



REAA Board Strategy Session

REAA Board 21 February 2024

Name: Real Estate Authority
Date: 21 February 2024
Time: 9.00am – 12.00pm
Location: REAA Office, 4/95 Customhouse Quay, Wellington
Board Members: Denese Bates KC, Vern Walsh, Liz Nidd, Tony Stack, Latham Lockwood, Mele Wendt, Brooke Loader

Apologies:

Attendees: Belinda Moffat (Chief Executive), Victor Eng (Head of Corporate Services), Josh Doherty (Head of Regulatory Services), Andrew Bulled (Head of People and Capability), Herman Visagie (General Counsel), Marie Snell (Programme Manager), [REDACTED] (Communications and Engagement Manager) Saara Fourie (Executive Assistant – taking notes)

Welcome Karakia and Objectives

- The CE introduced the strategy session, noting the purpose is to build on the strategic stocktake in September 2023 in which the Board reviewed REAA's strategy, assessed progress made so far, and agreed it remains fit for purpose with no major transformational change required. There are opportunities for adjustments and refinements, and there is still much to deliver within the existing strategy.
- The Board Chair acknowledged the changing world around us, with the progression of the Regulation of Property Management still unclear, a number of pending legislative changes, and a new government with a new set of priorities.

Our Operating Context

SWOT and PESTEL Review

- [REDACTED] led the Board through the SWOT and PESTEL outputs from the 2 February SLT offsite, specifically highlighting the key changes posed by the SLT.
- The Board was invited to comment on any of the updated strengths, weaknesses, opportunities, and threats, along with the external factors that may impact REAA in the next year.
- Discussions focused on:
 - Staff resistance to change: noted mostly long-term staff who have been with REAA since its inception and change management principles

have been applied to manage this and support all staff to engage in new approaches. It was noted that all views are encouraged, and the knowledge of our long-term staff important to nurture.

- Impacts of RPM: enthusiasm for this, although we are mindful of the need for specialist expertise during the establishment. There are two very different sets of capabilities for real estate and property management regulation, although REA's regulatory framework should be well-aligned for putting into place for RPM.
- Quality of CPD providers: disestablishment of Te Pūkenga and any possible impacts on the education framework for qualifications and CPD.
- Education: threat includes ability of education providers to deliver in a fractured education environment, may impact quality of REA education programme.
- Robustness of certificate four and work to be done with NZQA.
- Agreed the CPD review is a strategic priority for REA moving forward. The changing tertiary education sector is to be added into the SWOT analysis.
- Harm prevention and building relationships with diverse communities remains an area of focus. There are opportunities to work with other government entities in the property ecosystem to collaborate in this space. Our work needs to extend beyond digital and guides and extend to building networks and relationships.
- Deepening our engagement strategy: building relationships with diverse communities requires capacity to grow and maintain our reach, both with in person meetings and online.
- Disclosure and licensees adequately reviewing LIMs to identify issues for disclosure.
- Improving financial literacy as part of improving the pathway to home ownership.
- Consumer guides: mandating for delivery to both parties (seller and purchaser) would be ideal, and the timing of consumers receiving these (at open homes not when being presented with a sale and purchase agreement).
- Discrimination and barriers to entry research findings: work is needed to improve conduct and access to information about the transaction process and about REA based on these findings.
- Two changes were requested to the opportunities slide on pg. 19
 - Change "Maintain cultural capability" to "Continue building cultural capability."
 - "Maintain awareness of REA and Settled websites" should be changed to "increase awareness of..."
- Discussion on commitment to Te Tiriti. This work is ongoing and further work to be done to support sector in understanding needs and interests of Maori and role of te Tiriti in relevant real estate legislation and processes. Only a small group in the sector has pushed back on our work in this space. Agreed that it remains core part of our work unless we are legally compelled to adjust.
- Continue focus on settled and rea.govt.nz

External factors discussed:

- AML and CCCFA
- Bright-line changes
- Interest deductibility changes
- Climate change impact on land
- Litigious environment
- RMA and property development
- Changes in local and central government operations and policy
- Falling interest rates and preparing for an upturn in the market
- Seeing a lot of dissatisfied buyers who purchased when there was low stock and ended up settling/compromising. Potential increase in complaints?

Overview of financial position and risks:

- [REDACTED] updated the Board on REA's projected financial position and presented a handout.
- Government expectations on reduced use of consultants/contractors: REA not a high user but [REDACTED]

Progress Against our Current Strategy

[REDACTED] led this session, running through the six strategic priorities and looking at progress and areas where there is further work to do. It was noted that a lot of the items for discussion were already covered in the above discussions.

The Board was invited to comment on any areas they feel REA should invest more in, pull back on, approach differently or change. Discussions included:

1. Inform and engage with consumers across diverse communities

- Relationships: we need to leverage government networks and extend our reach, include community law and groups such as Citizens Advice Bureau, banks, lawyers
- How do we evaluate how well we reach migrant communities?
- Engagement with consumers: we have RELF, Conversations with REA, IAGs and sector Pānui etc to engage with licensees, but the question was posed as to whether our level of engagement with consumers was sufficient. The Board agreed the current level of engagement with sector is about right, but increased engagement with consumer groups was needed, need to keep raising awareness of REA as regulator.
- We want to make REA a household name, so people know we exist
- [REDACTED]

2. Deliver independent and effective and accessible disciplinary process and hold poor conduct to account

- Be ready for RPM
- Implement and achieve the benefits of CIP
- Combine priority six with this priority

3. Educate and engage with licensees

- Level of engagement with sector is about right, additional engagement should focus on consumer groups.
- Support CPD improvements and navigating the changing education context

4. Demonstrate commitment to Te Tiriti o Waitangi

- Discussed the best articulation of this priority for the new SOI. [REDACTED] volunteered to support any development work on this.
- Noted that the *Lands* decision provides a suitable articulation of the obligation of good faith that REA and public sector entities should seek to meet
- Our work on data sovereignty and positive procurement are further examples of our work under this priority
- Growth of Māori licensees in the sector – how are we supporting them to meet their obligations? We need to build our data. Currently it is optional to provide ethnicity in the survey, so we do not have a full picture of the current state. Increase representation on our sector engagement groups, IAGs etc. Agreed that a Maori advisor is not required provided we remain open and connected to engagement with partners across the sector and government. We will work to uphold whakawhanaungatanga, good faith, participation, partnership, and protection
- Engagement with Māori procurement platforms would be beneficial (we do this already through the positive procurement programme)
- The Board confirmed the wording of priority four remains unchanged

5. Raising Awareness of REA Across Diverse Communities

- The Board agreed our focus needs to be on all areas of diversity, not just ethnicity. This becomes part of priority one.

6. Increase Regulatory Effectiveness:

- The Board agreed to the suggested amalgamation of priorities 2 and 6.

- [REDACTED]
- [REDACTED]

Review of Strategy: Future Strategic Focus

[REDACTED] led this session. Agreed future focus is on:

- SEP
- Embedding improvements from CIP
- Continued focus on diverse communities. Developing deeper relationships and networks
- Raising awareness of REA as a household name
- Being ready for RPM
- Supporting a strong education programme, which supports the sector to get the basics right, and ensuring consistency of quality of conduct across the country. Focus our attention on those who present the greatest risk of harm
- Keeping up with legislative changes and supporting sector compliance.
- Engaging with new agencies and understanding new ways of working in real estate.

- Understanding technology advancements, use of AI and ensuring our regulatory environment keeps up with the pace of change in this space.

Additional measures could include:

- Consumer awareness of REA increased.

Legal team to prepare short summary of *Lands* case for Board.