

Exploring B-BBEE compliance solutions for Property Practitioners and Real Estate Agents in South Africa



The Property Practitioners Regulatory Authority (PPRA) has made a significant announcement regarding compliance with Broad-Based Black Economic Empowerment (B-BBEE) certificates for the renewal of Fidelity Fund Certificates (FFC) starting in 2025. This directive, originating from the Property Practitioners Act 22 of 2019 signed by President Cyril Ramaphosa in September 2019, underscores the importance of B-BBEE compliance within the property sector.

In this article, we highlighted the challenges faced by Property Practitioners and explore the impact of B-BBEE compliance on both Property Practitioners and Real Estate Agents in South Africa.

Which sectors are affected by the Property Practitioners Act?

The following sectors are affected by the Property Practitioners Act:

- Estate agents;
- Managing agents;
- Rental agents;
- Business / Property brokers;
- Providers of bridging finance;
- Bond brokers;
- Property valuers;
- Developers.

Initially, the Property Practitioners Act required a valid B-BBEE certificate for each annual FFC renewal. Many property practitioners obtained South African National Accreditation System (SANAS) B-BBEE verifications to fulfil this requirement. The PPRA accepted these certificates despite a score of below 40 points.

What are the B-BBEE compliance requirements for Property Practitioners in terms of the new Act?

For detailed technical information about the requirements of the Property Practitioners Act, please refer to the below article published by SERR Synergy in this regard: *[What are the property practitioner's B-BBEE compliance requirements in terms of the new Property Practitioners Act?](#)*

In the context of B-BBEE compliance, Deli Nkambule, the legal manager and acting transformation manager at PPRA, emphasised that non-compliant certificates would no longer be acceptable for FFC applications as from 2025. Only valid B-BBEE or BEE certificates between Level 1 and Level 8 will be accepted.

This change could affect more than 5 000 property practitioners, potentially preventing them from practising if they fail to obtain compliant B-BBEE certificates.

How can you ensure B-BBEE compliance in terms of the new Property Practitioners Act?

To ensure BEE compliance, companies can pursue several avenues.

They can strive to meet the criteria outlined in the B-BBEE codes and obtain a BEE certificate scoring more than 40 points on the five elements of the BEE scorecard, as well as addressing the sub-minimum requirements on the priority elements.

Alternatively, they can consider an indirect ownership structure to utilise automatic recognition levels provided within the B-BBEE codes. Below are two published SERR Synergy articles with guidance on this matter:

- ◉ *Collective ownership structures for B-BBEE purposes - how to make it work*
- ◉ *Share options for the subscription of shares as a form of B-BBEE ownership*

In conclusion

The good news is that there are options that don't require you to surrender a majority stake in the business you've poured your heart and soul into over many years, nor does it mean that you must shut down operations altogether.

At SERR Synergy, we have a decade of experience in assisting thousands of businesses with B-BBEE compliance, tailored to their unique requirements. *SERR Synergy assists businesses with the development and implementation of B-BBEE strategies by taking all the B-BBEE scorecard elements into consideration.* We provide B-BBEE consultation services to businesses, ranging from basic elementary requests to the most complex and integrated B-BBEE solutions specifically aimed at addressing B-BBEE challenges.

Contact us today for a commitment-free discussion on how we can support your business.

About the Author: Duncan Cloete currently holds the title of National Marketing Manager at SERR Synergy. He began his career in the automotive industry, steadily advancing from sales executive to dealer principal. Throughout his tenure, he actively contributed to strategic and operational facets of sales, marketing, and client satisfaction. His prior experience with B-BBEE verification significantly enriched his understanding of B-BBEE practices.

With 10 years of dedicated service at SERR Synergy, specialising in the B-BBEE landscape, Duncan has engaged with numerous business owners. His consultations have spanned a diverse spectrum, from small start-ups to large multinational corporations, as they seek effective solutions to their B-BBEE challenges.

Sources:

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