

# CONFIRMED MINUTES

## REA BOARD MEETING 22 MAY 2024



At the **REA Board Meeting - 19 June 2024** on **19 Jun 2024** these minutes were **confirmed with the following changes:**

*One minor typographical correction.*

<b>Name:</b>	Real Estate Authority
<b>Date:</b>	Wednesday, 22 May 2024
<b>Time:</b>	9:00 am to 1:50 pm (NZST)
<b>Location:</b>	REA Office , REA Office (Teams option)
<b>Board Members:</b>	Denese Bates KC (Chair), Brooke Loader, Latham Lockwood, Liz Nidd, Tony Stack, Vern Walsh, Shirley McLeod
<b>Attendees:</b>	Belinda Moffat, Victor Eng, Andrew Bulled, Herman Visagie, Josh Doherty, Katie Solomon, Marie Snell, Saara Fourie
<b>Apologies:</b>	Mele Wendt
<b>Guests/Notes:</b>	[REDACTED]

### 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. Actions were agreed.



[REDACTED]

#### 1.3 Karakia

The Senior Leadership Team (SLT) joined at 10.23am and the meeting was opened with a Karakia. The Board was introduced to [REDACTED] who has been appointed as a Board Future Director with the Future Directors Diversity Programme for the next 18 months. The Board was also introduced to [REDACTED], the newly appointed Head of Engagements, Insights and Education and member of the Senior Leadership Team.

The Board introduced themselves to the new attendees.

## 1.4 Confirmation of Agenda

The agenda was confirmed.

## 1.5 Interests Register

No conflicts were declared.

## 1.6 Confirm Minutes

**REA Board Meeting 28 March 2024 28 Mar 2024**, the minutes were confirmed as presented.

Minutes and resolution were approved as written.

## 2. Actions from Previous Meetings

### 2.1 Action Item List

Due Date	Action Title	Owner
28 Mar 2024	1) Add values to Strategic Framework one-pager <b>Status:</b> Completed on 15 May 2024	[REDACTED]
31 Mar 2024	2) Consider delivery methods of D&I topic in early 2024 <b>Status:</b> Completed on 15 May 2024	Belinda Moffat
1 Apr 2024	3) Update the interests register. <b>Status:</b> Completed on 15 May 2024	[REDACTED]
1 Apr 2024	[REDACTED] <b>Status:</b> Completed on 15 May 2024	[REDACTED]
9 Apr 2024	5) Send invite to [REDACTED] for meeting with [REDACTED] on 9 April. <b>Status:</b> Completed on 15 May 2024	Belinda Moffat
1 May 2024	6) Defer May Conversations with REA event to August <b>Status:</b> Completed on 15 May 2024	Belinda Moffat
22 May 2024	7) [REDACTED] and Belinda to share this year's D&I topic with the Board <b>Status:</b> Completed on 15 May 2024	Belinda Moffat
31 May 2024	8) Update the Board Handbook to define requirements for a quorum <b>Status:</b> Completed on 13 May 2024	[REDACTED]
31 May 2024	1) SLT leadership programme to also include CE and SLT member 360 review. <b>Status:</b> Completed on 11 Jun 2024	Belinda Moffat
1 Jun 2024	10) Broaden engagement scope for the first diverse community initiative <b>Status:</b> Completed on 15 May 2024	Belinda Moffat
9 Jun 2024	3) Board Governance assessment to be undertaken by an external provider to include 360 review. <b>Status:</b> Completed on 11 Jun 2024	Belinda Moffat
19 Jun 2024	4) [REDACTED] <b>Status:</b> In Progress	[REDACTED]
30 Jun 2024	7) Māori Engagement Framework - Board Marae Visit <b>Status:</b> In Progress	Belinda Moffat
30 Jun 2024	8) Review of Offshore Regulatory Settings <b>Status:</b> In Progress	[REDACTED]

Due Date	Action Title	Owner
1 Jul 2024	15) Consider spacing ARC/P&C meetings out from Board meetings (specifically September and October). <b>Status:</b> Completed on 15 May 2024	Belinda Moffat

The actions were taken as read with the following actions raised for discussion:

- Action 9) The Board confirmed support for an SLT leadership development programme to proceed.
- Action 10) Broadening engagement scope for the first diverse community initiative: The CE gave an update on REA's engagement focus with Asian communities, highlighting our intention to expand to other community groups in time.
- Action 12) [REDACTED]  
[REDACTED]  
[REDACTED] Action remains open at this stage.
- Action 13) Māori engagement and marae visit: [REDACTED] to engage with Belinda in future discussions about iwi engagement, following the recent meeting with [REDACTED].
- Action 15) Crown entities reporting timelines limit opportunity to space these meetings further. The Board agreed to leave the September and October meeting dates as they stand.

### 3. Chief Executive's Report

#### 3.1 CE Report

The report was taken as read and the following matters were discussed:

- Paragraph 9: Positive feedback has been received from the Minister on the draft SPE and SOI which was shared with the Board. No changes are required.
- Financial update: [REDACTED] REA now expects a smaller than forecast deficit for the 2023/24 year.  
[REDACTED]
- Paragraph 11: The Board confirmed their support of the reduced auditor fees.
- Paragraph 16: The Board acknowledged the receipt of the Enduring Letter of Expectations and did not have any comments or concerns to raise.
- Paragraphs 47-51: [REDACTED]  
[REDACTED] Discussions will continue and the Board will be kept appraised.
- Appendix I contained a summary of IAG meetings: key themes covered included enquiry into the need for a full review of the Code of Conduct and the necessity of REA issuing Artificial Intelligence (AI) guidance. The Board agreed that it would be useful to look at the Code of Conduct from a plain language and modern lens, and to consider ways to raise awareness of the Code, factoring in IAG feedback. Management are to provide a recommendation on whether a review of the Code is necessary, including what consultation and resourcing would be required if a review was progressed
- Use of AI in real estate: REA is exploring issue of principled based guidance on the use of AI in real estate agency work. An example of risks with the use of AI was provided around digital staging through the use of AI and risks around factual inaccuracies and misrepresentation. Members indicated support for REA to issue guidance in this evolving space and noted that management would consider guidance from Law Society, PSC, DIA

and any other entities domestically and overseas to see how other regulatory bodies are addressing the issue. Engagement with REINZ was recommended to ensure that REINZ is aware of REA's regulatory approach.

- Digital marketing approach and renewal of contracts: The Head of EIE is looking at this as part of our Communications and Engagement Strategy, including use of various social media platforms for advertising and raising awareness.
- The Board suggested approaching TradeMe and Realestate.co.nz again to include REA resources as part of their delivery of a responsible website, rather than paying to advertise on their websites.
- Head of EIE to include development of Instagram accounts for REA and Settled, and consider use of YouTube advertising as part of communications and awareness raising strategy.
- The Board noted the Justice Sector Stewardship Amendment Bill (JSSAB) is now known as the Regulatory Stewardship Amendment Bill (RSAB).
- The Board noted the two pending press releases on licensing numbers and unlicensed trading.

## Recommendations

It was recommended that the Board:

- **Note** the contents of this report.
- **Discuss** the health and safety update and provide feedback on any issues arising
- **Discuss and provide feedback** on any other matters raised in this report where indicated.

**Outcome:** Noted, discussed and feedback provided.



### 11) Code of Conduct

Provide an options paper to the Board on review of the Code of Conduct.

**Due Date:** 21 Aug 2024

**Owner:** Belinda Moffat



### 12) Develop principles-based guidance on the use of AI in real estate.

*Develop principles-based guidance on the use of AI in real estate.*

**Due Date:** 21 Aug 2024

**Owner:** [REDACTED]



### 13) 2024/25 Tactical Plan for Communications and Engagement Strategy

Prepare a 2024/25 tactical plan for Communications and Engagement Strategy, including digital and non-digital marketing approach.

**Due Date:** 21 Aug 2024

**Owner:** [REDACTED]

*Break for morning tea at 11.35am*

## 3.2 Changes to Strategic Environment

The following matters were discussed:

- Ongoing frustration is apparent from both vendors and licensees in the ongoing tough market. Influencing higher volumes of complaints about customer service.
- New licensees have not experienced a market like this. A lot of work is needed from licensees to keep vendors satisfied while they wait for a sale to take place.
- Number of expired agency agreements increasing as time to sell increases.
- Training and supervision is needed to help salespeople manage vendor expectations.
- Winter sales may not trend down, as there are still a number of people buying and selling out of necessity regardless of the season.
- There has been growth in sales over the last 12 months for some agencies, with good levels of quality stock, vendors and buyers.
- Some new licensees are dropping out due to market challenges and language barriers.
- The Board noted the downward pressure on pay and importance of careful consideration around remuneration in the economic environment.
- Litigiousness continues, with a common complaint theme involving buyers that bought at the peak of the market who are now unable to sell for the same price and feeling wronged by the licensee involved in the sale.
- Political landscape with restructures and redundancies in the public service. There may be impact on teams in other agencies that we interact with and possible reductions in services.
- Rent-to-own schemes and lack of regulation in this space. Papakāinga sales have challenge, but not regulated by REA. Consider what contribution REA could make in these areas.
- The Board noted the importance of monitoring the economic outlook. Potential speakers include [REDACTED]



### 5) Invite a speaker to discuss economic outlook with the Board

Invite a speaker to the June Board meeting to discuss the economic outlook and explore opportunities to invite an economist to a future Conversations with REA event or similar.

**Due Date:** 19 Jun 2024  
**Owner:** Belinda Moffat

## 3.3 Update from the Audit & Risk Committee Chair

The Audit & Risk Committee Chair provided a verbal update on the key discussion items from their meeting on 24 April including:

- a pre-audit meeting with the Auditors BDO [REDACTED]
- The second iterations of the SPE and SOI were also considered for referral to the Board. These have since been approved out of cycle and sent to the Minister.
- An issue with an IT system certificate expiry which impacted access to the licensee portal around bulk renewals was discussed. Work is underway around the timing of these certificate renewals to prevent this occurring in the future.

## 3.4 Update from the People & Capability Committee Chair

The People & Capability Committee Chair provided a verbal update on the key discussion items from their meeting on 24 April including:

- Turnover reduction.

- Annual pay review and discussion on remuneration bands.
- Ensuring staff are supported including during the judicial review process.
- Progress with the Leadership Development Programme for T3 and T4 leaders.
- Kia Toipoto reduction in pay gaps.
- Employment legislation updates were noted.
- CE mid-year review was held, and written feedback is being prepared
- P+C met with final candidates for the Head of EIE role.

### 3.5 Break

## 4. Board Papers for Approval or Discussion

### 4.1 Accountability Reporting

Management provided a verbal update on the positive feedback received from the Associate Minister on the draft SPE and SOI, and noted that no changes were requested.

The following matters were discussed:

- Budget: t [REDACTED]
- TWCP: The Board supported the TWCP remaining at \$5.0m.
- Updated Board Handbook: the handbook was updated to reflect PSC guidance and the following points/amendments were discussed:
  - REA Act does not allow for appointment of a Deputy Chair so paragraphs 31 and 83 are to be removed. A substitute can be appointed when the Chair is not available or unwell.
  - Advice to be sought from PSC on charging of GST on Board fees.
  - Paragraph 8: addition of '...any lawful directions...'
  - Paragraph 26: '...make a reasonable interpretation...' Delete or reword.
  - Under the minutes section, add in wording around interpretation of actions in exceptional circumstances being determined by the Board Chair and CE where interpretation cannot be resolved on the Board.
  - Disclosure of Interests and Managing Conflicts covered in paragraph 58, 59 and 60 should be earlier in the handbook.
  - Paragraph 70 inviting REA staff to meetings: Convention is that the Senior Leadership Team attends Board Meetings (excluding Committee meetings) where appropriate at the discretion of the Board Chair.
  - Paragraph 72: Agendas are to be approved by the Board Chair before the meeting, where practicable.
  - Paragraph 93: too wide and needs to be refined. Also amend to read '...in accordance with the Delegated Authority Policy'.
  - Paragraph 105: add in in accordance with the Crown Entities Act obligations.

- Chair noted that some of the changes needed further consideration and asked the CE to undertake a final review against the PSC guidelines and previous draft.
- The Board agreed to REA making the discussed changes and providing to MoJ.



**Recommendations were approved, noting the above amendments will be made to the Board Handbook.**

### Recommendations

It was recommended that the Board:

- Note and discuss** [REDACTED]
- Note and discuss** [REDACTED]
- Approve** the recommendation that the TWCP remain at \$5.0M
- Discuss and approve** the updated Board Members Handbook.

**Outcome:** Noted and approved, noting that the above amendments are to be made to the Board Handbook prior to submission to MoJ.

**Decision Date:** 22 May 2024

**Outcome:** Approved



### 9) Updated Budget Forecast

Circulate the updated budget forecast to the Board for approval prior to sending to MoJ and the Associate Minister.

**Due Date:** 30 Jun 2024

**Owner:** [REDACTED]



### 6) Seek advice on GST on Board fees.

Seek advice on GST on Board fees.

**Due Date:** 19 Jun 2024

**Owner:** Belinda Moffat



### 2) Update the Board Handbook and submit to MoJ by 31 May.

Update the Board Handbook and submit to MoJ by 31 May.

**Due Date:** 31 May 2024

**Owner:** Belinda Moffat

## 4.2 Education & Insights Update

EIE Managers, [REDACTED] were welcomed to the meeting.

The Chief Executive acknowledged the leadership contribution of [REDACTED] Communications and Engagement Manager, during the past few months as he took on a number of additional responsibilities during the Head of EIE appointment process. The Board commended [REDACTED] for his work and commitment during what was an very busy time for the SLT and the organisation.

The paper was taken as read and [REDACTED] Education and Insights Manager invited comments and questions from the Board.

The Board discussed the following:

- Actions have been taken by the lower-scoring training providers since last meeting.
- CPD providers not performing to expected standards can have their training agreements cancelled.
- Noted no face-to-face training is offered in Dunedin. Primarily offered online. EIE team to explore this further.
- Noted that Skills Training Organisation is not available to assist in development of 2025 topics this year, alternative providers are being sourced.
- Online CPD topic delivery: are these being delivered individually or are a number of modules being delivered back-to-back in a day. Completing one a month would be preferable. EIE to explore training provider delivery methods.

### Recommendations

It was recommended that the Board:

- a. **Note** the contents of this paper and provide feedback on any matters raised.

**Outcome:** Noted.

## 4.3 Engagement and Raising Awareness of REA

The paper was taken as read and [REDACTED] Communications and Engagement Manager, highlighted paragraph 8 outlining key focus areas and invited comments and questions from the Board.

The Board discussed the following:

- REA should engage with [REDACTED] a Māori Housing peak body, as part of the engagement with Māori.
- Age Concern and REA's role with respect to property rights in the retirement villages sector.
- Occupational Rights Agreements (ORA) and the process to buy into a retirement village. Villages that operate ORAs are not selling a property, ORAs are recognised property rights under the REA Act.
- HUD Retirement Village Review which has considered consumer protection issues raised by REA.
- Initiatives for disabled people: REA has considered but is not yet signed up to the government accessibility charter ([The Accessibility Charter - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz)). The government has an accessibility guide and REA could look at exploring the use of Easy Read and MSD's translation service.
- Noted that the CE is engaging with [REDACTED] of NZ Employers Disability Network, and exploring Braille translations.
- Translating the Complaints Guide to Samoan, noting this is the third most spoken language in New Zealand.

### Recommendations

It was recommended that the Board:

- a. **Note** the contents of this paper and provide feedback on any matters raised.

**Outcome:** Noted.



**14) Engagement with Māori Housing entity - [REDACTED]**

CE to liaise with [REDACTED] as required in engagement with Māori Housing entity - [REDACTED]

**Due Date:** 21 Aug 2024

**Owner:** Belinda Moffat



**15) Look into Easy Read and MSD's service for translating more accessible resources.**

Diverse Communities Initiatives: Look into Easy Read and MSD's service for translating more accessible resources.

**Due Date:** 21 Aug 2024

**Owner:** [REDACTED]



**16) Translate the Complaints Guide to Samoan.**

Translate the Complaints Guide to Samoan.

**Due Date:** 21 Aug 2024

**Owner:** [REDACTED]

#### **4.4 Policy Review**

The paper was taken as read and the Board had no additional comments or questions relating to either of these policies.

#### **Recommendations**

It was recommended that the Board:

- a. **Note** the updated Corporate Credit Card Policy and **approve** the proposed changes.
- b. **Note** the updated Capital Expenditure Policy and **approve** the proposed changes.

**Outcome:** Approved.

#### **4.5 Lunch Break**

Break at 12.58pm

### **5. Board Papers for noting**

#### **5.1 Regulatory Services Team Paper**

The paper was taken as read and [REDACTED], Head of Regulatory Services, invited comments or questions from the Board.

The Board discussed the following matters:

- The Board sought more detail around the high complaint volumes.
- Management advised the volume of serious complaints is not increasing, however there are more minor complaints on customer satisfaction, frustration on prices, generating more work for regulatory services.
- Managing expectations of vendors: complaint examples include: marriage separations and vendors wanting a high sale price, or vendors who are not satisfied with price after a transaction, feeling undue pressure had been put on them by licensees to accept an offer.
- Consumers: Some complaints come from consumers who sign unconditional sale and purchase agreements site unseen, then complete their pre-settlement inspection and find a number of issues which they then bring to REA.
- These complaint themes highlight the importance of REA consumer information to help guide consumers on what to expect. Also highlights the importance of licensees confirming information provided to consumers in writing and ensuring that the consumer has information about the transaction process. This is an opportunity to promote REA as the independent trusted voice.
- The Board queried whether resources are at a good level to manage the increased complaints volumes. Management advised overall the time resolve complaints is coming down, as new staff are getting up to speed case allocations per staff member are increasing. Managers are supporting their teams and also actively assisting with moving cases through the process to keep them progressing.
- Pre-CAC complaint cases has now averaged 100 days, down from 140. Need to get down an additional 40 to achieve our SPE target.
- Do we have targets in place around cases e.g. 3 months, 6 months, 9 months, 12 months. Management advised target are in place and we are moving towards achieving them.
- Volumes are being monitored and work continues with the RST and Legal teams to continue to work through case volumes.

### Recommendations

It was recommended that the Board:

- a. **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 the following points where highlighted:

- [REDACTED]
- [REDACTED]

### Recommendations

It was recommended that the Board:

- a. **Note** that this paper is confidential and subject to legal professional privilege.
- b. **Note** the contents of this paper and provide feedback on any matters raised.

**Outcome:** Noted

### 5.3 Systems Enhancement Project (SEP) Update

The paper was taken as read and questions and comments were invited from the Board. The following points were highlighted:

- [REDACTED]
- [REDACTED]
- [REDACTED]

#### Recommendations

It was recommended that the Board:

- a. **Note** that parts of this report are subject to legal advice privilege which is not waived
- b. **Note** the progress update of the Systems Enhancement Project

**Outcome:** Noted

### 5.4 Property Management Regulation & REAA Amendments Update

The paper was taken as read and the following points were highlighted:

- A number of OIA requests and parliamentary questions are going through to HUD relating to why the regulation of property management will not be progressed. REA is being consulted on any information released.

The Board had no additional comments or questions.

#### Recommendations

It was recommended that the Board:

- a. **Note** this report.

**Outcome:** Noted.

### 5.5 PMO Quarterly Report

The paper was taken as read and the following points were highlighted:

- Focus primarily remains on SEP.

The Board had no additional comments or questions.

#### Recommendations

It was recommended that the Board:

a. **Note** the contents of this paper and the attached PMO report.

**Outcome:** Noted.

## 6. Other Business

### 6.1 General Business

No general business was discussed.

## 7. Close Meeting

### 7.1 Closing Karakia

The meeting was closed with a Karakia at 2.50pm.

### 7.2 Close the meeting

**Next meeting:** REA Board Meeting - 19 June 2024 - 19 Jun 2024, 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:** \_\_\_\_\_