

CONFIRMED MINUTES

REA BOARD STRATEGY MEETING DECEMBER 2024



At the **REA Board Strategy Meeting - February 2025** on **19 Feb 2025** these minutes were confirmed as presented.

Name:	Real Estate Authority
Date:	Tuesday, 3 December 2024
Time:	2:00 pm to 5:00 pm (NZDT)
Location:	REA Office , REA Office (Teams option)
Board Members:	Denese Bates KC (Chair), Vern Walsh, Mele Wendt, Brooke Loader, Latham Lockwood, Liz Nidd, Tony Stack, Shirley McLeod
Attendees:	Andrew Bulled, Belinda Moffat, Katie Solomon, Josh Doherty, Saara Fourie, Victor Eng
Apologies:	Marie Snell, Andrew Tringham
Guests/Notes:	[REDACTED]

1. REA Board Strategy Session

1.1 Setting the Scene

Board Chair overview

- The Chair welcomed everyone to the meeting with a Karakia and introduced the strategy session objectives.
- The Chair highlighted the need to focus on complaint volumes and timeliness as a priority point of discussion during this session.
- The Chair noted a number of factors that may be influencing the high volumes of complaints, such as the ongoing challenging economy, tension between buyers and sellers and dissatisfaction with the results of real estate transactions. Based on complaint trends over the previous few months, REA may be facing “a new normal” of higher complaint volumes. The Board needs to consider what can be done in terms of resourcing to manage this potential longer-term shift.
- The focus should not only be on timeliness once complaints are received, but the Board also needs to consider whether more needs to be done around prevention, education, supervision and being tougher on misconduct.
- REA is focused on acquisition of property through real estate agents, however REA’s purpose statement highlights protecting the rights of consumers in respect of transactions that relate to real estate. A number of acquisition pathways do not involve real estate agents and consideration must be given to what role REA has to play in these other pathways. Today’s discussion around REA’s role in homeownership will explore this further.

CE Opening Comments

- The Drivers of Risk map and sections from the Real Estate Agents Act 2008 were circulated as supporting documents for the discussion.
- [REDACTED]
- The Judicial Review decision is still pending and the outcome may have impacts for REA in the new year.
- The CE noted the current priorities for REA which include addressing complaints volumes and timeliness, improving the effectiveness and efficiency through the SEP project, raising awareness, and addressing Have Your Say focus areas.
- There are a number of factors impacting consumers and licensees, including ongoing economic pressures and increased litigious behaviours.
- The Government's focus is on fiscal sustainability, right-sizing regulation and investment return for businesses and for the New Zealand public.
- On top of core business and priority projects, some areas have been raised by the sector requiring regulatory response, including Form 2 guidance and clarification of the definition of real estate agency work which will need to be addressed.
- As a part of the wider property sector, engagement also remains a priority for REA to ensure we are well-connected, gain insights into what is happening both across the sector and on the periphery, and have clarity around where REA fits within the sector to ensure we contribute where we can to add value and as is appropriate for us to do so.

Roundtable

The Board shared their initial views prompted by the questions posed in the Setting the Scene paper (pg. 6 of the strategy session pack):

- a. Are we focused on the most important priorities?
- b. Are these still our strategic priorities – should they change, consolidate, are there new strategic priorities?
- c. How will we mitigate the challenges?
- d. How do we overcome the barriers to effective delivery of our strategy?
- e. Have we balanced prevention (inform and engage) with response regulatory services?
- f. Are our measures still fit for purpose?

Board and SLT comments included:

- REA priorities: Complaints are a top priority given the impact on the individuals concerned. Are we getting distracted from our core functions as a regulator and do we need to “stick to our knitting”.
- Are we being too risk averse? Consider what bold steps can be taken to address complaints volumes and timeliness.
- [REDACTED]
- Need to find the right balance between raising awareness activities and addressing complaint volumes.
- Need to understand complaint timeframes and work through what we can do now to make a greater impact. Systems improvements are in train but efficiencies from these will not be realised in the immediate future. While we need to have an 18 month, two year, and five year plan to prepare for the future, SLT and the Board needs to identify what can be done now to manage current workload pressures.
- Strategic priorities are sound. Consider whether priorities 2 and 4 could be combined. This suggestion was discussed and the Board agreed the two priorities serve different purposes and should remain separate.
- Education and engagement should continue to be a focus to mitigate some of the current challenges.

- Consider whether REA is agile enough to get additional people resources in place at pace. It was noted that the new RST leaders are focused on finding quality candidates with the right experience to perform well in roles, and there is a need to factor in the time to induct new personnel in order to serve the organisation in the long term.
- Increase supervision focus.
- Improvements could be made to Fit and Proper requirements to better ensure the quality of people joining the profession.
- Compliance burden: need good systems in place to manage obligations.
- Getting qualified: Skills / Ignite changing the way they deliver level 4 certification and capping at 80 enrolments per month. This may create a barrier for entry into the industry.
- Emerging risk of unskilled salespeople: new salespeople that started in the industry in the last two years in this slower market may not have the experience and skills to manage a change/uplift in the market e.g. managing multi-offers and higher demands.
- Agreed the priority should be complaints management and achieving optimal efficiency.
- Supervision and in-house training/oversight: consider changing the licensing model back to having the requirement to have an agent licensee (AREINZ) in every office. It was noted this would require a law change but provision of great CPD is not enough to ensure competence and therefore prevent complaints. More in-house training is needed.
- Complaints timeliness: what is the circuit breaker to get us back on track.
- Agreed that we need to stick to our knitting and reflect back on our purpose and core functions under the Act.
- From a consumer perspective, informing and educating licensees with recent case studies will help to empower licensees to follow the correct procedures and prevent harm. Look at drivers of misconduct and focus education efforts to address these.
- Leverage licensees to raise awareness of REA and Settled.
- Strategy and priorities are sound. One priority cannot be prioritised over another but in the interests of promoting and protecting the interests of consumers, we must address complaints volumes and resolution timelines.
- Operationally, more resources are needed. Also continue to look at smarter ways of working to achieve great efficiency.
- Should agencies be advised about complaints against their staff? This should be a term of contracts and agencies should foster a culture of informing managers (an issue for agencies rather than REA).
- One of our ongoing challenges has been the statutory system itself. The Board should consider whether this aspect also needs to be addressed. Is the Act still serving us well?



15) Talk to ATPs about current levels of enrolments and look into enrolment capping

Talk to ATPs about current levels of enrolments and look into enrolment capping.

Due Date: 19 Feb 2025

Owner: [REDACTED]

1.2 Our Operating Context

[REDACTED] raised the discussion points on pg. 52:

- a. What are the most important strategic issues facing: the sector, consumers, REA
- b. What legislation changes should we focus most of our effort on?
- c. What are the new and emerging risks for our regulatory environment?
- d. What are new or emerging risks for REA in 2025?

Emerging issues or changes we should be considering (with reference to the February 2024 PESTEL analysis on pg 57):

- Introduction of the Ministry of Regulation and impacts for REA.
- CAC panel member numbers and working on a part-time basis, limiting case progression.

- [REDACTED]

[REDACTED]

What legislation changes do we need to focus our efforts on?

- Consider highlighting to the Minister potential changes to the Act that would make an impact in achieving efficiencies e.g capped number of CACs which limits how many cases can progress through the complaints system. Directly gauge whether the Minister and current government would have any appetite for change.
- Legislative changes that are likely to be introduced in the near future (e.g. RSAB and SAB) require planning to prepare for the impacts on internal systems and processes, as well as impacts across the real estate industry.
- The regulatory bullseye highlights other key legislative changes on the horizon that are likely to have an impact on REA or the sector. Changes may be required to REA’s internal systems or processes which may require planning and/or project management. REA is keeping connected with the respective leads to ensure we can assess impacts early and prepare for legislative changes accordingly.
- The Board agreed we are focused on the right legislative changes and did not identify any additional pending legislative changes to add to the bullseye.



16) Prepare a paper on key improvements to our Act that would improve the REA regulatory system

Prepare a paper on key improvements to our Act that would improve the REA regulatory system.

Due Date: 19 Feb 2025

Owners: [REDACTED], Belinda Moffat, [REDACTED]



43) [REDACTED]

[REDACTED]

Due Date: 21 May 2025

Owner: [REDACTED]

1.3 Home Ownership and REA's Role

[REDACTED] joined this session to facilitate the discussion with the Board alongside [REDACTED]. The slides were taken as read and [REDACTED] highlighted some of the key trends and data points of relevance to the discussion.

Questions posed to the Board on pg 71 are as follows:

- What do the Board consider REA’s role should be in addressing falling rates of home ownership across New Zealand or in particular communities?
- Are there any ways in which REA should be supporting the level of home ownership in diverse communities that is consistent with the purpose of the Act, and REA’s stated functions?
- Are there new and emerging pathways to home ownership “real estate agency work” which REA should regulate and to what extent?

█ also provided census data on Pacific and Māori home ownership to inform the discussion on the diverse communities:

- Māori home ownership in 2018 was 49.7% and in 2023 was 51%.
- Pacific Peoples home ownership in 2018 was 38.6% and in 2023 was 37.5%.
- For comparison, European home ownership in 2018 was 69.5% and in 2023 was up to 71.7%.

The Board discussed the following:

- New Zealanders have a vested interest in investment in property. Consider what would happen if property investment slowed due to property affordability.
- A reduction in investors would have an impact on the availability of rental stock and therefore create challenges for renters.
- It would be beneficial to understand whether Māori homeownership data only includes those who own through a general title or whether it includes Māori who own through whenua Māori or family trusts. Further clarification would be useful to better understand those figures.
- The Board agreed REA should not play an active role in increasing home ownership, however our role is to raise awareness to support home ownership attainment, and to ensure that licensee conduct is not a barrier.
- There are a number of factors that influence home ownership which REA has little or no influence over such as financial literacy and interest rates, however engagement with organisations that support diverse communities in areas such as financial literacy could create pathways for greater reach with our consumer resources.

New and emerging pathways to home ownership:

- REA needs to have a full understanding of the property ecosystem in order to define the parameters around REA activity.
- Shared ownership and alternative pathways to home ownership are increasing so understanding these pathways is of great importance. Are there additional barriers relating to these pathways to explore?
- Property Developers selling directly to consumers: this was going to be written into the 2008 Act but was omitted. Consider whether REA should delve into this further in the future in terms of regulation. This ties into the wider context of unlicensed trading.
- Market consequences might drive change in the property development space e.g. developer bankruptcy and consumer impacts.
- The CE gave an update on a recent meeting with █, noting some agencies are selling from plans on their behalf.
- Looking at data on the proportion of sales through the various acquisition pathways will provide valuable insights.
- Maintain a watching brief on property developers selling directly to consumers and consider what information REA should provide to consumers in terms of harm prevention/consumer protection.



30) Clarification of Māori home ownership data

Clarify whether Māori home ownership data includes Māori who own through whenua Māori or family trusts.

Due Date: 27 Mar 2025

Owner: █



31) Home ownership models and data on acquisition pathways

Gain a better understanding of different ownership models and gather data relating to the proportion of transactions for different acquisition pathways, to inform how REA can best provide support and information to licensees and consumers and eliminate barriers.

Due Date: 27 Mar 2025

Owner: [REDACTED]



32) Information on consumer issues relating to developers selling directly to consumers.

Gather more information on consumer issues relating to developers selling directly to consumers.

Due Date: 27 Mar 2025

Owner: [REDACTED]

1.4 Progress Against Our 2024-25 Business Plan

The CE led this session. The Board was asked to reflect on progress against the 2024-25 Business Plan mid-way through the year and consider whether any initiatives should be stopped or deferred.

The Board discussed the following:

- Proposed changes to REAA and work required to implement changes when they are introduced (anticipated to be 2026). REA has requested 8 months lead-in time to prepare for implementation.
- SEP and addressing complaints volumes remain top priorities. The Board queried raising awareness activities in EIE and whether there would be capacity to complete all planned activities this financial year. Consider the best ways get our regulatory messages out to the sector, consumers and the public, balanced with focusing on or core regulatory functions and the top priorities. Assess whether our comms and engagement approach is appropriate.
- Consider ways to leverage licensees to raise awareness e.g. encouraging the inclusion of a Settled link in email signatures.
- Public confidence: could the licensee portal be used to share testimonials and positive feedback for licensees that rolls off after a year? It was noted that there would be a need to curate, moderate and monitor comments and there is no resourcing for this currently.
- Feedback is the Industry Pānui is too long. Consider ways to make short, sharp, bite-sized content and diversify e.g use videos and interactive content to make it more engaging.

[REDACTED] (online attendance) left at 4.15pm to travel to Wellington.

- With SEP and CIP as priorities, consider deferring stakeholder engagement and any other non-essential activities for the first half of 2025.
- Consider reducing the spend on digital marketing and reallocating to support SEP and complaints work.
- It was noted that a reduction in EIE's awareness raising or stakeholder engagement activities could result in a decrease for those SPE targets.
- Resourcing for the 'new normal': need to prepare accordingly.



17) Complaints Options Paper

Provide a paper for the Board providing 2-3 options to address the complaints volumes backlog and timeliness, addressing the 'new normal' level of complaints. Include costs, resources required and timelines.

Due Date: 19 Feb 2025

Owner: [REDACTED]



33) Comms and Engagement Approach

Comms and Engagement Approach: Consider the best ways to get REA regulatory messages out to the sector, consumers and the public, balanced with focusing on our core functions and top priorities.

Due Date: 27 Mar 2025

Owner: [REDACTED]



34) Industry Pānui Content Review

Review Industry Pānui content to reduce length and increase use of interactive content/videos.

Due Date: 27 Mar 2025

Owner: [REDACTED]

1.5 Review Effectiveness of Strategy and SPE Measures for 2025/26

[REDACTED] led this session.

Strategy

- Further discussion was held around whether strategic priorities 2 and 4 are similar, however the Board agreed education and conduct each need their own pou in the strategy.
- Consider what more the Board could do to demonstrate Commitment to Te Tiriti, beyond supporting and enabling REA's cultural capability activities and engagement with iwi.
- The Board agreed the strategy is sound and strategic priorities do not require any change.
- It was noted if RPM was reprioritised by government that could change our priorities/direction.

SPE Measures

- Pg 135 SPE 2.6 – is it still realistic to resolve complaints within 3 months. The Head of Regulatory Services indicated that the 65% target is achievable once optimal resourcing is reached.
- Decision: The Board agreed to the changes proposed by the SLT on pg. 98, paragraph 7 (amendment to measure 3.2 and new measure 2.7 on complaints timeliness for CAC complaints).



18) Provide updated SPE measures to the Board in February 2025.

Provide updated SPE measures to the Board in February 2025.

Due Date: 19 Feb 2025

Owner: Belinda Moffat



35) Consider Māori engagement/cultural capability growth opportunities for Board

Consider Māori engagement/cultural capability growth opportunities for Board

Due Date: 27 Mar 2025

Owner: Belinda Moffat

1.6 Reflections and Actions

Denese Bates and Belinda Moffat summarised the session and actions arising:

- REA's limited role in home ownership policy was confirmed and it was noted that our focus is on providing consumers with information to support real estate transactions.
- Management must continue to focus on SEP and complaints, and think about how the EIE work programme can be right-sized and balanced with the needs of SEP and CIP.
- SLT to provide data on what it will take to adequately resource and manage complaint volumes.
- Complaints options paper – be bold, not conservative (including legislation changes).
- Board cultural capability options will be considered for 2025.

Reflections on meeting papers and proceedings:

- Papers provided good information to inform discussion.
- Some duplication in papers but provided a good foundation for discussion.
- Good to bounce positions/decisions back to confirm collective Board position.
- A paper on proposed changes to the Act may not be able to be delivered for February, as a review would take significant time and resources which need to be focused on SEP and complaints at present.
- Consider engaging a consultant to support SEP to keep momentum.

2. Close

2.1 Close the meeting

Next meeting: REA Board Meeting - December 2024 - 4 Dec 2024, 9:00 am

Signature:



Date: 19 February 2025