

CONFIRMED MINUTES

BOARD MEETING 26 APRIL 2022



At the **Board Meeting 21 June 2022** on **21 Jun 2022** these minutes were **confirmed as presented**.

Name:	Real Estate Authority
Date:	Tuesday, 26 April 2022
Time:	9:00 am to 12:22 pm
Location:	REA Office and Zoom, office and online
Board Members:	Latham Lockwood, Tony Stack, Liz Nidd, Vern Walsh
Attendees:	Belinda Moffat, Phirak Appleton, Josh Doherty, Andrew Bulled, Nadine Thomas, Saara Fourie, Victor Eng
Apologies:	Denese Bates QC (Chair), Mele Wendt
Guests/Notes:	[REDACTED] Acting Chief Economist, Westpac

1. Opening Meeting

1.1 Board in Committee

Issues for discussion with the Chief Executive were agreed.

1.2 Board and CE alone time

Papers and issues identified by Board were discussed with the Chief Executive.

- The Board noted allocation of training budget for Board governance training



9) Board Training Budget

Board Handbook to be updated to outline what the training budget can be used for.

Due Date: 21 Jun 2022
Owner: Belinda Moffat

1.3 Karakia

The Senior Leadership Team joined and the meeting was opened with a Karakia.

1.4 Confirmation of Agenda

The agenda was confirmed.

1.5 Interests Register

No new interests were declared and no conflicts were identified for the meeting.

1.6 Confirm Minutes

Board Meeting 22 March 2022 22 Mar 2022, the minutes were confirmed as presented.



The Board approved the minutes of the 22 March 2022 Board Meeting.

On motions duly made and seconded, it is proposed that the minutes of 22 March 2022 be approved.

Decision Date: 26 Apr 2022

Mover:

Seconded:

Outcome: Approved

2. Actions from Previous Meetings

2.1 Action Item List

Due Date	Action Title	Owner
22 Mar 2022	1) SPE Narrative Status: Completed on 13 Apr 2022	Belinda Moffat
31 Mar 2022	2) Explore the use of Instagram in the REA digital marketing approach. Status: Completed on 23 Mar 2022	
31 Mar 2022	3) Qualifications FAQs and Website Information Status: Completed on 23 Mar 2022	
31 Mar 2022	4) Te Tiriti o Waitangi session with [REDACTED] Status: Completed on 13 Apr 2022	Belinda Moffat
26 Apr 2022	5) Review the Board reporting approach and refresh feedback from [REDACTED] Status: Completed on 20 Apr 2022	Belinda Moffat
26 Apr 2022	6) Draft a Litigation Reserve Policy. Status: Completed on 20 Apr 2022	
26 Apr 2022	7) Fit and Proper Guidance Status: Completed on 20 Apr 2022	
26 Apr 2022	8) Provide the Board with key learnings from the staff financial wellbeing survey once available. Status: Completed on 20 Apr 2022	
26 Apr 2022	9) CE to arrange for an economist to present to the Board. Status: Completed on 20 Apr 2022	Belinda Moffat
26 Apr 2022	10) Sign and return the Audit Proposal Letter to BDO. Status: Completed on 8 Apr 2022	
26 Apr 2022	11) Notify CAC candidates of appointments and effective dates. Status: Completed on 7 Apr 2022	
27 Apr 2022	12) Complaints Improvement Project Update to be provided at the April Board Meeting. Status: Completed on 20 Apr 2022	
30 Apr 2022	5) Awareness, Communication and Stakeholder Engagement Strategy Status: In Progress	

Due Date	Action Title	Owner
30 Apr 2022	6) Programme Manager reporting to be captured in the performance report. Status: In Progress	[REDACTED]
31 May 2022	18) Fit and Proper Guidelines Status: Completed on 20 Apr 2022	[REDACTED]
21 Jun 2022	8) REA Emails for Board Status: In Progress	[REDACTED]
30 Jun 2022	10) Review statutory guides and effective production and best practice use principles for sector Status: In Progress	[REDACTED]
30 Jun 2022	12) Māori Engagement Strategy Approach Status: Completed on 13 Jun 2022	Belinda Moffat
30 Jun 2022	13) Provide an update on ethnicity and tenure pay parity. Status: In Progress	[REDACTED]
31 Jul 2022	14) Meeting with REINZ Status: In Progress	Belinda Moffat
31 Jul 2022	15) Property Management Regulation Status: In Progress	Belinda Moffat
30 Sep 2022	11) Supervision Status: In Progress	[REDACTED]
18 Oct 2022	16) Flexi by Default review Status: In Progress	[REDACTED]

Actions were taken as read and the following actions were discussed:

- There is a duplication with Fit and Proper actions so they will be combined into one action.
- REA email addresses for the Board will be implemented shortly once all required system changes have been assessed.

3. Chief Executive's Report

3.1 Presentation from [REDACTED], Acting Chief Economist for Westpac NZ

The Chief Executive welcomed [REDACTED] to the meeting and invited him to share his observations and economic insights with the Board. The key points that were covered included:

- This is the biggest fiscal response to a downturn and there has not been a situation like this in modern times. COVID-19 is not a typical recession and we are seeing higher prices and lower productivity. COVID impacted both demand and also productive capacity. NZ is still recovering from the supply shock.
- There are a number of factors causing rising inflation in the short term at least, such as the conflict in Ukraine.
- Rises in OCR are already happening but these are expected to continue over coming months and years, and to impact housing mortgage rates
- Interest rates have risen significantly already; however banks are not seeing many people fixing mortgages for terms of 5 years or longer. Most are opting for 12 or 18-month fixed terms.
- Credit Contracts and Consumer Finance Act (CCCFA) changes to lending requirements: some aspects are definitely more restrictive. This has added an extra layer of complexity for buyers.
- House price reduction (around 10%) was expected to flow from increased cash rate and higher mortgage rates (fear of overpaying, affordability challenge). Noting that this only takes house price back to pre 2021 values

- Some people may withdraw from the market as it is not the market they want
- Those that bought a couple of years ago enjoyed low interest rates but now have to face that this windfall is over.
- Macroeconomists watch housing as an indicator of the wider economic conditions.
- Most property owners will be able to manage financially but they will have to change their thinking around expenditure.
- People that bought for huge prices potentially had the expectation that interest rates would remain low for some time. Covid has come as a shock.
- Possible rise in mortgagee sales: Forced selling is not the right mechanism and not expecting a big increase in distressed sales (banks prefer to see mortgagees work out their own sale process), but expect to see a slow in listings. LVRs will help with keeping mortgagee sales at bay. Monitor past due loans reported by RBNZ as indicator of risk of increased forced sales.
- Policy-makers' response to cool demand: NZ was a world leader in health response rather than economic response. But health response enabled NZ to rebound quickly. Mass unemployment did not eventuate. We also did have a period of time where we were able to operate without restrictions which aided some economic recovery.
- Inflation not expected to last at 7% but forecasts are constantly being revised.
- House price is an indicator of spending, if property value strong, spending will be strong.
- The Board thanked [REDACTED] for his valuable insights into the current economic environment.

3.2 CE Report

The report was taken as read and Chief Executive Belinda Moffat highlighted the following areas for discussion:

- The draft response to the Letter of Expectations in attachment 3.2.a. and approval from the Board is sought
- Rent review process is underway, REA seeks to have issues with the property reflected in the final rent value agreed.
- CPD topics are proposed in paragraphs 36-39 and board feedback is sought.

The Board discussed the following matters:

- Rent Review: [REDACTED]
- CPD Topics: The Board supported the Diversity and Inclusion programme and agreed Te Tiriti o Waitangi should be a mandatory topic although expressed uncertainty about delivering online and the level of engagement with licensees. Belinda notes this is an opportunity for leadership and selecting a strong provider with a fit-for-purpose course is key. The Board endorsed all recommended topics.
- Financial wellbeing programme: the Board acknowledged their support of REA offering these modules to staff.
- Board noted the demand on resources and noted its support for increased spend on resources and increased spend on digital marketing, to maintain the momentum achieved through Settled.govt.nz

Recommendations

It was recommended that the Board:

- **Note** the contents of this report.
- **Discuss and provide feedback** on the matters raised in this report where indicated.

Outcome: Noted.



1) Response to Minister's Letter of Expectation

Send the response to the Letter of Expectation to the Minister with the draft SPE.

Due Date: 28 Apr 2022
Owner: Belinda Moffat

3.3 Update from the Audit & Risk Committee

The Board received a verbal update from the Audit and Risk Committee (ARC) Chair on the outcomes from the meeting held on 22 April 2022:

- No significant changes to the risk report since March.
- Discussion was held around policies, with opportunity for consolidation of some policies and agreement that the schedule of policies should be posted on BoardPro for the Board to access.
- The Q3 Minister's Report was approved and will be finalised for the Minister shortly.

3.4 Update from the People & Capability Committee

The Board received an update from the People & Capability Committee member [REDACTED] on the outcomes from the meeting held on 13 April 2022:

- Chief Executive's KPIs were signed off.
- People and Capability Quarterly report: discussed number of leavers, exit themes and ongoing COVID-19 response.
- People and Capability Q4 plan was noted.
- Policies allocated to the People and Capability Committee were noted.
- Diversity and Inclusion policy to be brought forward to 2022.
- EAP policy was widely supported.
- Vaccination policy does not require amendment now but will remain under review.
- Wellbeing and stress reduction, arising from vacancies and resourcing are priorities for the team. Committee emphasised the importance of using the reserves to backfill absences particularly in Legal and EIE.

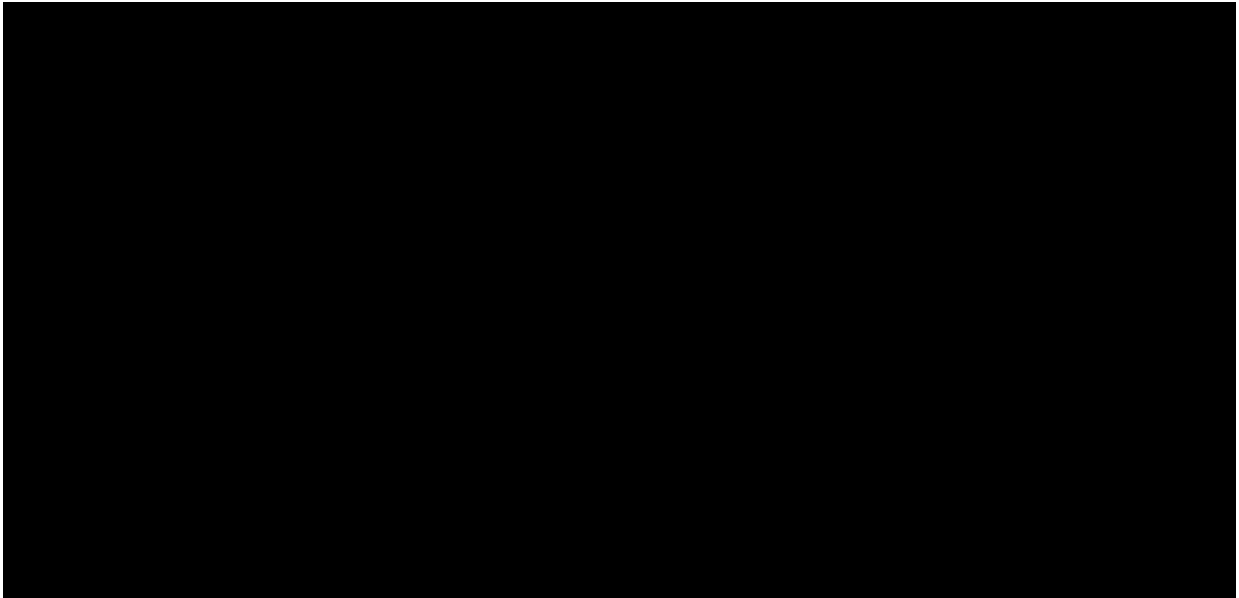
3.5 Break

4. Board Papers for Approval or Discussion

4.1 Property Management Regulation Update

The paper was taken as read and Belinda Moffat, Chief Executive, invited questions and comments from the Board.

The Board discussed the following:



The Board approved the recommendations.

Recommendations

It was recommended that the Board:

- **Discuss and provide feedback** on the contents of this paper
- **Approve** the draft letter to be sent to the Ministry of Housing and Urban Development.

Decision Date: 26 Apr 2022

Mover:

Seconder:

Outcome: Approved



2) Send letter to HUD on Property Management Regulation costs, risks and consultation

Finalise and send letter to HUD on Property Management Regulation on costs, risks and consultation

Due Date: 29 Apr 2022

Owner: Belinda Moffat

4.2 Litigation Reserve Policy

This paper was taken as read and there were no queries or comments from the Board.



The Board approved the Litigation Reserve Policy.

Recommendation: It is recommended that the Board:

- **Review and approve** the Litigation Reserve Policy.

Decision Date: 26 Apr 2022

Mover:

Seconder:

Outcome: Approved



7) Litigation Reserve Policy

Finalise and distribute the Litigation Reserve Policy.

Due Date: 1 May 2022
Owner: Belinda Moffat

4.3 2022/23 Statement of Performance Expectations and Financial Forecast

The paper was taken as read and Chief Executive Belinda Moffat highlighted the following:

- The Audit and Risk Committee has seen this second iteration and supports the adjustments.
- Non-financial measures were highlighted as well as the addition of the introduction.
- Financials remain unchanged from March.

██████████ Head of Corporate Services, made the following additional comments:

- 16,692 licensees have been confirmed after the conclusion of bulk renewals so there is no significant change to initial assumptions.
- ██████████
- The board is to note the proposal to increase Total Working Capital to ████████, an amended policy will be presented for approval

The Board had no additional queries or comments relating to the SPE.



The Board approved the recommendations relating to the SPE.

Recommendation: It is recommended that the Board:

- **Discuss and provide feedback** on the draft SPE and financial sensitivity analysis.
- **Approve** the draft SPE to be delivered to the Minister by 29 April 2022.

Decision Date: 26 Apr 2022

Mover: ██████████

Seconder: ██████████

Outcome: Approved



The Board approved the recommendation to increase the TWCP to ██████████

Recommendation: It is recommended that the Board:

- **Approve** the recommendation to increase the TWCP to be set at ██████████

Decision Date: 26 Apr 2022

Mover: ██████████

Seconder: ██████████

Outcome: Approved

4.4 Employee Assistance Programme (EAP) Policy

This paper was taken as read and there were no queries or comments from the Board. The People + Capability Committee support the policy and recommend Instep be engaged to promote the service to staff.



The Board approved the Employee Assistance Programme Policy.

Recommendation: It is recommended that the Board:

- **Approve** the Employee Assistance Programme Policy.

Decision Date: 26 Apr 2022

Mover: [REDACTED]
Seconder: [REDACTED]
Outcome: Approved



3) Promote EAP service to staff

Engage Instep to promote EAP service for staff

Due Date: 30 Apr 2022
Owner: [REDACTED]

4.5 Fit and Proper Guidance Project

This paper was taken as read and there were no queries or comments from the Board. It was noted that engagement with the sector will be progressed through the Regulator's Forum.



Then Board approved the recommendations.

Recommendation: It is recommended that the Board:

- **Approve** the draft Fit and Proper Guidelines.
- **Approve** the proposed timeline for milestones.
- **Agree** to delegate to the Chief Executive/Registrar the authority to approve consultation document and related communication materials.

Decision Date: 26 Apr 2022
Mover: [REDACTED]
Seconder: [REDACTED]
Outcome: Approved

4.6 Complaints/Licensing Improvement Project

This paper was taken as read and [REDACTED], Head of Regulatory Services, highlighted the following points:

- This is an opportunity for the Board to comment on the project scope, plan and timeline.
- An additional supplementary paper has been provided in the Board Pro Governance Folder which contains a more detailed project brief.
- REA's teams are really keen to get into this project and ready to engage in the programme. A significant amount of change is coming and it is important to be clear and have a change management approach set.

The Board discussed the following:

- Concerns were expressed around the aging cases backlog and complaints improvement project not progressing as quickly as expected. If these experience more slippage REA may need to look at an outsourced model to progress this.



The Board approved the recommendations

Recommendation: It is recommended that the Board:

- **Approve** the proposed governance structure for the Project.
- **Discuss** and **provide feedback** on the scope, plan and timeline.

Decision Date: 26 Apr 2022
Mover: [REDACTED]
Seconder: [REDACTED]
Outcome: Approved

4.7 Audit & Risk Governance Update

This paper was taken as read and [REDACTED] Head of Corporate Services, highlighted the key change to the Terms of Reference review was the reference to a committee rather than subcommittee.

The Board discussed the following:

- Delegation to the Committee to approve the quarterly report to the Minister was supported
- Quorum for the Committee was confirmed as two
- Board Chair attending committee meetings as ex-officio: clarity is needed around whether the Chair attends as observer or whether there are voting rights. If two members were away could the Board chair attend to be an ex-officio member with voting rights. It was agreed that Chair does not need to be ex-officio. If quorum not met alternative meeting dates need to be found.



The Board noted and approved the recommendations.

Recommendation: It is recommended that the Board:

- **Approve** the Terms of Reference of the Audit & Risk Committee.
- **Approve** an enduring delegation to the Committee to approve the regular report to the Minister.
- **Confirm** membership of the Committee.
- **Note** the Internal Control Report.

Decision Date: 26 Apr 2022

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved

4.8 Refreshed Information Systems Strategic Plan (ISSP) 2022-2024

The paper was taken as read. [REDACTED] Head of Corporate Services, invited [REDACTED] to the meeting and highlighted the following:

- The purpose of the refresh is to ensure IT supports our new strategy.
- The ISSP assumes we are moving IT infrastructure completely to the cloud.
- Emphasis is on correct storage of information.
- REA will need to invest to achieve the aspirations in this plan.

The Board made the following comments:

- The Board is pleased to see this progressing.
- A broken link to the Government ICT Strategy 2015 on the contents page of Appendix B needs to be updated.



The Board approved the ISSP 2022 subject to correcting a broken link in appendix B.

Recommendations

It was recommended that the Board:

- **Approve** the Information Systems Strategic Plan 2022.

Decision Date: 26 Apr 2022

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved



4) Information Systems Strategic Plan 2022

Finalise the ISSP and put on the intranet and BoardPro Governance Documents folder.

June 2022: Approved by the Board on 26 April. To be published and presented to staff.

Due Date: 30 Apr 2022

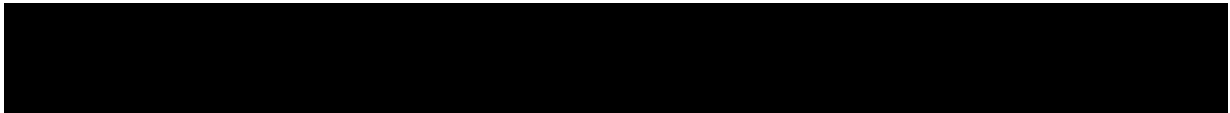
Owner: [REDACTED]

4.9 Insurance Update

The paper was taken as read and [REDACTED] Head of Corporate Services, highlighted the following:

- Insurance will expire in June and this paper is to test comfort levels with existing cover.
- Audit & Risk Committee had no issues and the only change is delegation to the Audit & Risk Committee.

The Board discussed the following:



- The Chief Executive reiterated the importance of self-insurance measures such as REA investing in its own protection such as penetration testing to reinforce security measures which is already in place.



The Board approved the delegation to the Audit & Risk Committee

Recommendations

It was recommended that the Board:

- **Approve** a delegation to the Audit & Risk Committee to review and approve the insurance programme for 2022/23.

Decision Date: 26 Apr 2022

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved

4.10 Break

5. Board Papers for noting

5.1 Regulatory Services Team Paper

The paper was taken as read and [REDACTED] Head of Regulatory Services, highlighted the following points:

- REA is now through the bulk renewals period which was a significant effort for the team, particularly in a working from home environment.
- Early Resolution progress with aging cases is ongoing RST leaders continue to explore options including potentially outsourcing to Fairway Resolution Service to progress this at pace.
- Compliance Team is supporting CACs with an increase in case traffic.
- CAC induction day is taking place on 17 May.

- Slowing market: complaints are now often from buyers who missed out on properties, or the sales process did not go the way they wanted. While Complaint volumes are slowing they remain solid.

The Board made the following comments:

- Percentage of licensees that come under bulk renewals: [REDACTED] confirmed around 5,500 so about 35%. Around 2,500 are property managers with suspensions that still want to retain that qualification and could be holding them in the hope for exemptions with developments with property management regulation in the future.
- In response to theme of poor customer service, [REDACTED] confirmed that there is a CPD topic on complaint handling which was mandatory topic developed a couple of years ago and it is still available as an elective topic.

Recommendations

It was recommended that the Board:

- **Note** the contents of the Report and provide feedback on any matters raised.

Outcome: Noted

5.2 Legal Team Paper

The paper was taken as read and [REDACTED], General Counsel, highlighted the following:

- [REDACTED]
- [REDACTED]
- Two resignations in the legal team. Managing workload with a secondee working remotely three days a week for the time-being. Recruitment is underway

Recommendations

It was recommended that the Board:

- **Note** the contents of the Report and provide feedback on any matters raised.

Outcome: Noted

5.3 People and Capability Quarterly Report for Q3

The paper was taken as read and [REDACTED] Head of People & Capability, highlighted the points covered by the People & Capability Committee at the April meeting on pg. 216.

Recommendations

It was recommended that the Board:

- **Note** the contents of the Report and provide feedback on any matters raised.

Outcome: Noted

6. Other Business

6.1 General Business

- The Chief Executive sought feedback on the revised reporting for the Board: pack size, content, presentation.

- The Board found that the ARC pack was succinct and to the point. The Board pack was still large but there is a lot of work happening that needs to be reported on and it is useful information for the Board to receive.
- The Board supported the performance report no longer coming to Board meetings.
- The Chief Executive indicated the intention for the Board to meet in person in June.

6.2 Closing Karakia

The meeting was closed with a Karakia at 12.22pm.

7. Close Meeting

7.1 Close the meeting

Next meeting: Board Meeting 21 June 2022 - 21 Jun 2022, 9:00 am

Unuhia, unuhia	<i>Draw on, draw on,</i>
Unuhia ki te uru tapu nui	<i>Draw on the supreme sacredness</i>
Kia wātea, kia māmā, te ngākau,	<i>To clear, to free the heart,</i>
te tinana, te wairua t e ara takatā	<i>the body and the spirit of mankind</i>
Koia rā e Rongo, whakairia ake ki runga	<i>Rongo, suspended high above us (i.e. in 'heaven')</i>
Kia tina! TINA! Hui e! TĀIKI E!	<i>Draw together! Affirm!</i>

Signature: _____



Date: _____

14.07.22