

A nighttime photograph of a city skyline with a prominent bridge in the foreground. The bridge has illuminated pylons and cables. The city lights are visible in the background. The image is divided by a diagonal line into a blue upper section and a red lower section.

PROPERTY SECTOR CODE AS AN ENABLER FOR TRANSFORMATION OF PROPERTY SECTOR



PROPERTY
SECTOR
CHARTER
COUNCIL



SECTOR CHARTER COUNCILS

ICT Sector Charter Council

Financial Sector Charter Council

Agrii Sector Charter Council

Forestry Sector Charter Council

Tourism Sector Charter Council

Transport Sector Charter Council

Construction Sector Charter Council

Property Sector Charter Council

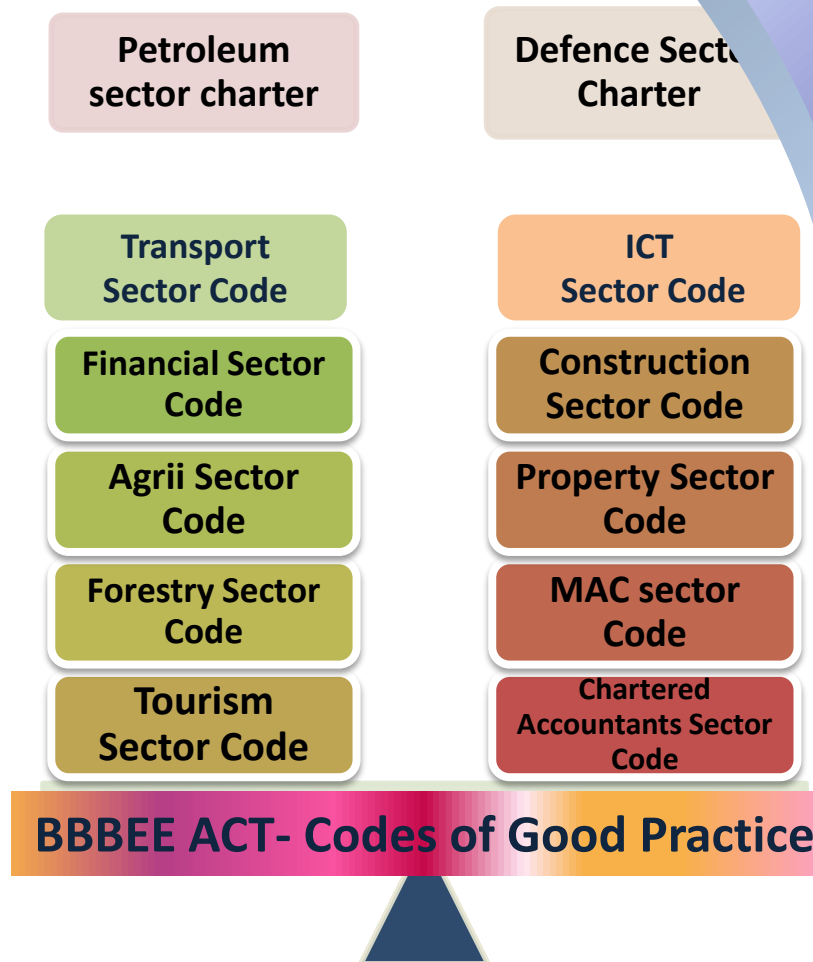
MAC Sector Charter Council

Chartered Accountants Sector Charter Council

BBBEE ACT- Sector Charter Councils

DEVELOPMENT OF SECTOR CODES

- The Broad-Based Black economic Empowerment Act 53 of 2003 (“BBEE Act) provides the legislative framework for broad based black economic empowerment in SA. The “Generic” Codes of Good Practice and Sector Codes are issued under the B-BBEE
 - This legislation has brought the sector codes into being
 - Sector codes and PSC are dictated and guided by BBEE Act 53 2003
- **What can not be changed**
 - Principles
 - Methodology
 - Definitions
 - Beneficiaries
- **What can be changed**
 - Target
 - Weighting
 - QSE threshold
 - Additional Elements





DEVELOPMENT OF SECTOR CODES

**PROPERTY
SECTOR
CHARTER
COUNCIL**

MAIN PURPOSE OF sector council office (Reason for Existence):

ENHANCE TRANSFORMATION by factoring **UNIQUE KNOWLEDGE AND CHARACTERISTICS** in order to **DEEPEN MEANINGFUL PARTICIPATION** of property participants in the main stream of SA Economy;

**TRANSFORM THE
PROPERTY SECTOR**



PROPERTY
— SECTOR —
CHARTER
COUNCIL



AMENDED PROPERTY SECTOR CODE

- Amended PSC gazetted on
9th June 2017
– Gazette No.40910

GENERAL NOTICE

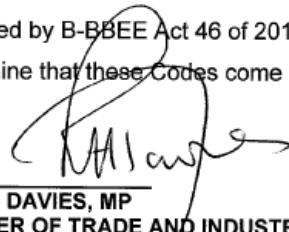
NOTICE _____ OF 2017

DEPARTMENT OF TRADE AND INDUSTRY

CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC EMPOWERMENT

I, **Dr Rob Davies**, Minister of Trade and Industry, hereby:

- Issue the **Amended Property Sector Code** in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act, (Act No. 53 of 2003) as amended by B-BBEE Act 46 of 2013; and
- Determine that these Codes come into effect on the date of this publication.


Dr ROB DAVIES, MP
MINISTER OF TRADE AND INDUSTRY
DATE: 29/5/17



HISTORY OF TRANSFORMATION

- **1994 - SA ushered in a new democracy, Transformation topped the government agenda.**
- **Emphasis BBBEE not only being critical to redress the economic balances but necessary pragmatic growth strategy to assist our country to release its full economic potential.**
- **And over the years this journey evolved and continue to evolve, with mixed results, humps and bumps and lots of lessons learned along the way.**



ECONOMIC TRANSFORMATION



**ECONOMIC
TRANSFORMATION
PROGRAMME**



**ECONOMIC
TRANSFORMATION
IS AN
IMPERATIVE!!**



ECONOMIC TRANSFORMATION



“Fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor”.

To this end, government “will utilise to the maximum the strategic levers that are available to the state”.

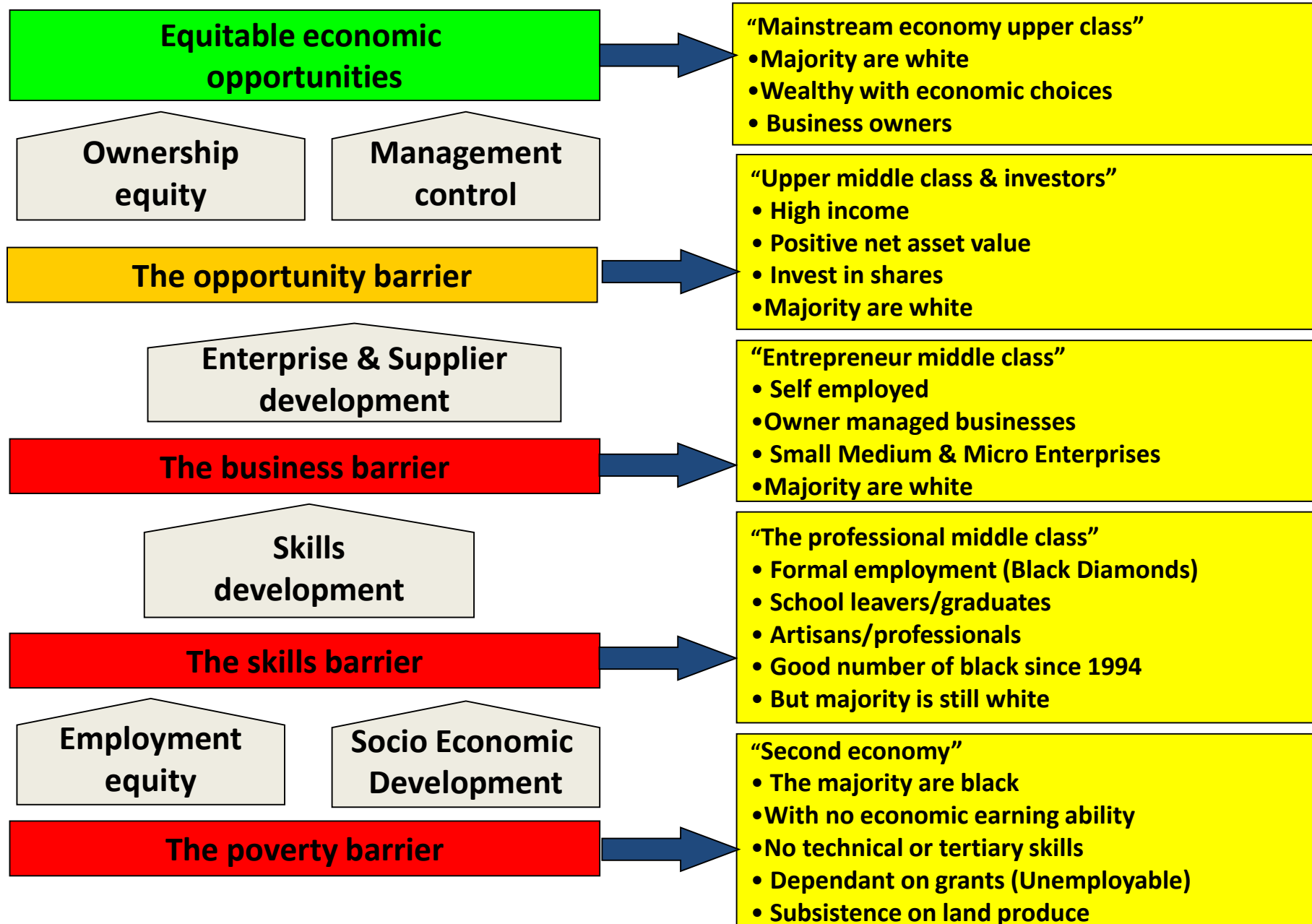


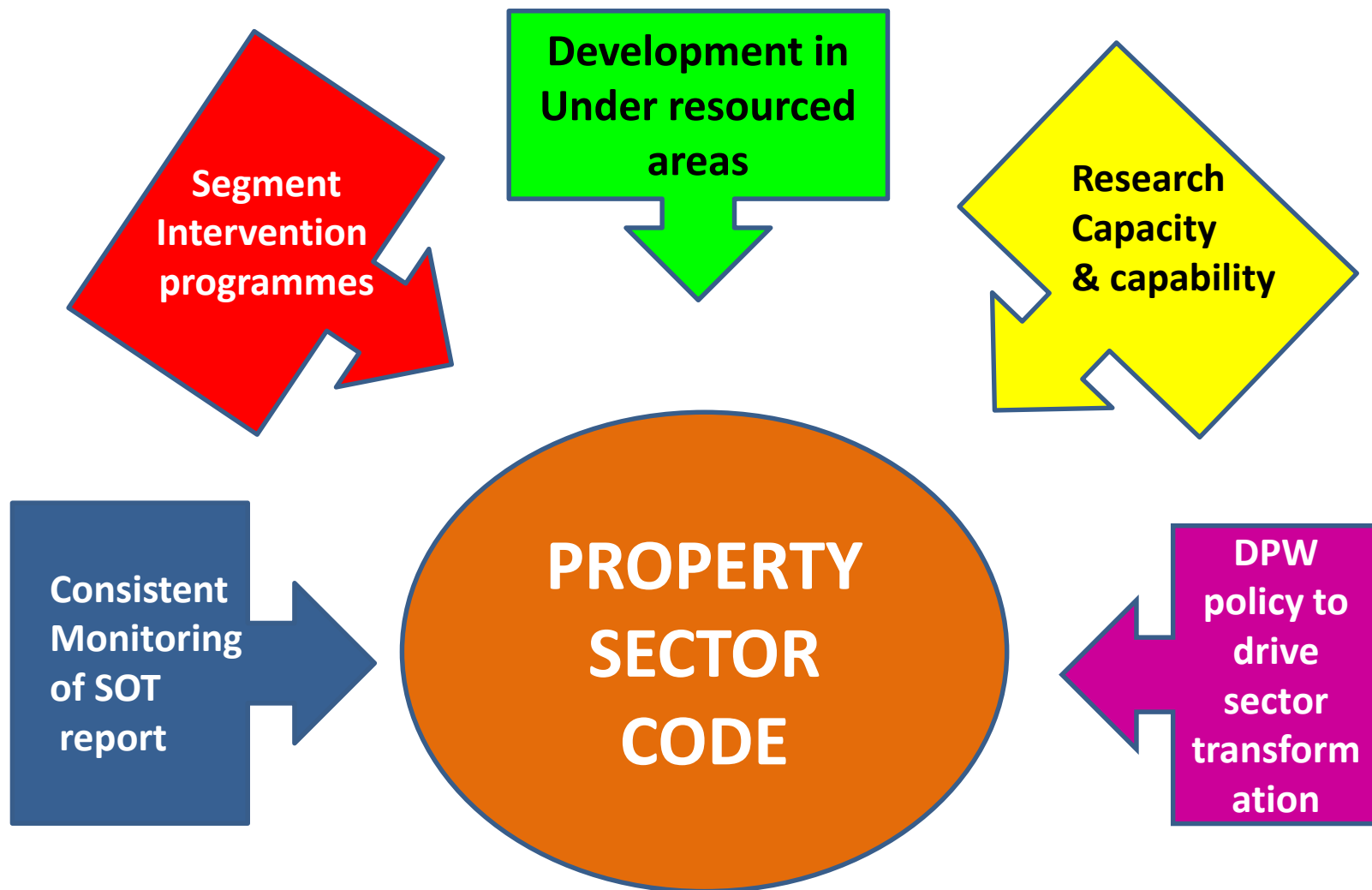
ECONOMIC TRASFORMATION



“Strong recognition that property is a powerful socio-economic lever to exert visible impact in driving capital formation, investment growth and social development.”

TRANSFORMATION THROUGH BBBEE ELEMENTS



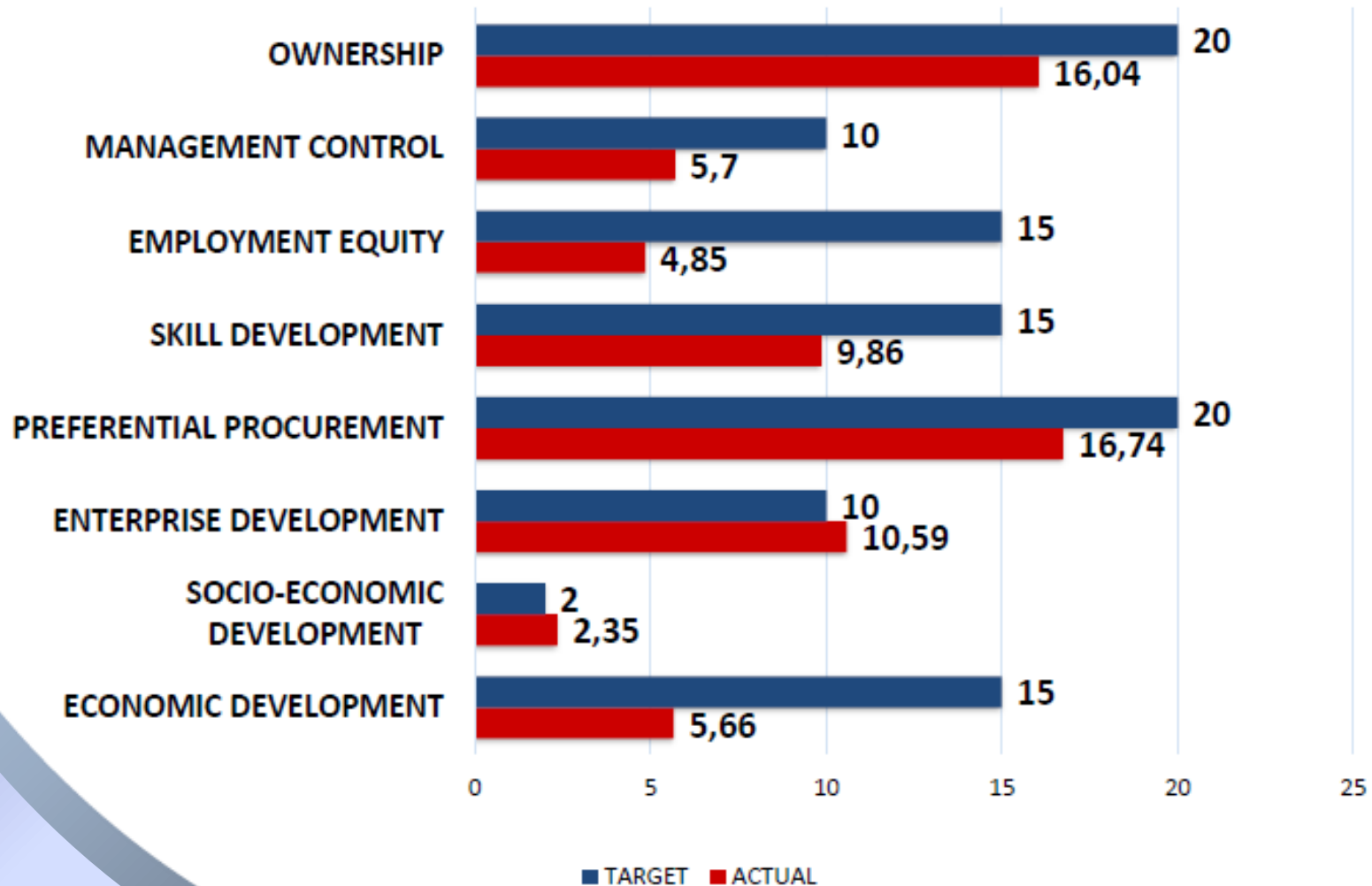


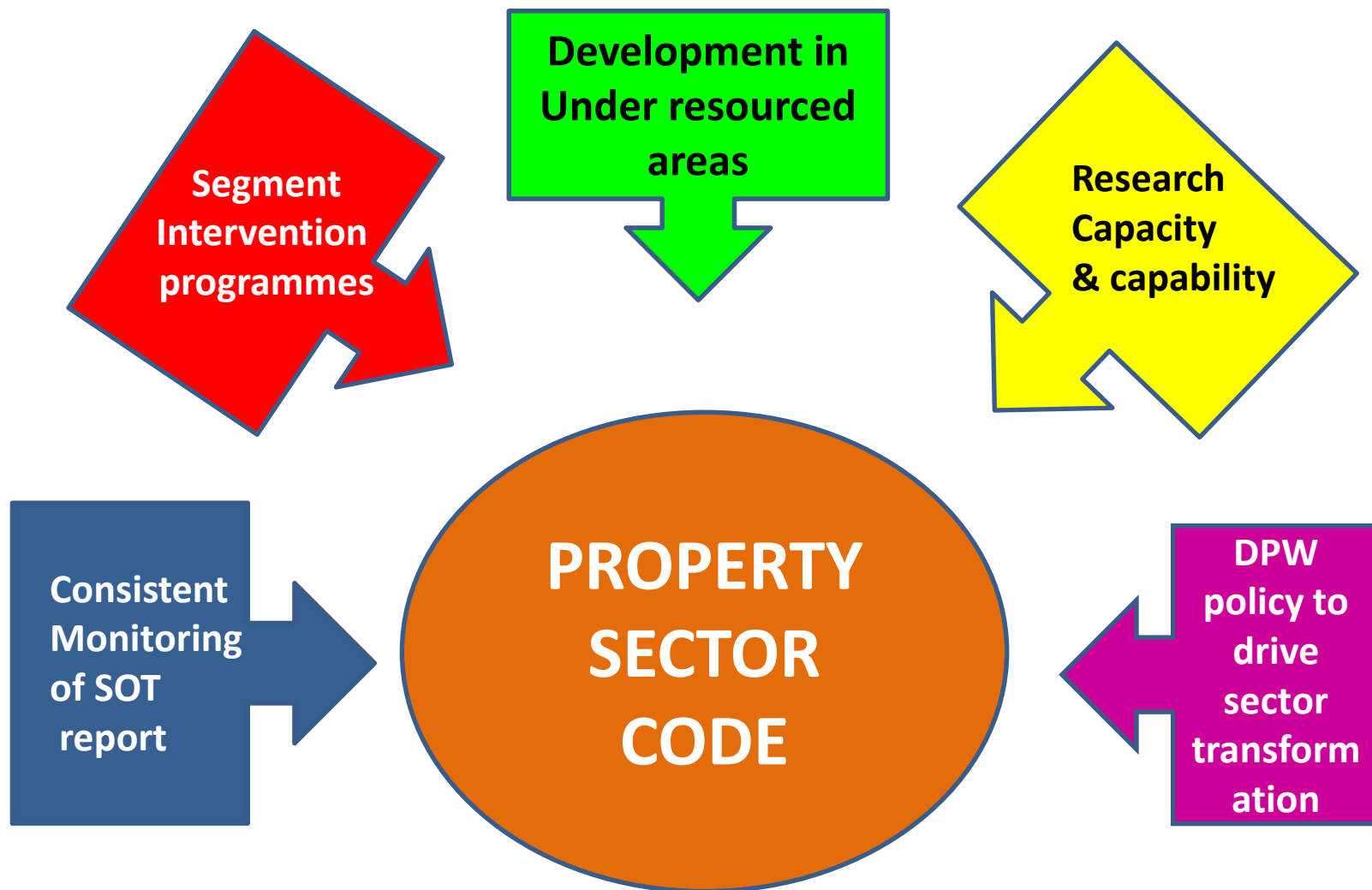
STATE OF TRANSFORMATION REPORT PROPERTY SECTOR

**Mandated to report
Annually on the state of
Transformation**



SUMMARY STATE OF TRANSFORMATION IN THE PROPERTY SECTOR





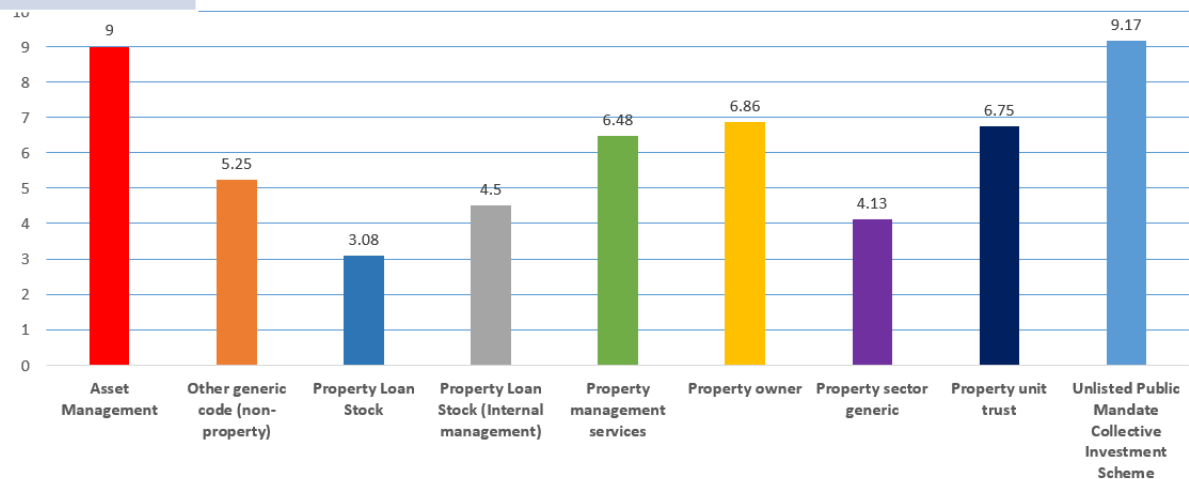
ENTERPRISE DEVELOPMENT

ELEMENTS	WEIGHTING POINTS
Ownership	20
Management Control	10
Employment Equity	15
Skills Development	15
Preferential Procurement	20
Enterprise Development	10
Socio-economic Development	2
Economic Development	15
TOTAL	107

Average Total Enterprise Development Score

WEIGHTING POINTS	ACTUAL ACHIEVEMENT	PERCENTAGE (%)
10	10.96	110%

Average Total Enterprise Development score per segment



SKILL DEVELOPMENT FOUNDATION STRATEGIC APPROACH

Phase 1

Phase 2

Phase 3

Phase 1:
Set-up &
Lay foundation

Phase 2:
Development

Phase 3:
Industry High Ground
Claim the Space

- Get Sector Buy-in
- Recruit dedicated resource/s
- Develop concept paper
- Sector appointed steering comm
 - Set up the governance
 - Register NGO/NPO
- Supported through Sector Code
- BBBEE points guaranteed certificate
 - Stakeholder engagement
- Identifying key touch area
- Identify delivery models per area
- Identify temp operating space

- Growing the Sector Support
 - Appointment of leadership
- Officializing Governance structures
 - Developing Efficient ops systems
- Dev strong stakeholder Programme
 - Entrench the Key touch points
 - Supported delivery models
- Recruitment of key supporting areas
 - Developing 3 & 5 year strategy
 - Confirming operating space
 - Develop M&E system
- Establishing the baseline report

- Enhancing the Sector Support
 - Entrenching foundation resource capacity
- Automating Ops systems/Models
 - Enhancing Key touch points
 - Efficient delivery models
- Leveraging on Key stakeholders
- Delivering against set objectives
 - Enhancing M&E system
- Establishing 1st year reporting

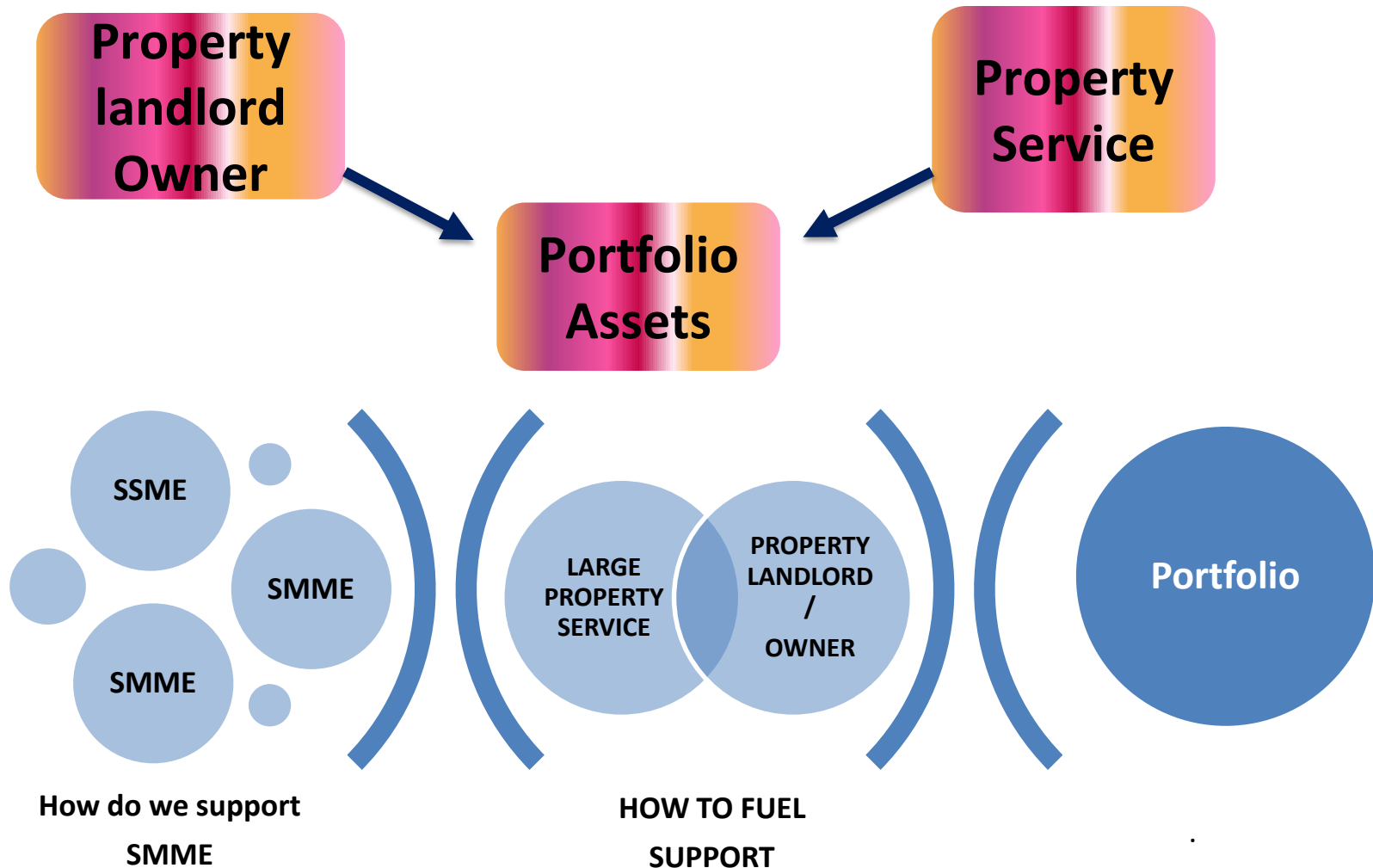
Getting our House in
Order!

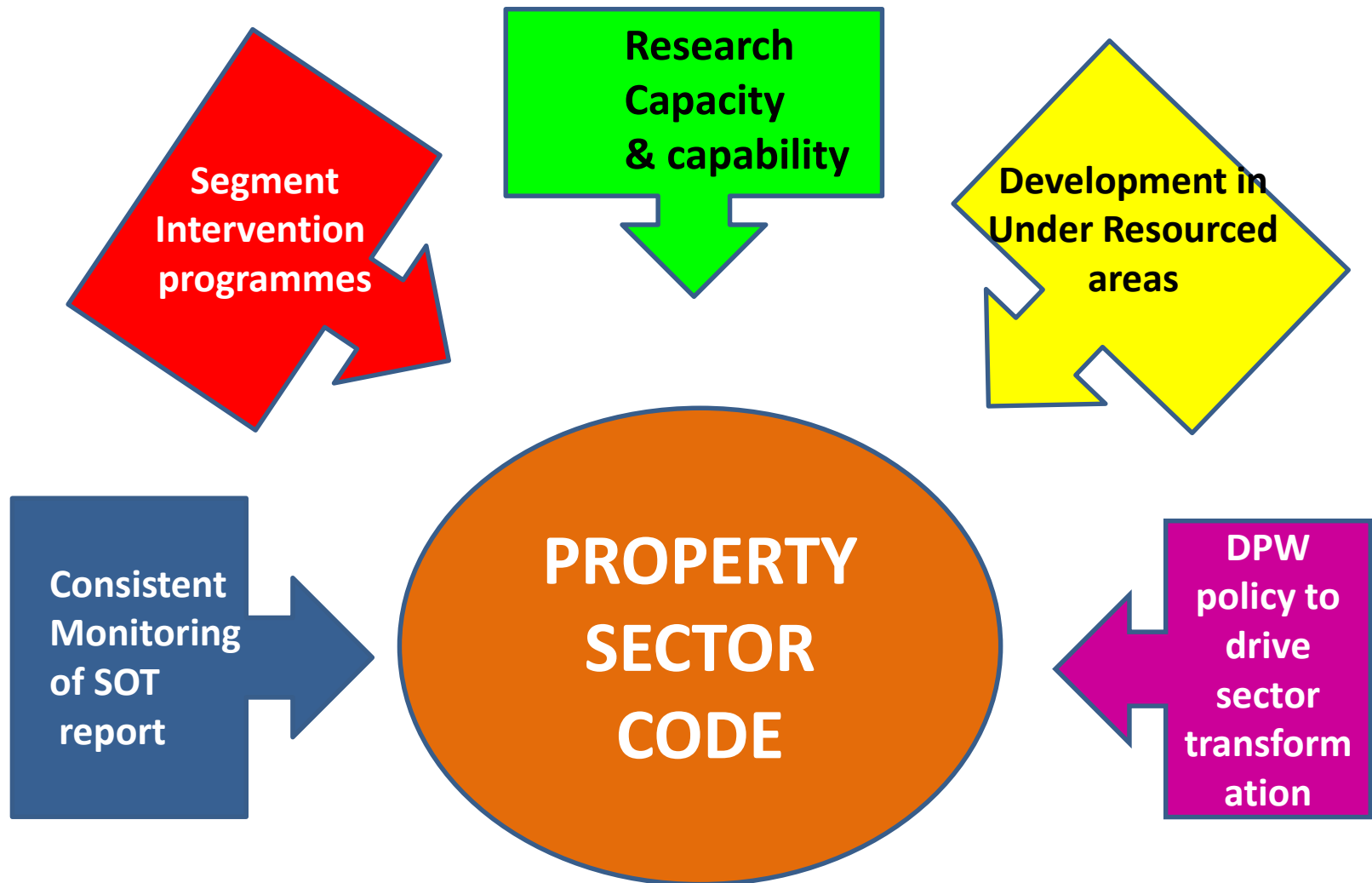
Deliver against the mandate

Sustainability & enhanced credibility

SKILL DEVELOPMENT FOUNDATION GROWTH JOURNEY

SMME PROGRAMME



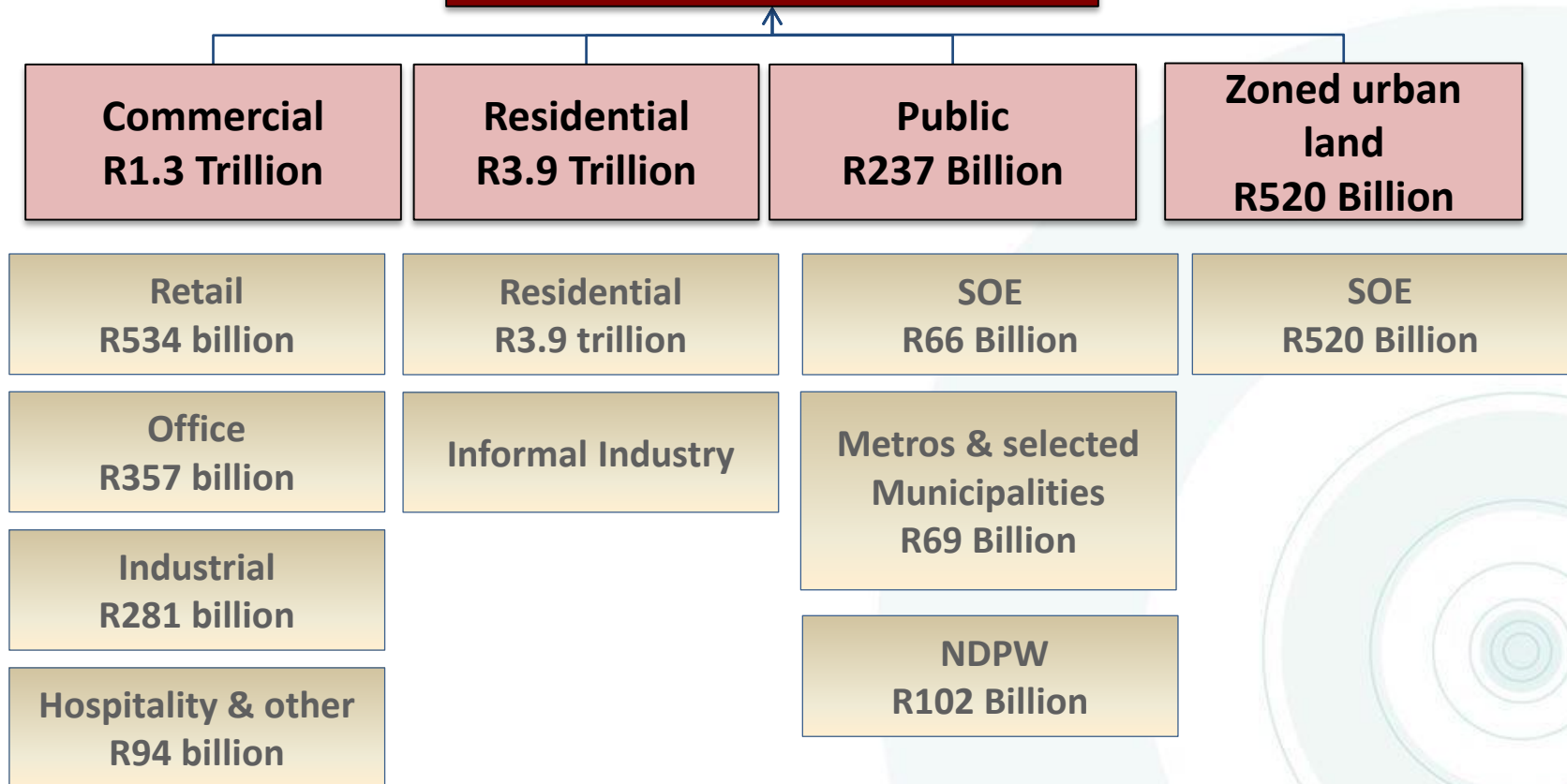


PSCC RESEARCH REPORTS



The Size of the South African Property Sector

**South African
Property Sector
R5.8 Trillion**



South African Property Sector Economic Contribution

**Based on R5.8T
Market Size**



SOUTH AFRICAN PROPERTY SECTOR Economic Contribution

DIRECT EXPENDITURE R132.8 BILLION	CONTRIBUTION GDP R135.2	TOTAL TAXES R62.4	TOTAL JOBS R278 THOUSANDS
R63.5 Billion	R69.8 Billion	R22.5 Billion	148.3 Thousands
R51.3 Billion	R49.3 Billion	R13.3 Billion	97.0 Thousands
R11.0 Billion	R9.6 Billion	R2.7 Billion	18.5 Thousands
R1.5 Billion	R0 Billion	R1.6 Billion	0 Thousands
R5.5 Billion	R6.5 Billion	R0.2 Billion	14.2 Thousands

**Residential
Property
Industry**

**Residential
Property Industry**

Commercial

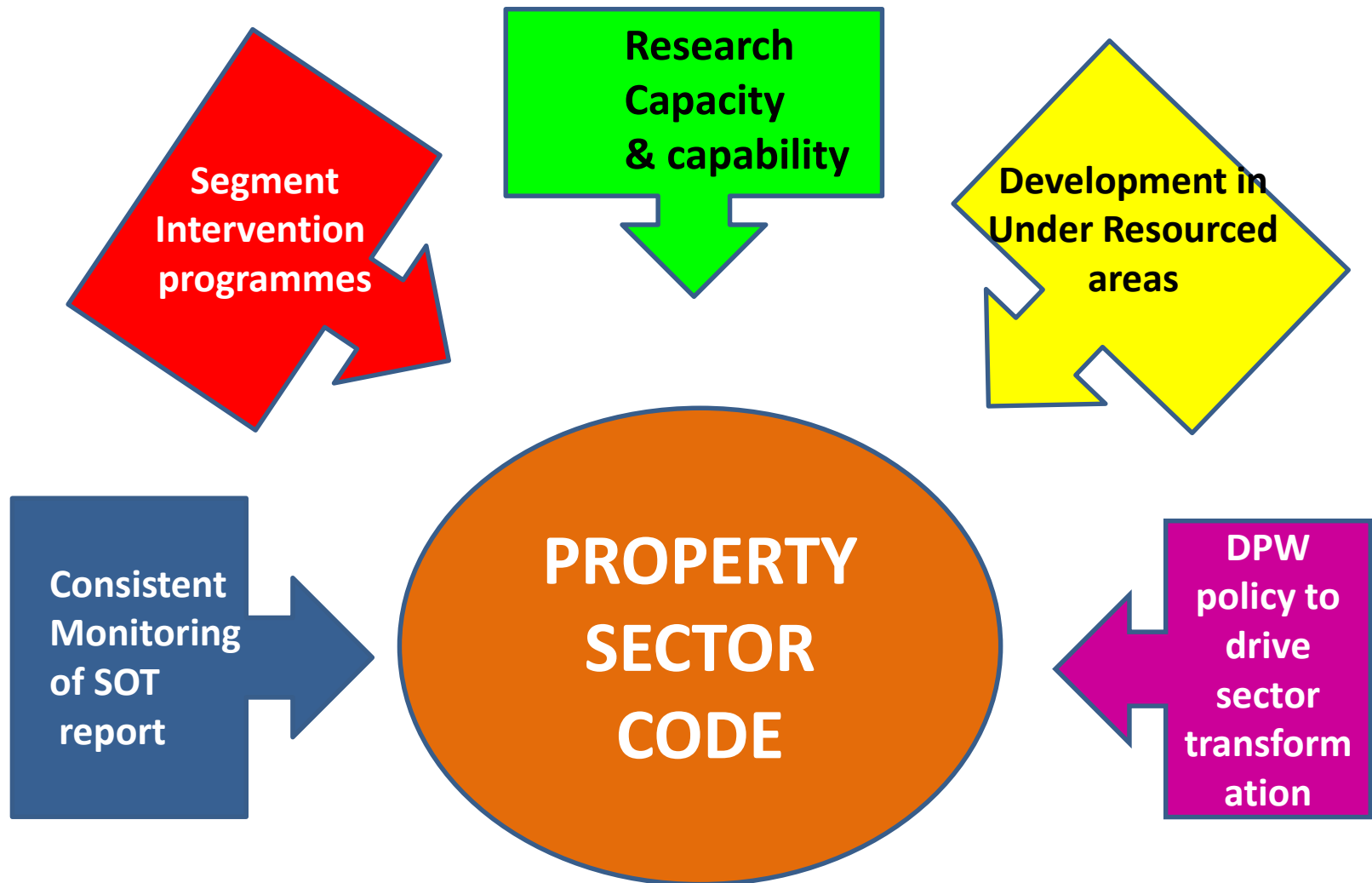
Public Sector

Zoned land

**Non- Residential
Property
Industry**

End of Cycle

End of Cycle



The Size of the South African Property Sector



The Size of the South African Property Sector

COMMERCIAL

R1.3TN



RETAIL

R534 Billion

- Formal retail estimated at 20.7m m² based on SACSC directory (2013) & workings by MSCI Real Estate (2014)
- Traditional retail estimated at 18m m² in 2010 – this was projected forward at a rate of 6.1% (or 1.5% CAGR) based on building completion estimates from StatsSA for the period 2011-2014.
- Market was segmented by type and a value applied to each segment. The value factor used in 2010 was projected forward using IPD capital growth factors.

Floor area

millions of square meter; gross
lettable area

2012	2015	CHANGE (%)
37.3	39.8	6.7%

Capital Value

Rand per square meter;
Weighted average

2012	2015	CHANGE (%)
9,115	13,408	47%

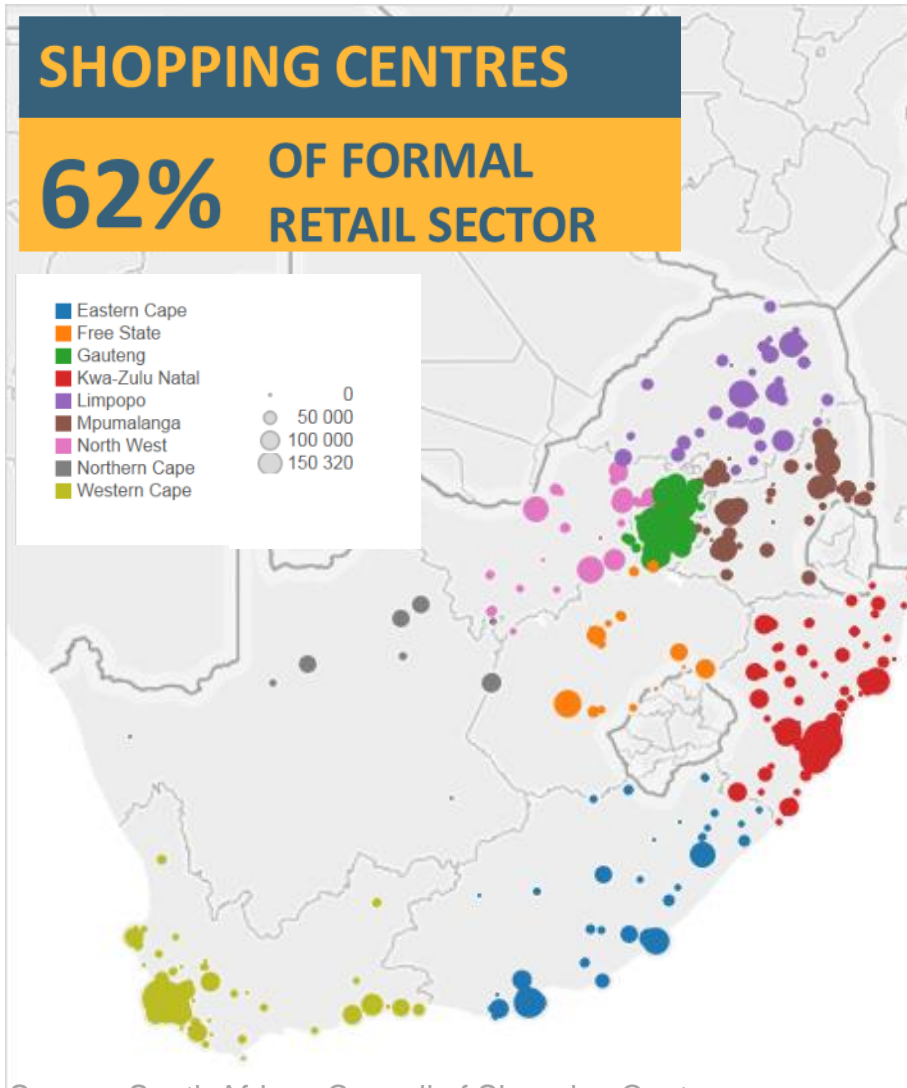
Market Size

Rand billions

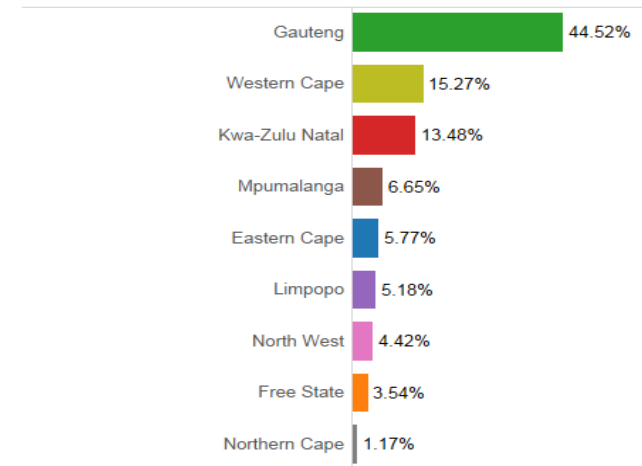
2012	2015	CHANGE (%)
340	534	57%

RETAIL– Shopping centres

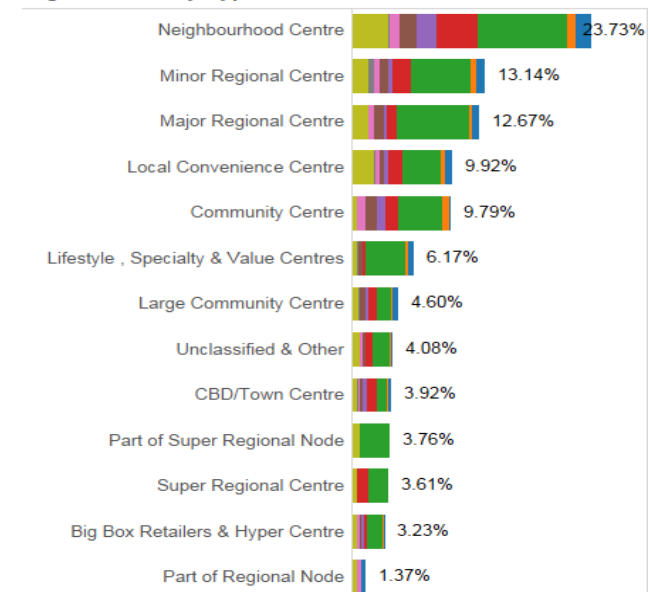
SPLIT OF Gross lettable area by type & province



% of Gross Lettable Area



Segmentation by Type & Province



Source: South African Council of Shopping Centres

The Size of the South African Property Sector

COMMERCIAL

R1.3TN



OFFICE
R357 Billion

- The SAPOA OVS provides a figure of 16.8m m² as at the end of 2014 - with an estimated coverage at around 85%.
- An additional 14.8m m² of space is added to account for areas not covered by the SAPOA OVS. (14m m² in 2010 escalated by 1.8% CAGR based on StatsSA building completions.
- Market was segmented by grade and a value applied to each segment. The value factor used in 2010 was projected forward using IPD capital growth factors

Floor area millions of square meter; gross lettable area

2012	2015	CHANGE (%)
29.2	32.2	10.3%

Capital Value Rand per square meter; Weighted average

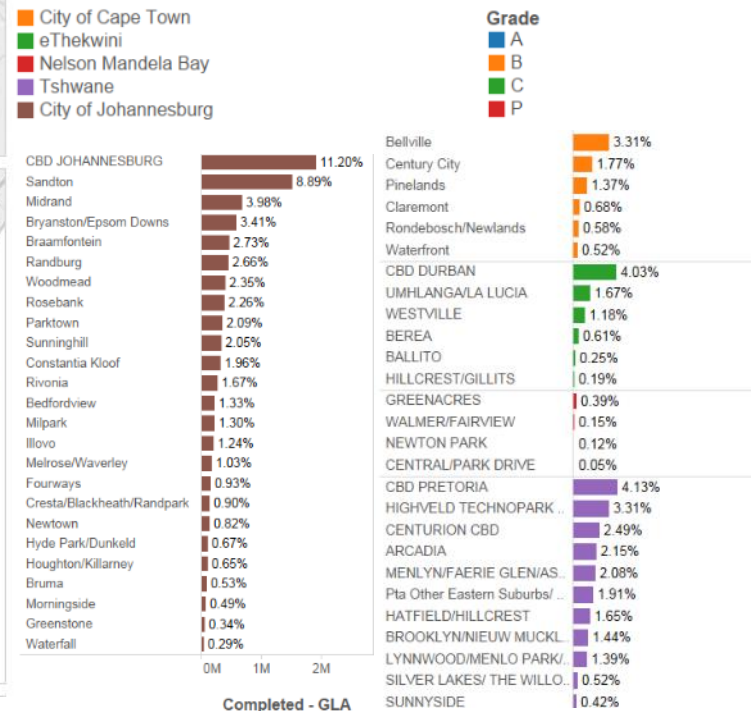
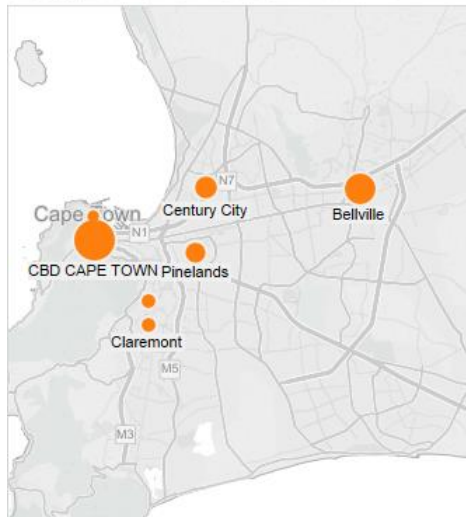
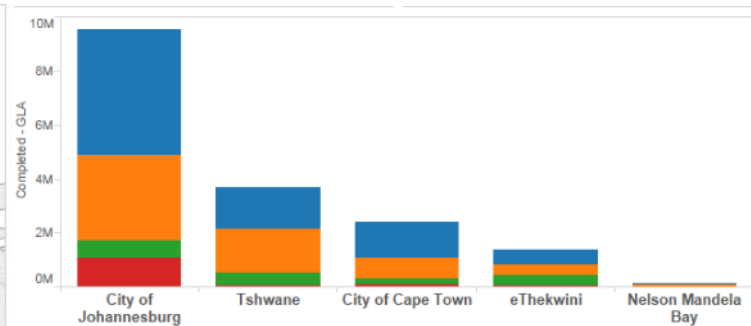
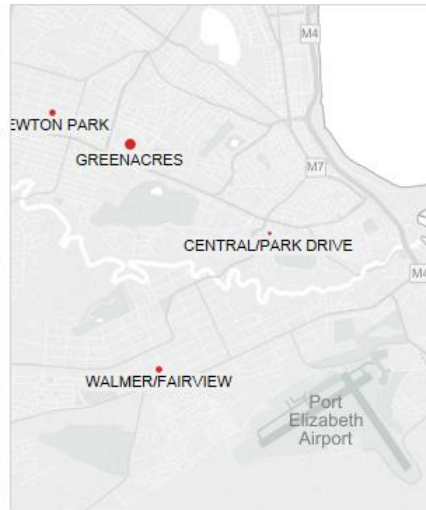
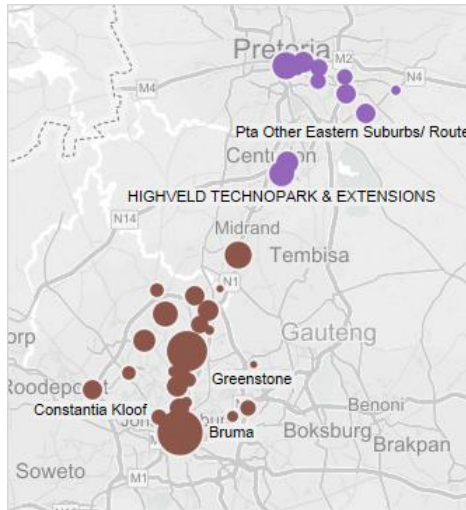
2012	2015	CHANGE (%)
7,808	11,088	42%

Market Size Rand billions

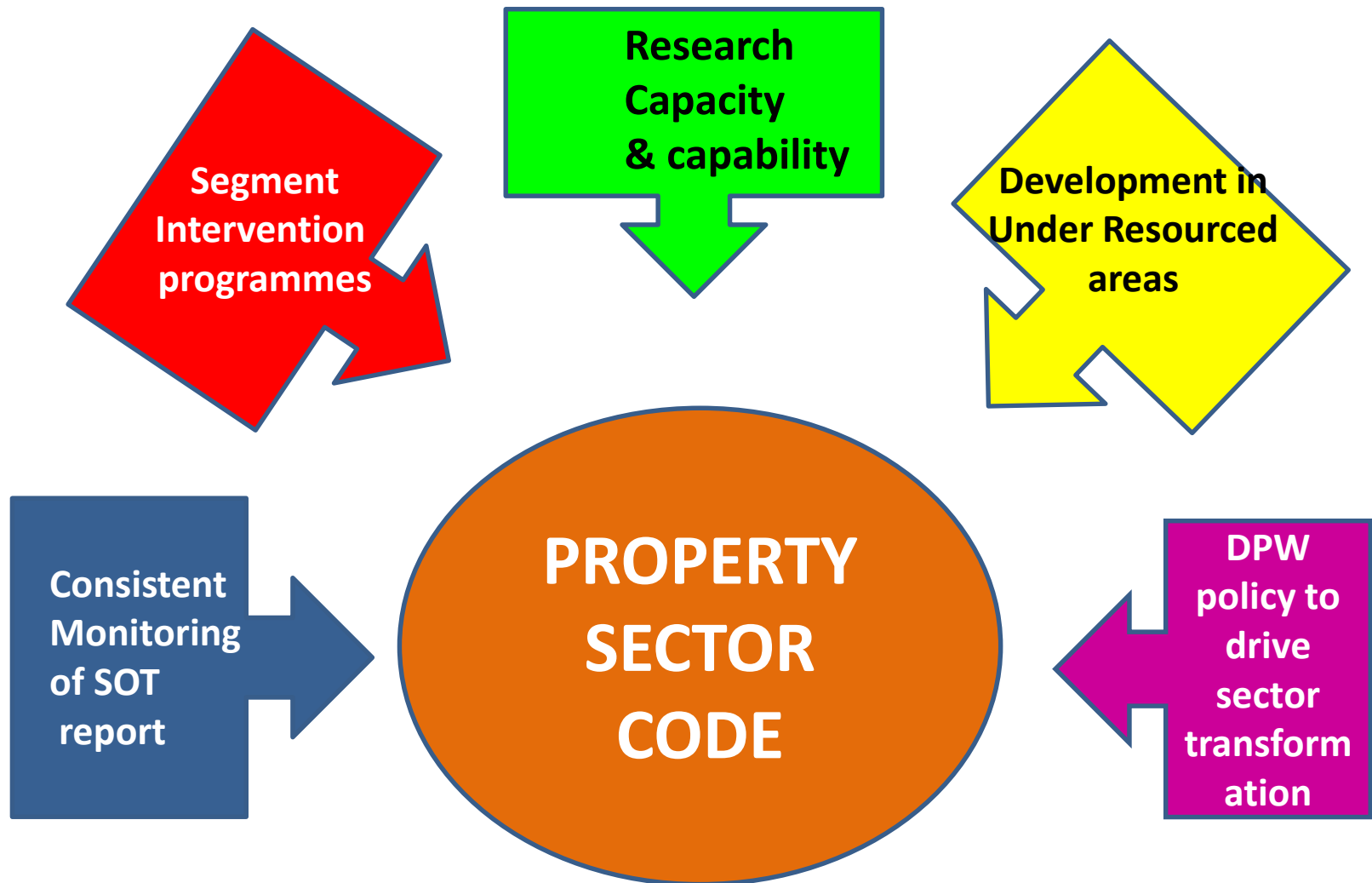
2012	2015	CHANGE (%)
228	357	57%

OFFICE – major nodes

SPLIT OF Gross lettable area by NODE & GRADE



The SAPOA office vacancy covers at least 55% of the office market by gross lettable area





PROPERTY MANAGEMENT EMPOWERMENT POLICY

SCOPE OF THE POLICY

- Applies to all DPW with its mandate of responsibility of:
 - custodianship, ownership, administration and/or management of government owned land and/or properties:
- Covering areas of responsibility incl:
 - Acquisition
 - Disposals
 - Facilities Management
 - Leasehold/Leased Portfolio
 - Municipal Accounts Management
 - 3rd Party Contracts/Surplus Portfolio
 - Property Professionals
- Will also apply to all private and public sector institutions, doing business with the government as it pertains to the mandates and functions covered by the policy
- Scope of the Empowerment Policy and alignment to other policies and strategies
- Supersedes all other government policies and strategies on black economic empowerment, as they pertain to the all activities and functions covered in this policy and/or are within the scope of the property sector codes, except in instances where the scoped activities and functions are governed by specific legislation practical solution to apply this policy is being sought.

OPERATIONAL AIMS

Operational Aims

- An improved strategic direction and coordination of the transformation initiatives by the department;
- A focused and deliberate effort to identify, attract, retain and confirm qualifying black-owned enterprises to do business with the government;
- Direct the structural transformation of the property sector, in as far as doing business with the Department, in order
- Planned and direct interventions aimed at increasing participation and growing pool of Black owned enterprises. from doing business and transacting with the Department
- To create an enabling, conducive and equitable environment for black-owned enterprises to economically thrive and continually improve skills and capabilities.

KEY OUTCOMES OF THE POLICY

Participation Outcomes

- majority (51% or more) of the procurement value of contracts and actual expenditure by government within the scope of this policy towards black-owned enterprises
- majority Black women owned to benefit at least 30% of all actual spending by government..
- at least 15% participation of Black-owned startup enterprises (new entrants)
- black youth-owned enterprises to benefit at least 15% pf actual spending by government
- Black designated groups to be prioritized with 10% of all actual spending by government

Structural Interventions

- All contractors, suppliers and services providers to the government, to implement/participate in enterprise development and skills development requirements programs; specifically to support black-owned enterprises,
- The awarding of opportunities to be aligned to the B-BBEE performance status of the prospective bidder, therefore, awarding of contracts to be in accordance to the performance of the bidders' composite B-BBEE performance
- Pre-conditional in the procurement process is the requirement to submit a Empowerment Plan that must demonstrate using the contract award to improve the B-BBEE status level of the recipient and to deliver empowerment initiatives, that have visible improvement of the supplier B-BBEE status and contribute to government empowerment initiatives
- Implementing a skill development requirement for professional candidates or learners to be involved in the activities in the delivery of the contract/work packages awarded through the government procurement processes; and
- Give preference to enterprises where black enterprises are actively involved as Principal/Project Lead, with full performance authority

Are We There Yet?





PROPERTY
SECTOR
CHARTER
COUNCIL



Property Sector Charter Council

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WHAT THIS PRESENTATION & MORE?



THANK YOU

