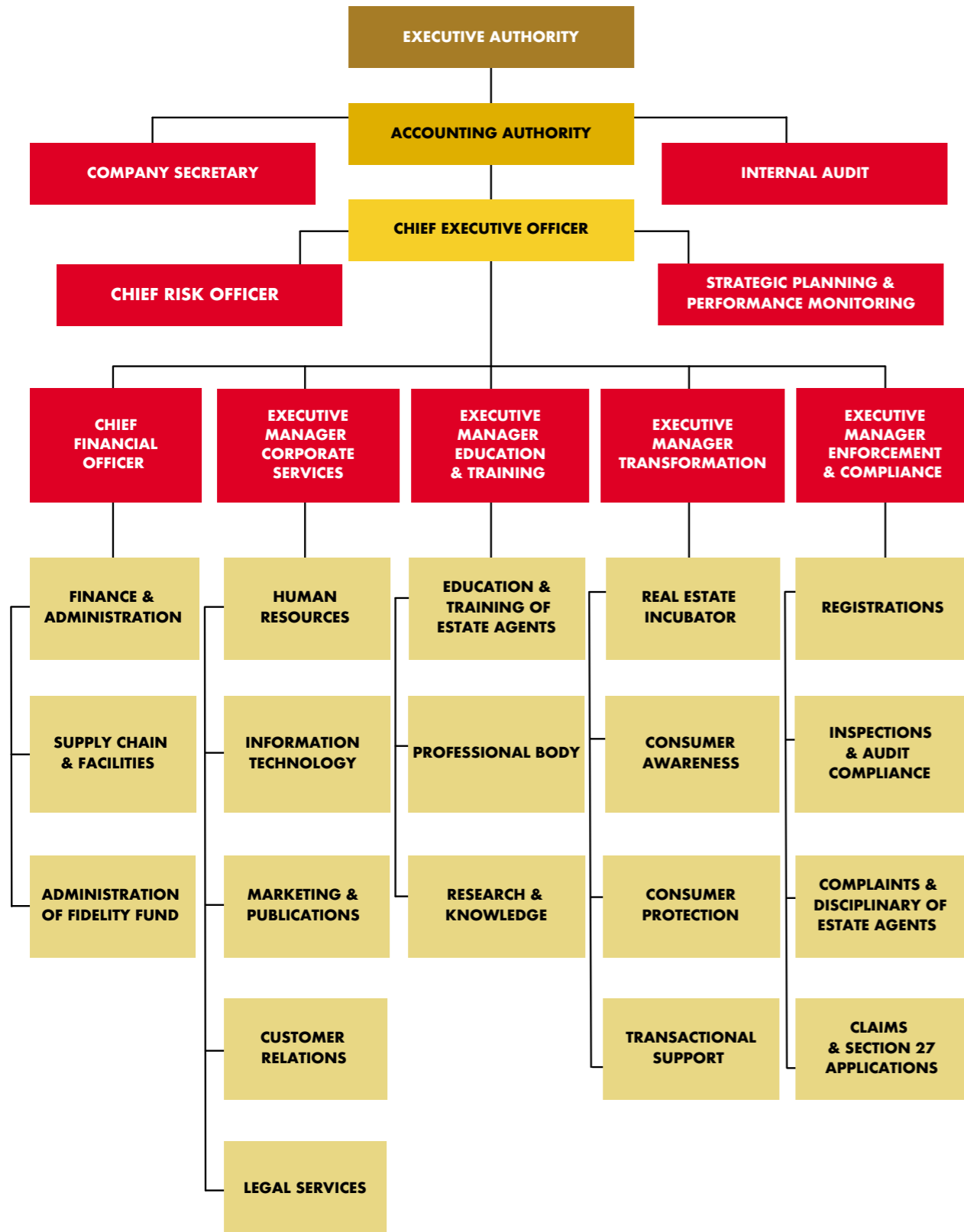
B. EXTERNAL ENVIRONMENT

OPPORTUNITIES	THREATS
<p>Legislative aspects and compliance</p> <ul style="list-style-type: none"> Build partnerships that improve the ability of the EAAB to ensure compliance to the Act. Property Practitioners Bill will lead to a better and modern regulatory environment <p>Fidelity Fund</p> <ul style="list-style-type: none"> Better investment opportunities to grow the Fidelity Fund <p>Transformation</p> <ul style="list-style-type: none"> Devise strategies for economic inclusion of previously disadvantaged persons in the property sector. Improving and strengthening collaboration with sector and public entities. Department of Human Settlement in resolution of title deeds backlog and issuing of new title deeds, leads to increased secondary market and more estate agents emanating from previously disadvantaged groups Increasing sustaining mechanisms for black agencies to continue operating can enhance transformation Education of potential Estate Agents of the sector as a career of choice and as new business owners Using the PPB to enforce transformation and compliance Collaboration with tertiary institutions to source candidate estate agents <p>Technology</p> <ul style="list-style-type: none"> Increase the EAAB outreach through media and other advanced digital communication platforms. Create service standards to improve industry performance Improving general image of the EAAB through optimized partnerships with the industry/ sector Monitoring and meeting increasing and evolving stakeholder needs. Utilisation of new technological innovations and developments. Monitoring and adapting to changing socio, political and legal landscapes; Utilising QCTO framework for developing occupational qualifications. Managing stakeholder perceptions. <p>Consumer Awareness and understanding</p> <ul style="list-style-type: none"> Building consumer understanding of the property transactions to better protect the consumer. 	<p>Mandate</p> <ul style="list-style-type: none"> Expanding mandate outside of legislation and without securing funding, leads to unauthorised expenditure <p>Compliance and legislation</p> <ul style="list-style-type: none"> Non-compliance by estate agents jeopardizes the EAAB consumer protection mandate An increase in the number of unregistered estate agents could erode the integrity of the property sales industry <p>Fidelity Fund</p> <ul style="list-style-type: none"> Increased risks of potential money laundering, fraud and theft will lead to higher claims from Fidelity Fund. Failure by estate agents to bank trust monies into the trust account can result in claims lodged against the Fidelity Fund, affecting the Fund's performance. Unlimited claims arising from consumers either in size or number may deplete the Fidelity Fund An increase in uninformed / unempowered property consumers and consequent escalation in the number of complaints and claims may negatively impact the Board's resources and the Fund's sustainability. Illegal operators are a threat to the stability and sustainability of the Fund. Lack of understanding of law enforcement agencies of the EAAB legislation. <p>Technology</p> <ul style="list-style-type: none"> Use of digital/ on-line tools and platforms by estate agents to conduct their business, creates opportunity for identity theft. <p>Sales transactions</p> <ul style="list-style-type: none"> A tightening credit market may lead to a reduction in the number of sales transactions, affecting the sustainability and viability of estate agency enterprises. More sectional title properties on the market could result in increased misappropriation of those properties by sectional title managers based on the trends. Negative economic climate impacting on the growth and profitability of estate agency enterprises. Rapidly increasing costs of services and necessary IT interventions. Failing to identify and accommodate changing stakeholder educational needs; ever changing skills development and qualification dispensation and framework; Lack of appropriate regulation of Property Developers especially when they perform Estate Agent functions. <p>Customer Service</p> <ul style="list-style-type: none"> Industry perception of slow turnaround times and responses to customer queries.

6.2 Organisational Environment

The Department's macro-organisational structure reflects the key operational functions as well as the key support capacity for the effective delivery on the EAAB mandate. Following the Board approval of the functional (macro) structure (figure 1), the organisation has been in a process of re-alignment of the micro-structure.

This process will culminate in the placement plan for staff to migrate to the aligned structure. A further alignment will take place once the Property Professions Bill comes into effect the anticipated date of implementation is expected to be in the 2020/21 financial year.



a) Compliance and Enforcement Department

The Compliance and Enforcement Department manages the following units:

Legal and Disciplinary Processes – This unit is responsible for prosecuting Estate Agents which have not complied with the Estate Agency Affairs Act.

Claims Process – This unit is responsible for the reimbursement of funds to Property consumers, which have made a claim against the Fidelity Fund.

Litigation and Recoveries Process – The unit is responsible for recovering funds from Estate Agents, which were paid to property consumers, which made a claim against the Fidelity Fund. The Litigation and recoveries unit is also responsible for defending court applications against EAAB.

Audit Compliance Process – The unit is responsible for monitoring audit compliance submission by Estate Agencies in respect of Estate Agency Affairs Act.

Inspection Department

The inspection department monitors Estate Agents compliance in respect of Estate Agents Affairs Act. Inspections are performed in all 9 provinces.

b) Education and Training Department

This department is responsible for the coordination and guidance of Estate Agents education and training within the Estate Agents Sector. The education and training department oversees the training of interns registered with Estate Agents Affairs Board and the education of registered Estate and Principals. This department has also instituted a continuous professional development programme in order to ensure that current qualified Estate Agents are kept up to date with the current knowledge of the sector and property industry.

c) Corporate Services

This department provides support services to the EAAB. It includes the Marketing & Publications Department, Communications Department, Information Technology Department, Human Resources Department and the Customer Relations Department which also consists of the Call Centre).

d) Other Organisational Issues

The EAAB plans to create a title deeds office unit to implement the restoration of title deeds to owners of Department of Human settlement issued houses. This includes backlogs of pre-1994, post-1994 subsidized housing and current stock. The title deeds mandate is the responsibility of the Department of Human Settlements, Water and Sanitation. However it will be the operated within the ambit of Estate Agency Affairs Board.

The EAAB will also implement Regionals offices to improve access to services provided. EAAB will commence with satellite offices in Western Cape based in Cape Town and Kwa-Zulu Natal based in Durban and plans to implement offices in all provinces over the next 5 years.

6.3 Strategic Planning Process

The strategic plan 2019–2024 has been developed through the research process and a consultative process with the internal stakeholders. The process is aimed at ensuring that the plan aligns with the Department of Human Settlement's Strategic Plan, which incorporated the tenets of the National Development Plan, the Medium term Strategic Framework and aligned to the Provincial plans. The DHS targets include all the delivery commitments as outlined in the MTSF and where performance is dependent on the entities (which includes the EAAB) for which the Department provides an oversight role.

The 2019–2024 Strategic Plan is a five–year plan and it identifies strategically important outcomes orientated goals and objectives against which the EAAB as a public entity will be measured and evaluated by Parliament. Any adjustments in relation to the five–year plan will be effected in the annual operational plans as they are reviewed on an annual basis in line with the allocated budget. While the development of the strategic plan necessitated a comprehensive consultative process between management and the Board the plan is, in addition, informed by:

- (a) The Minister of the Department of Human Settlement performance contract with the President;
- (b) Shareholders compact;
- (c) Other crucial business drivers as more fully referred to herein.

The strategy was developed following the following process:

1. Reviewing the previous strategy
2. Conducting an environmental analysis for internal and external factors
3. Developing a draft strategy
4. Reviewing the draft strategy with executive team
5. Submission of the proposed strategy to the board
6. Review the proposed strategy
7. Submit final strategy for approval

6.4 Products and Services

In discharging the mission of the EAAB the following products and services are delivered by the EAAB:

PRODUCT/SERVICES GROUP	PRODUCTS/SERVICES
Fidelity Fund related services	<ul style="list-style-type: none"> • Claims processing • Claims Recoveries processing • Interest earned by Estate Agents Trust account
Compliance related services	<ul style="list-style-type: none"> • Issuing of Fidelity Fund Certificates (FFC's) • Estate agents disciplinarians • Client Complaints Processing • Auditors reports • Inspections and investigations
Education and Training	<ul style="list-style-type: none"> • Education and Training Quality Assurance • Estate Agents certification • Study material (and production thereof) • Continuous Professional development
General services	<ul style="list-style-type: none"> • Information and publications • Consumer awareness

7 STRATEGIC OUTCOME ORIENTED GOALS

The Board confirmed most of the strategic goals, but the general view was that the goal statements require revision to be more relevant to the current performance delivery environment and understanding of the mandate in that context.

The table below reflects the updated goal statements:

Table 1: Strategic Outcome Goals and Goal Statements

No.	STRATEGIC OUTCOME ORIENTED GOAL	GOAL STATEMENT
1	Provide strategic leadership, governance oversight and essential support and promote an effective and well–functioning EAAB.	To provide strategic leadership, governance and support to ensure the efficient and effective functioning EAAB.
2	Compliant Estate Agency Sector	To implement speedy cost–effective and transparent measures to ensure compliance by the estate agencies and agents to relevant legislation.
3	Professional and capacitated real estate sector	To ensure that all registered estate agents are fully qualified in accordance with applicable legislative requirements.
4	Transformed real estate sector	To develop and implement programmes to accelerate the achievement of at least 30% participation by persons from the historically disadvantaged backgrounds, in the profession of estate agents.
5	Sustainable Fidelity Fund	To ensure that the Fidelity Fund is efficiently and effectively managed and controlled.
6	Consumers are aware and understand all forms of property transactions.	To ensure that consumers are made aware of property transactions through the utilisation of appropriate multimedia, advertising and marketing platforms.

PART B: STRATEGIC OBJECTIVES

PROGRAMMES

Summary of Strategic Objectives by Programme

The strategic objectives will be implemented through the following six programmes:

- **Programme 1:** Finance and Administration
- **Programme 2:** Compliance
- **Programme 3:** Education and Training
- **Programme 4:** Transformation
- **Programme 5:** Fidelity Fund
- **Programme 6:** Contribution to Medium Term Strategic Framework

The strategic objectives pertaining to the strategic goals and programmes are shown in the table below.

Table 2: The strategic objectives pertaining to the strategic goals and programmes

No.	STRATEGIC OUTCOME ORIENTED GOAL	PROGRAMME PURPOSE	STRATEGIC OBJECTIVES
1	Provide strategic leadership, governance oversight and essential support and promote a compliant and well-functioning EAAB.	<i>Programme 1: Administration</i> Purpose: To maximise EAAB performance through effective and efficient management of its resources and systems thereby creating a world-class regulator.	<ul style="list-style-type: none"> • Provide strategic management and support across the organisation • Ensure good governance and sound control environment • Ensure EAAB operations are efficient and effective • Maintain a Stakeholder-centered organisation.
2	Compliant Estate Agency Sector	<i>Programme 2: Compliance</i> Purpose: To ensure that all Estate Agents and Agencies operating in the country are compliant to all relevant legislation.	<ul style="list-style-type: none"> • Improve compliance with the EAA Act • Improve compliance with the FIC Act • Reduce number of illegally trading estate agents and agencies • Ensure enforcement of the EAA Act
3	Professional and capacitated real estate sector	<i>Programme 3: Education and Training</i> Purpose: To build capacity for the estate agency sector through training and continuous professional development.	<ul style="list-style-type: none"> • Facilitate increase in the number of qualified Estate Agents • Ensure continuous development of the estate agents • Develop and harvest knowledge in the real estate market
4	Transformed real estate sector	<i>Programme 4: Transformation</i> Purpose: To transform the real estate sector with regards to economic participation of race and the culture of the industry.	<ul style="list-style-type: none"> • To increase the number of youth, PDI, black women, and people with disabilities in the real estate sector • To implement an impactful Amnesty Campaign for estate agents and agencies • To ensure the protection, education and awareness of Consumers with regard to property transactions • To increase internal transformation in accordance with BBBEE, PPPFA, EE, Skills Development, Property Sector Charter. • To develop financial mechanisms and incentives for sustainable transformation initiatives.

5	Sustainable Fidelity Fund	<i>Programme 5: Fidelity Fund</i> Purpose of the Fidelity Fund is the accumulation of financial resources used as a protection mechanism for property consumers that are defrauded by estate agents.	<ul style="list-style-type: none"> • To ensure that the Fidelity Fund is financially sustainable • To ensure that the Fund is effectively and efficiently managed
6	Consumers are aware and understand all forms of property transactions	<i>Programme 6: Contribution to MTSF</i> Purpose: To contribute to the MTSF objectives of the ministry by promoting and implementing government-wide priorities through consumer awareness and education in property transactions.	<ul style="list-style-type: none"> • Transactional Support– estate agents and agencies operating and supporting the affordable and subsidized housing areas • Ensure Bi-annual data/information on industry trends and analysis are available

8. PROGRAMMES

8.1 A PROGRAMME 1: ADMINISTRATION

The programme seeks to maximise EAAB performance through effective and efficient management of its resources and systems thereby creating a world-class regulator.

The **strategic objectives** of the programme are to:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme (s)
1.1	Provide strategic management and support across the organisation	To provide sound strategic direction and leadership to EAAB through facilitation of credible strategic plans, annual performance plans and reliable management of EAAB's performance.	Office of the CEO
1.2.	Ensure good governance and sound control environment	To ensure good governance and a sound control environment for the department.	Finance Board Secretary
1.3	Ensure the EAAB operations are efficient and effective	Maximise EAAB performance through prudent management of resources.	Corporate Services
1.4	Maintain a Stakeholder-centered organisation	Improving accessibility, service levels and general image of the EAAB.	Customer Relations Management
1.5	Enable effective implementation of the Property Practitioners Act.	Ensuring that the current EAAB enables smooth transition into the Agency that will be affected by the Property Practitioners Act.	Office of the CEO

1.1 Sub-Programme – Office of the CEO

Strategic objective	Provide strategic management and support across the organisation
Objective statement	To provide sound strategic direction and leadership to EAAB through facilitation of credible strategic plans, annual performance plans and reliable management of EAAB's performance
Baseline	Annual Report 2018/19; SP 2020 – 2025; APP 2019/20
Justification	The EAAB needs to be strategically lead and supported to ensure effectively implementation of its mandate and strategic objectives.
Links	Strategic Management and Planning, Corporate Services, Finance

1.2 Sub-Programme – Finance / Board Secretary

Strategic objective	Ensure good governance and sound control environment
Objective statement	To ensure good governance and a sound control environment for the department.
Baseline	A number of new KPI's have been determined and 2019/20 will be spent developing plans, and establishing baselines as well as developing frameworks and measuring systems.
Justification	The EAAB needs to be strategically lead and supported to ensure effectively implementation of its mandate and strategic objectives.
Links	Planning, Company Secretary, Risk Management

1.3 Sub-Programme – Corporate Services

Strategic objective	Ensure EAAB operations are efficient and effective
Objective statement	Maximise EAAB performance through prudent management of resources
Baseline	
Justification	The EAAB needs to be strategically lead and supported to ensure effectively implementation of its mandate and strategic objectives.
Links	Strategic Management and Planning, Company Secretary, Corporate Services

1.4 Sub-Programme – Customer Relations Management

Strategic objective	Maintain a Stakeholder-centered organisation.
Objective statement	Improving accessibility, service levels and general image of the EAAB.
Baseline	
Justification	EAAB needs to be strategically lead and supported to ensure effectively implementation of its mandate and strategic objectives.
Links	Strategic Management and Planning, Company Secretary, Corporate Services

8.2 RESOURCE REQUIREMENTS

	2019/20	2020/21	2021/22	2022/23	2023/24
	R'000	R'000	R'000	R'000	R'000
Staff costs	56,475	60,426	64,656	69,182	74,025
Administration costs	41,279	44,068	47,161	50,462	53,994

8.3 RISK MANAGEMENT

8.3.1 Lack of service delivery (not delivering on EAAB mandate)

Risk Mitigation

- Automated Fidelity Fund Certificate new registrations & renewals .Outsourced call centre. The implemented service level standards need to be monitored on a continuous basis.

8.3.2 Incorrect/incomplete management information for decision-making.

Risk Mitigation

- Enhancement of SAP functionality and user training. 90% of departments use Paper trail as a record management system.

8.3.3 IT systems not meeting business requirements

Risk Mitigation

- Business process reviews (engineering) performed for IT requirements related to IT strategy.
- Training and development of users in place. Departmental training and development needs assessed on annual basis.

8.3.4 Damage to the image & reputation of the EAAB – Slow resolution of queries received and Stakeholder's dissatisfaction – high rate of complaints.

Risk Mitigation

- Customer Relations department monitor departmental resolution of queries. Service level standards manual formulated and implemented.
- Online customer survey and reports are monitored.
- Feedback through evaluation forms received from estate agents at the Annual Stakeholder Road shows.

9.1 PROGRAMME B 2: COMPLIANCE

The Compliance programme has to ensure that all Estate Agents and Agencies operating in the country are compliant to all relevant legislations.

The **strategic objectives** of the programme are to:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme(s)
2.1	To improve compliance with the EAA Act	Improve the level of compliance by Estate Agents and Agencies through provision of effective and efficient registrations, inspections, audit compliance and disciplinary processes.	Compliance
2.2	Improve compliance with the FIC Act	Improve the level of compliance by Estate Agents and Agencies through provision of supervisory functionalities in order to comply with FIC Act.	Compliance
2.3	Reduce number of illegally trading Estate Agents and Agencies	Reduce the number of Estate Agents and Agencies that operate illegally through issuing of FFC's timeously and effective identification and prosecution of estate agents trading illegally.	Enforcement
2.4	Ensure enforcement of the EAA Act	Implement effective enforcement initiatives aimed at promoting compliance.	Enforcement

2.1 Sub-Programme – Compliance

Strategic objective	To improve compliance with the EAA Act.
Objective statement	Improve the level of compliance by Estate Agents and Agencies through provision of effective and efficient registrations, inspections, audit compliance and disciplinary processes.
Baseline	The baseline will be a properly delineated baseline for registered agents and agencies (excluding interns) The focus is to reduce the number of non-compliance amongst registered agencies and agents with 10%
Justification	Estate Agencies and agents must comply to the regulations of the EAA Act and the FICA in order to obtain and maintain their FFC
Links	Compliance

2.2 Sub-Programme – Inspections

Strategic objective	Improve compliance with the FIC Act
Objective statement	Inspect Estate Agents in order to monitor compliance of the EAA Act and FIC Act.
Baseline	Performed 800 inspections. Perform 100% of the FIC determined number of inspections per annum.
Justification	This objective will decrease non-compliance to the EAA Act and FICA of Estate Agents and also reduce unregistered estate agents.
Links	The objective will contribute to the monitoring of compliance of Education and Training standards.

2.3 Sub-Programme – Compliance

Strategic objective	Reduce number of illegally trading Estate Agents and Agencies
Objective statement	Reduce the number of Estate Agents and Agencies that operate illegally through issuing of FFC's timeously and effective identification and prosecution of estate agents trading illegally.
Baseline	Established in 2018/19
Justification	Estate Agencies and agents must comply to the regulations of the EAA Act and the FICA in order to obtain and maintain their FFC
Links	Compliance, Enforcement

9.2 RESOURCE REQUIREMENTS

Compliance Programme	2019/20	2020/21	2021/22	2022/23	2023/24
	R'000	R'000	R'000	R'000	R'000
Inspections					
<i>Administration costs</i>	505	540	578	618	662
<i>Staff costs</i>	5,023	5,375	5,751	6,153	6,584
Disciplinary and Enforcement					
<i>Administration costs,</i>	4,503	4,819	5,156	5,517	5,903
<i>Staff costs</i>	22,763	24,356	26,061	27,886	29,838
Registrations					
<i>Administration costs</i>	335	358	384	411	440
<i>Staff costs</i>	7,512	8,038	8,600	9,202	9,847

Risk Management

9.2.1 Illegal trading estate agents – Non-compliance with sections 16, 29, 32(2)(a) and 32(2)(c) of the EAAB Act and Regulation 9.2 of the Code of Conduct in issuing Fidelity Fund Certificates

Risk Mitigation

- The Enforcement, Registrations, Inspectorate and the Education and Training business units work together to regulate and control certain activities of estate agents in general and providing effective professional support to estate agents.

9.2.2 Lack of service delivery (not delivering on the EAAB mandate)

Risk mitigation

- Automated Fidelity Fund registrations and renewals.

9.2.3 Financial constraints to fund essential organisational projects and programmes (Failure to retain revenue streams)

Risk Mitigation

- Renewal reminders sent to estate agents to renew FFC. The revenue collective strategy is in place.

9.2.4 Damage to the image and reputation of the EAAB

Risk Mitigation

- The Customer Relations Department monitors departmental resolution of queries. Service level standards manual formulated and in place.

10.1 PROGRAMME C 3: EDUCATION AND TRAINING

The Education and Training programme espouses to build capacity for the estate agency sector through training and Continuous Professional Development.

The **strategic objectives** of the programme are to:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme(s)
3.1	Facilitate increase in the number of qualified Estate Agents	Implement the estate agents training programme in line with the required standards of education and training for estate agency practitioners	Education and Training
3.2	Ensure continuous development of the estate agents	Ensure that all registered estate agents remain relevant through implementation of the continuous professional development programme	Education and Training
3.3	Develop and harvest knowledge in the real estate market	Position EAAB the knowledge hub for all real estate information	Education and Training Corporate Services

3.1 Sub-Programme – Education and Training

Strategic objective	Facilitate increase in the number of qualified Estate Agents
Objective statement	Implement the estate agents training programme in line with the required standards of education and training for estate agency practitioners
Baseline	The organisation will establish a number of baselines in 2018/19, as some of these targets are new to ensure they are impactful.
Justification	To improve the level of education in the real estate sector so as to improve compliance and protection of the public.
Links	Compliance to FFC requirements.

3.2 Sub-Programme – Education and Training

Strategic objective	Ensure continuous development of the estate agents
Objective statement	Ensure that all registered estate agents remain relevant through implementation of the continuous professional development programme
Baseline	Currently 45% of Estate Agents who are registered for CPD and have met CPD requirements in full.
Justification	This objective strives to measure that enter and complete the CPD programme as it level of compliance is increased.
Links	The objective will contribute to the monitoring of compliance of Education and Training standards.

3.3 Sub-Programme – Education and Training

Strategic objective	Develop and harvest knowledge in the real estate market
Objective statement	Position the EAAB as the knowledge hub for all real estate information
Baseline	4 Publications per annum are currently published by EAAB. The establishment of the full knowledge hub with other accessibility elements will take place from 2019/20.
Justification	Accessibility of the information to the consumers
Links	The objective will contribute to the awareness and education of property consumers and estate agents.

10.1.1 Resource Requirements

Education and Training Programme	2019/20	2020/21	2021/22	2022/23	2023/24
	R'000	R'000	R'000	R'000	R'000
Staff Costs	13,017	13,928	14,903	15,946	17,062
Administration Costs (This includes CPD venues and travel arrangement)	5,623	6,016	6,437	6,889	7,370

10.1.2 Risk Management

10.1.3 Unsuitably qualified individuals operating as estate agents

Risk Mitigation

- Appointment as a professional body by SAQA. EAAB has published the study material PDE 4 & PDE 5 .PDE 4 & 5 held every quarter. Logbooks are officially a requirement of Intern training.

10.1.4 Increase in the number of buyers of residential property lacking understanding of the real estate transaction(stakeholder awareness)

Risk Mitigation

- Empower the consumer through consumer education campaigns to understand the real estate transaction and the role and functions of the registered estate agents;
- Managing a fidelity fund that serves as a cover for losses suffered by members of the public arising from the activities of estate agents.
- Alternative awareness initiatives of consumers through radio and television, which cover a larger audience of property consumers.

10.1.5 Financial constraints to fund essential organisational projects and programmes (Failure to retain revenue streams) Low interest of individuals to enter the industry due to uncertain nature of an estate agents income.

Risk Mitigation

- Established Transformation committee at Board level.“One Estate Agency One Intern” project implementation communicated to the public by EAAB and Department of Human Settlement.

10.1.6 Lack of Continuous Professional Development implementation of project plans

11. PROGRAMME 4: TRANSFORMATION

The purpose of the Transformation Programme is to transform the real estate sector with regards to economic participation of race and the culture of the industry. It will:

- Drive Transformation both internally at EAAB and externally to ensure compliance with applicable legislation such as Employment Equity Act and Broad-Based Black Economic Empowerment and Property sector charter.
- Ensure economic inclusion of the previously disadvantaged individuals (PDI) in the property sector.
- Engage with Public works department to ensure PDI participate in the property business.
- Establish a Real Estate Incubator for small struggling Estate Agencies, rehabilitation of non-compliant Estate Agencies and empowerment of youth, woman and persons with disabilities with focus on previously disadvantaged individuals.
- Promote Consumer Education and awareness and protection by engaging other stakeholders in the property value chain like finance providers.
- Cross-functional interface with other section to ensure that transformational agenda is pursued, i.e. reviewing models and initiatives.

The **Strategic Objectives** are to:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme(s)
4.1	To increase the number of youth, PDI, black women, and people with disabilities in the real estate sector	Through the Incubation programme, increase the rate of participation and the success rate of youth, black women, people with disabilities and PDI's in the real estate sector.	Transformation Education and Training
4.2.	To implement an impactful Amnesty Campaign for estate agents and agencies.	To ensure the strengthening of a compliant real estate sector by increasing the number of estate agencies and agents who apply for amnesty.	Transformation Communication Compliance and Enforcement
4.3	To ensure the protection, education and awareness of Consumers with regard to property transactions	Promote Consumer Education and awareness and protection by engaging other stakeholders in the property value chain like finance providers.	Transformation Communication Education and Training
4.4	To increase internal transformation in accordance with BBBEE, PPPFA, EE, Skills Development, Property Sector Charter.	Ensures that the EAAB transforms its internal environment and practices to ensure compliance with the applicable transformation legislation	Corporate Services Transformation
4.5	To develop financial mechanisms and incentives for sustainable transformation initiatives.	Develop schemes to provide financial incentives to facilitate the sustainability of transformation initiatives.	Transformation Finance

4.1 Sub-Programme – Transformation

Strategic objective	To increase the number of youth, PDI, black women, and people with disabilities in the real estate sector
Objective statement	Through the Incubation programme, increase the rate of participation and the success rate of youth, black women, people with disabilities and PDI's in the real estate sector.
Baseline	Heavy reliance on the Incubation programme and the youth grouping in terms of this objective. New indicators have been set for 2019/20 to increase black women (outside youth). In addition, the Finalisation of the Principalisation Programme framework will take place in 2019/20 where after implementation can commence from 2020/21.
Justification	The real estate sector remains dominated by the same groupings and the transformation with regard to black women, people with disabilities remain a challenge. Hence the focus from this financial year will be on those groups.
Links	Compliance, Education and Training.

4.2 Sub-Programme – Transformation

Strategic objective	To implement an impactful Amnesty Campaign for estate agents and agencies.
Objective statement	To ensure the strengthening of a compliant real estate sector by increasing the number of estate agencies and agents who apply for amnesty.
Baseline	A Research study report with respect to illegal trading Estate Agents will be finalised in 2018/19, which will form the basis for the new Amnesty campaign. The previous campaign did not reap significant results. The intent is to rehabilitate 100% of the applicants who have been granted amnesty.
Justification	There are a high number of estate agents and agencies that are illegally trading which through this campaign can become compliant and registered. This will have a great impact on the number of registered agents and agencies.
Links	The objective to improve the level of compliance of estate agencies and agents in the real estate sector.

4.3 Sub-Programme – Transformation

Strategic objective	To ensure the protection, education and awareness of Consumers with regard to property transactions
Objective statement	Promote Consumer Education and awareness and protection by engaging other stakeholders in the property value chain like finance providers.
Baseline	Current campaigns are already exceeding the minimum of 2 million property consumers that needs to be reached per annum. The campaigns focus on print, national and community radio.
Justification	In order to protect property consumers from
Links	The objective will contribute to the awareness and education of property consumers and estate agents communications

4.4 Sub-Programme – Transformation

Strategic objective	To increase internal transformation in accordance with BBBEE, PPPFA, EE, Skills Development, Property Sector Charter.
Objective statement	Ensures that the EAAB transforms its internal environment and practices to ensure compliance with the applicable transformation legislation
Baseline	Current internal plans in the EAAB. There is a need for an integrated Organisational scorecard to be developed in 2019/20 that will assist with measuring this objective
Justification	EAAB as organisation should also comply with and reflect the transformation of the country.
Links	Compliance, Education and training, Corporate Services, Planning

4.5 Sub-Programme – Transformation

Strategic objective	To develop financial mechanisms and incentives for sustainable transformation initiatives.
Objective statement	Develop schemes to provide financial incentives to facilitate the sustainability of transformation initiatives
Baseline	No schemes exist. The organisation has to research the viability and options and implement. 2019/20 will be the development of framework and SLA's
Justification	In order to sustain the transformation efforts, the market needs to be incentivised to allow for meaningful participation. The current government incentives needs additional funding to reduce the number of participants/ beneficiaries from dropping out of transformation initiatives.
Links	Incubation Programme, Principalisation Programme, "One Learner – One Estate Agency" Programme

12. PROGRAMME 5: FIDELITY FUND

The Fidelity Fund is the accumulation of financial resources used as a protection mechanism for property consumers that are defrauded by estate agents.

The **Strategic Objectives** are:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme(s)
5.2.1	To ensure that the Fidelity Fund is financially sustainable	Ensure that the fidelity fund has sufficient funds to service/ supply the demand in claims from the property consumers.	Finance
5.2.2	To ensure that the Fund is effectively and efficiently managed	Ensure that the fund has the necessary resources and processes in place to effectively and efficiently execute its mandate.	Finance

5.1 Sub-Programme – Fidelity Fund

Strategic objective	To ensure that the Fidelity Fund is financially sustainable
Objective statement	Ensure that the Fidelity Fund has sufficient funds to service/ supply the demand in claims from the property consumers.
Baseline	The Annual Net Asset Value Growth is 1.25%. The Investment Strategy needs to be reviewed and approved by the Board before implementation. The Fund requires re-insurance for the claims and this needs to be investigated.
Justification	The increase in claims as a result of the growth in the sector as well as the fraudulent activities of estate agents who do not deposit rental deposits, are a risk for the sustainability of the Fund.
Links	Increase compliance levels and registration of estate agents and agencies.

5.2 Sub-Programme – Fidelity Fund

Strategic objective	To ensure that the Fund is effectively and efficiently managed
Objective statement	Ensure that the fund has the necessary resources and processes in place to effectively and efficiently execute its mandate
Baseline	95% increase in interest from estate agency trust accounts collected within 30 days of the due dates– 85% of fully compliant claims paid within the formal service levels – six months Compliance to turnaround times for payment of approved claims – this baseline will only be established in 2018/19
Justification	In order to improve the sustainability of the fund as well as be compliant to the mandate of the fund to service the public, the processing of claims needs to be effective and efficiently managed,
Links	N/A

12.1 RESOURCE REQUIREMENTS

	2019/20	2020/21	2021/22	2022/23	2023/24
	R'000	R'000	R'000	R'000	R'000
Administration costs (This includes Transformation costs)	103,988	111,268	119,056	127,390	136,307

12.2 RISK MANAGEMENT

12.2.1 Erosion of the Fidelity Fund

- Fidelity Fund Investment targets not met (conservative risk appetite – investment in money market)
- Lack of recovery of claims paid.
- Increase in number of claims putting the solvency of the Fidelity Fund at risk.
- Misappropriation of trust monies by estate agents and consequent legal costs borne by the fund.
- No limits on claims.
- Claims against fund arising from thefts of trust monies by illegal estate agents.

Risk Mitigation

- Quarterly review of Investment performance by EXCO and Finance Investment Committee.
- Routine inspections and increased disciplinary measures of estate agents to reduce the extent of fraudulent activities.
- Improved levels of consumer education.
- Ongoing monitoring of the Fund by management (review of the financial status of the fund)
- Compliance audit report requirements
- Whistle blowers (Pty) Ltd appointed and operational.

13. PROGRAMME 6: CONTRIBUTION TO THE MEDIUM-TERM STRATEGIC FRAMEWORK

To contribute to the MTSF objectives of the Ministry by promoting and implementing government-wide priorities, specifically providing transactional support to property consumers.

The **strategic objectives** for this programme are:

SO No.	Strategic Objective (s)	Objective Statement	Sub-Programme(s)
6.1	Transactional Support– estate agents and agencies operating and supporting the affordable and subsidised housing areas	To support the development of a functional and equitable residential property market by increasing the level of support provided for entering and transacting in the affordable and subsidised housing areas.	Education and Training Transformation Compliance
6.2	Ensure Bi-annual data/information on industry trends and analysis are available	Conduct research and publish statistical information on the affordable and subsidised housing market.	Education and Training Transformation

6.1 Sub-Programme – Contribution to MTSF

Strategic objective	Transactional Support– estate agents and agencies operating and supporting the affordable and subsidised housing areas
Objective statement	To support the development of a functional and equitable residential property market by increasing the level of support provided for entering and transacting in the affordable and subsidised housing areas.
Baseline	There was 10% increase of estate agents and agencies operating in the subsidised and affordable housing areas in 2017/18 and same is expected for 2018/19.
Justification	The market for property valued below R 500 000 and the subsidised and affordable housing sector requires support for transactions. Currently the number of agents and agencies focusing on this target market is very low as it results in consumers being exploited or having no transactional support.
Links	Compliance, consumer education and awareness, growing the real estate sector

6.2 Sub-Programme – Contribution to MTSF

Strategic objective	Ensure Bi-annual data/information on industry trends and analysis are available
Objective statement	Conduct research and publish statistical information on the affordable and subsidised housing market.
Baseline	1 x Annual trend analysis report indicating increase in transaction of properties valued less than R 500 000 Bi-Annual Report on Distribution of sales in the affordable housing marketed and monitored Number of reports on trends in the affordable property market.
Justification	It is important that information and trends are available for entrants to the market as well as DHS programmes
Links	Education

ANNEXURE A

FINANCIAL PLAN

(i) REVENUE AND EXPENDITURE ESTIMATES

Table A. Estate Agency Affairs Board: Financial Information

Statement of financial performance	Budget	Actual	Forecast	2019/20	Medium-term estimate			
	2017/18	2017/18	2018/19		2020/21	2021/22	2022/23	2023/24
R thousand								
Revenue								
Tax revenue	–	–	–	–	–	–	–	–
Non-tax revenue	146 049	123 194	139 120	169 253	181 100	193 777	207 158	221 659
Sale of goods and services other than capital assets	146 049	123 194	139 120	169 253	181 100	193 777	207 158	221 659
<i>of which:</i>								
<i>Admin fees</i>	53 191	52 464	62 033	58 489	62 583	66 964	71 651	76 667
<i>Sales by market establishments</i>	77 353	57 897	65 002	92 477	98 951	105 877	113 105	121 022
<i>Other sales</i>	2 012	608	735	856	916	980	1 049	1 122
<i>Other non-tax revenue</i>	13 493	12 224	11 350	17 430	18 650	19 956	21 353	22 847
Transfers received	–	–	–	–	–	–	–	–
Total revenue	146 049	123 194	139 120	169 253	181 100	193 777	207 158	221 659
Expenses								
Current expense	140 504	122 537	130 996	157 034	167 927	179 689	191 110	204 488
Compensation of employees	93 864	82 363	90 532	108 077	115 643	123 738	132 399	141 667
Goods and services	40 692	36 616	35 951	42 872	45 773	48 985	51 257	54 845
Depreciation	5 949	3 557	4 513	6 085	6 511	6 967	7 454	7 976
Interest, dividends and rent on land	–	–	–	–	–	–	–	–
Transfers and subsidies	–	–	–	–	–	–	–	–
Total expenses	140 504	122 537	130 996	157 034	167 927	179 689	191 110	204 488
Surplus / (Deficit)	5 545	657	8 124	12 218	13 173	14 088	16 047	17 171

(ii) EXPENDITURE TRENDS

The revised expenditure forecast for 2018/19 amount to R130 million. The operational budget for 2019/20 amounts to R157 million which represents an increase of 13% from the 2018/19 budget. The reasons for the increase are:

- Increase in Administration costs linked to implementation of the Property Practitioners Bill
- An inflationary increase on staff costs based on a CPI rate of 4.5% plus 2.5%

(iii) ASSETS AND LIABILITY MANAGEMENT

Asset and liability trends

The EAAB's total assets exceeded its liabilities and were able to pay its current liabilities as they become due in the ordinary course of the business.

- Carrying value of assets shall consist of non-current assets, which includes Property Plant & Equipment and Intangible assets, as well as retirement benefit assets held for the employees. The EAAB purchased a building in Wierda Valley Sandton in the 2013/2014 financial year. The building is currently used by the EAAB as its primary offices of operation.
- The EAAB will continue to invest its reserves to gain maximum return on its assets.
- The reserves will remain fairly stable in the next five years as the entity is expected to break even.



Estate Agency Affairs Board

63 Wierda Road East
Wierda Valley Sandton

Tel: 087 285 3222

E-mail: eab@eaab.org.za

Website: www.eaab.org.za