

28 March 2017

For Immediate Release

The Department of Public Work's Property Management Trading Entity (PMTE) presented the Draft Property Management Empowerment Policy to black property practitioners on Tuesday morning in a closed briefing session hosted by The South African Institute of Black Property Practitioners.

The breakfast session was attended by the leading black property developers, owners and built environment professionals who have consistently lamented the lack of transformation in the property sector and the inaction by the Department of Public Works in implementing transformative policies.

The Draft Property Management Empowerment Policy, which has yet to be legislated, seeks to catalyse the radical economic transformation required in the property sector by stipulating that 51% of all government procurement should go to black owned, managed and controlled enterprises, 20% to new entrants and 30% to designated groups which includes majority women owned enterprises which will also be allocated a specific provision of 20%. Although these targets still do not match the country's actual demographics, they are a vast improvement on a department that is currently procuring less than 20% of its services from majority black owned enterprises.

SAIBPP CEO, Vuyiswa Mutshekwane says, "In its current format, the new policy will provide some much needed transformation in the property sector as it will create an enabling environment for new entrants into the sector resulting in inclusive growth. It will also create an opportunity for broader based empowerment throughout the entire value chain as all companies who provide services to the department will be required to submit and adhere to a 'downstream' empowerment plan."

Government, as one of the largest property and land owners, needs to lead the transformation of the sector which is estimated as being worth R 7 trillion by implementing transformative procurement policies and ensuring that they are administered correctly. A minimum of 51% of government's procurement budget should be allocated to legitimate black owned, managed and controlled entities. Tighter and more punitive measures also need to be put in place to ensure that service providers are paid timeously and do not have their cash flow hampered as this results in the premature and unnecessary death of many black businesses who are the primary victims of this inefficiency.

Although the draft property management empowerment policy has received mixed reviews from various stakeholders in the sector including SAPOA and the SA REITS association, this policy, once passed, will be a positive first step in implementing the long overdue transformation of the property sector and the economy at large.

End.