

CONFIRMED MINUTES

REA BOARD STRATEGY MEETING - FEBRUARY 2025



At the **REA Board Meeting - March 2025** on **27 Mar 2025** these minutes were **confirmed as presented**.

Name:	Real Estate Authority
Date:	Wednesday, 19 February 2025
Time:	9:00 am to 12:00 pm (NZDT)
Location:	REA Office , REA Office (Teams option)
Board Members:	Denese Bates KC (Chair), Brooke Loader, Latham Lockwood, Liz Nidd, Mele Wendt, Shirley McLeod, Tony Stack, Vern Walsh
Attendees:	Belinda Moffat, Andrew Tringham, Victor Eng, Andrew Bulled, Josh Doherty, Katie Solomon, Marie Snell, Saara Fourie

1. Board and CE Time

1.1 Board in Committee

The Board agreed on matters for discussion.

1.2 Board and CE Alone Time

The Board and CE discussed matters arising, including:

- An overview of the CE and Board Chair's meeting with the Minister on 18 February.
- Examples of issues arising in sector regarding supervision, complaint resolution, online real estate services
- Whether commission and how it is managed between licensees needs further consideration.

2. REA Board Strategy Session

2.1 Karakia, Confirm Agenda and Confirm Minutes from December Strategy Meeting

REA Board Strategy Meeting December 2024 3 Dec 2024, the minutes were confirmed as presented.

SLT joined at 9.58am and the meeting was opened with a Karakia.

The Board Chair provided a confidential update on Board appointment/ reappointment process.

2.2 Board Roundtable

The Board shared their initial views of the board pack prompted by the questions posed in the Setting the Scene paper (pg. 15 of the strategy session pack).

Board and SLT comments included:

- Change in Board Paper sequencing in main Board pack: the CE Report is a crucial report for the Board and the preference is for it to be discussed early in meetings and appear at the beginning of the pack.
- The Board agreed to put the CE Report early in the meeting packs but noted strategic discussion/decision papers may be prioritised for discussion earlier in meetings.
- The Board confirmed the December Strategy minutes captured the strategic discussion well.
- The Board's preference is to get straight into the deep dive topics at meetings.
- Papers were of a very high standard.
- The Board expressed pride in the organisation and the way REA is making a difference and taking steps to address the rise in complaints. Noted that Board cannot contribute at operational level and needs to keep focus at governance level.
- The Board agreed to see how this agenda works for the next Board meeting and based on feedback from that meeting, determine the agenda layout for future meetings.
- The Board noted concern that there are less resolution matters and sought comfort that serious complaints are not at risk of being closed using s74 triage powers. Head of Regulatory Services noted that resolution is still available and promoted, but many parties seek CAC determinations. All complaints are assessed for seriousness, before progressing to the CARR team.



23) RST team to provide pre-CAC resolutions data to the Board

RST team to provide pre-CAC resolutions data to the Board

Due Date: 31 Mar 2025

Owner: [REDACTED]

2.3 Our Operating Context

The Head of EIE and Programme Manager introduced this item and the Board was asked to discuss and identify any risks and issues to be added to or removed from our internal and operating context, for discussion in the Statement of Performance Expectations.

The Board discussed the following:

External influence

- Points 6 and 11 on pg. 19 were raised for discussion (affordability and economic pressures, and diversity of needs of buyers and sellers). It was noted that affordability remains an issue and people are finding the economic conditions tough.
- Concerns were raised around increased racism, anti-LGBTQI+ sentiments and biased opinions and ideologies in the community. Overseas conflict and political influences are also impacting New Zealanders' overall perceptions and behaviours.
- A recent discrimination example was discussed and it was noted the people involved would be provided with information about our complaints process.
- The Board agreed discrimination is unacceptable in society, and REA must continue to be courageous in this space, supporting licensees to navigate a challenging environment and to rise above ideologies and treat all people fairly. New Zealand has a history of being courageous and making a stand in order to do what is right. Being courageous is one of

our core values and REA has demonstrated courage on many fronts, with our mandatory CPD topics being an example.

- REA needs to hold fast to its values and the role it has for dealing with conduct that is not acceptable.
- Code of Conduct principles were discussed and treating people fairly is the cornerstone of real estate work. There is still unconscious bias in the real estate industry. The sector will need to treat all people fairly if it wants to have public trust and confidence.
- Mystery shoppers: consider getting some experiences from the coal face at open homes and communicating that this is happening to licensees.
- A question was proposed for discussion with industry leaders at RELF: how do you know that your salespeople are treating buyers and sellers fairly?
- The Diversity & Inclusion series topics are on BoardPro and they are valuable resources. The Dealing with People Fairly CPD topic (the second in the three-part series) addresses unconscious bias and the importance of being anti-discriminatory. It is all about growth and understanding the importance of fair treatment.
- The Board discussed producing a one-page document on the Code of Conduct and what consumers can expect from licensees. Also consider messaging in the industry Pānui and how this is conveyed in the SPE.



27) Code of Conduct one-page summary

Code of Conduct: prepare a one-page summary of Code of Conduct and what conduct consumers can expect from licensees.

Due Date: 30 Apr 2025

Owners: [REDACTED]

2.4 Priorities and Measures for 2025-2026

The Chief Executive introduced this paper and the Board was asked to discuss and provide feedback on the proposed priorities under each output area and the proposed amendments to the measures.

Board feedback included:

- Measure 2.7: reducing the target from 90% to 70% was not initially supported as this is a drastic reduction. This measure historically included all complaints and what we are trying to do is separate out CAC complaints from pre-CAC complaints. If making this change, there is a need to look at the forecast 2023/24 and actual 2022/23 columns as well, as these will not be a fair comparison if they reflect all complaints in previous years (comparing apples and oranges).
- Consider why we would not want to retain an 'all complaints' measure in addition. The Chief Executive advised that by measuring all cases, we are not seeing the benefits of those pre-CAC cases that are dealt with within three months when averaged with total figures.
- The Board sought clarification on why 90% completion within a year is not achievable. The Chief Executive highlighted that these cases are usually more serious in nature and often complex e.g. there can be multiple parties with complex evidence to be obtained, potential forensic accountant involvement, and the need to write detailed decisions. For CACs cases, they are currently sitting well below 70% now and 90% is not likely an achievable target.
- The Board asked whether we could add a quantitative measure around these complex cases as detailed above. The Head of Regulatory Services advised that we can retrospectively measure the number of complex cases, but we cannot predict how many we expect to get.

- It was noted that around 20% of CAC cases are currently completed in a year.
- If there is a small number of complex cases, the 70% does not look as unreasonable but with the knowledge that around 20% of CAC cases are completed within a year, the 70% seems like a more reasonable target.
- It was acknowledged that the Regulatory Services Team has consistently worked hard to try and improve complaints timeliness. The data indicates it may not be possible within the existing framework, particularly with CAC cases taking so long. While legislative change would be required, this needs to be addressed to see meaningful change.
- The next iteration of the SPE will be presented to ARC on 17 March and then to the Board on 27 March.
- The Board's feedback was noted and the Board agreed to further analysis of complaints data before presenting the recommended measures again in March.



12) Complaint completion SPE Targets

Give further consideration to complaint completion targets to present to the Board in March.

Due Date: 27 Mar 2025

Owners: Belinda Moffat, [REDACTED]

2.5 Morning Tea

3. Deep Dive: Improvements to the Complaints System

3.1 Deep Dive: Improvements to the Complaints System

The Head of RST took the paper as read. The Board was asked to discuss the options to improve the complaints system, consider the benefits and implications, and provide direction on the approach to manage volumes and improve process. The Head of Regulatory Services provided a detailed overview of the complaints process and current issues and challenges.

The following points were highlighted by management:

- There is higher resistance from parties to resolve complaints.
- We need to ensure we are not closing cases where there may indeed be a conduct issue, in the quest to meet timelines. The Enquiries and Jurisdiction team play a key role in ensuring that this does not occur, assessing seriousness in the first review.
- Of note, while complaints have doubled, there has been little change to the number of misconduct cases.
- Teams have focused hard on the pre-CAC process, writing effective s74(3) inconsequential decisions and managing volumes.
- We are closing about the same number of cases that are coming in, therefore we need more resources to work through the backlog in order to get on top of complaint numbers.
- Likely drivers of increased complaints: economic pressures potentially resulting in more low-level substandard service, greater awareness of and accessibility to REA, increased consumer confidence to complain, and litigious behaviour (less willingness to resolve issues).
- Head of Regulatory Services outlined pre-CAC data over last 5 years noting:
 - o E+J closed 40 cases so far, cf with 20 cases at the same time last year
 - o Inconsequential: in 2020/21 REA closed 32/208 (full year) cases as inconsequential, cf 60/222 in 2023/24, and cf 78/208 so far this year
 - o Resolutions: 80/208 resolved in 2020/21, 40/150 in 2022/23 cf 19/208 so far this year

The Board discussed the following:

- The 20% CAC resolution statistic and all complaints statistics needs to be looked at further to understand the reality of what is possible and what is not possible.
- Reduction in inconsequential may be due to agencies knowing there is a registrar power to triage and refusing to accept responsibility and resolve early.
- The problem is not the process with managing pre-CAC complaints, it is the volume.
- Board considered what a properly functioning system would look like:
 - o Registrar triage power is critical, is it wide enough?
 - o Change in Act to definition of inconsequential (insufficiently serious) may assist triage process and consumer understanding of the outcome
 - o Management have made recommendations in the paper on changes to the REAA.
 - o Biggest challenge is the CAC process:
 - Complex and multisteps: DTI, investigation, decision, decision writing.
 - Most require investigation
 - Change in panel member every 5 years results in time taken to get members up to speed - loss of experience, regular recruitment administration
 - Additional resource will assist but not solve the issues
- The Board considered supporting all of the suggested changes (cost of \$400,000).
- The Board agreed the CAC model is imperfect and improvements are needed.
- Board noted the suggestion for an independent decision writer, and noted that staff can write decisions without impacting the independence of CACs.
- Board discussed whether referring matters back to agency would be seen as dereliction of duty. Management said this is not the case on the basis it is made clear to the consumer if they wish to come back to REA, they can.
- Board encouraged management to explore ways that REA can report complaints to agencies to enable agencies to have a more timely opportunity to resolve complaints. Could include consent in renewal forms and on the portal.
- Discussion on whether CACs are adequately paid and should pay be set by the Remuneration Authority.
- Board identified preferred improvements including:
 - o Find way to report complaint to agency
 - o Do not charge agency for complaint fee
 - o Seek legislative change to increase CAC panel numbers and panel remuneration
 - o Invest in proposed changes outlined in paragraphs 18 and 19 and get additional resources
 - o Engage MoJ on further changes to the REAA to fix the complaint system
 - o Use REA staff to write decisions

4. Deep Dive: REAA 2008

4.1 Deep Dive: REAA 2008

Deferred to March due to time constraints.

4.2 Reflections and Actions

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

The strategic session closed at 12pm.

5. Close

5.1 Close the meeting

Next meeting: REA Board Meeting - February 2025 - 19 Feb 2025, 12:45 pm

	27 March 2025
Signature:	Date: _____