

CONFIRMED MINUTES

REA BOARD MEETING 20 JUNE 2023



At the **REA Board Meeting 23 August 2023** on **23 Aug 2023** these minutes were **confirmed with the following changes:**

Inclusion of action relating to complaints analysis which was omitted.

Name:	Real Estate Authority
Date:	Tuesday, 20 June 2023
Time:	9:00 am to 12:08 pm (NZST)
Location:	REA Offices, Level 4, Todd Building, 95 Customhouse Quay, Wellington
Board Members:	Denese Bates KC (Chair), Mele Wendt, Latham Lockwood, Tony Stack, Vern Walsh
Attendees:	Belinda Moffat, Victor Eng, Nadine Thomas, Andrew Bulled, Josh Doherty, Herman Visagie, Saara Fourie
Apologies:	Liz Nidd
Guests/Notes:	████████████████████

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 following key points were noted for the minutes:

- Conversation with REA was discussed, with ██████████ attending on behalf of the Board. The event saw a great turnout and resulted in excellent discussion.
- The team also visited Esk Valley, with the reality of the aftermath of Cyclone Gabrielle quite confronting.

1.3 Karakia

The Senior Leadership Team joined and the meeting was opened with a Karakia at 10.12am.

1.4 Interests Register

- No new interests to declare and no conflicts were identified.

1.5 Confirm Minutes

REA Board meeting 24 May 2023 24 May 2023, the minutes were confirmed with the following changes:

Approved subject to several minor amendments.



Approved subject to amendments to section 5.2 as discussed

The following amendments were requested:

- Section 5.2 on pg. 21 required some grammatical corrections.

Decision Date: 20 Jun 2023

Mover: [REDACTED]

Seconded: [REDACTED]

Outcome: Approved

1.6 Confirmation of Agenda

The agenda was confirmed.

2. Actions from Previous Meetings

2.1 Action Item List

Due Date	Action Title	Owner
31 May 2023	2) Translation of Values - share details of Palmerston North contact Status: Completed on 24 May 2023	[REDACTED]
31 May 2023	3) Consider translating final values to te reo Māori. Connect with [REDACTED] on this. Status: Completed on 13 Jun 2023	Belinda Moffat
20 Jun 2023	RST to explore range of channels for CAC appointees including Māori and Pacific networks Status: Completed on 15 Aug 2023	[REDACTED]
20 Jun 2023	6) Update the Interests Register with any new interests declared by Board members Status: Completed on 31 May 2023	[REDACTED]
20 Jun 2023	7) Political Neutrality - Share PSC Resources Status: Completed on 13 Jun 2023	Belinda Moffat
20 Jun 2023	Review Policies every two years unless there is a need for changes earlier Status: Completed on 15 Aug 2023	[REDACTED]
20 Jun 2023	Present action plan to the Board relating to Barriers Faced by Diverse Consumer Groups Research Status: Completed on 14 Aug 2023	[REDACTED]
20 Jun 2023	10) Increase the font size on PMO schedule Status: Completed on 13 Jun 2023	[REDACTED]
20 Jun 2023	11) Upload presentation slides from the CIP workshop to BoardPro and the Intranet. Status: Completed on 6 Jun 2023	[REDACTED]
20 Jun 2023	12) Sensitive Expenditure and Conflicts Policies to be reviewed & brought back to the Board Status: Completed on 12 Jun 2023	[REDACTED]
30 Jun 2023	Prepare Terms of Reference for the Board Advisory Committee - Regulation of Property Management Status: Completed on 13 Jun 2023	Belinda Moffat

Due Date	Action Title	Owner
31 Jul 2023	Flexi by Default review Status: In Progress	[REDACTED]
31 Jul 2023	Management to review CAC and Board fees frameworks Status: Completed on 14 Jun 2023	Belinda Moffat
23 Aug 2023	Conduct further analysis on increase in CAC referrals Status: In Progress	[REDACTED]
31 Aug 2023	Finalise a plan for rolling out project management training to all staff and Board. Status: In Progress	Belinda Moffat
31 Aug 2023	[REDACTED] to oversee CE Role Sizing. Status: Completed on 15 Aug 2023	[REDACTED]
31 Aug 2023	Amend the Declaration of Interests and Managing Conflicts Policy Status: Completed on 15 Aug 2023	[REDACTED]
30 Sept 2023	REA Emails for Board Status: In Progress	[REDACTED]
30 Sept 2023	Separation of aged cases Status: In Progress	[REDACTED]
30 Sept 2023	Develop a leadership programme for SLT and Tier 3 Leaders Status: In Progress	[REDACTED]
30 Sept 2023	Invite the REINZ Board Chair to a future REA Board meeting. Status: In Progress	Belinda Moffat
30 Sept 2023	Board Members to declare personal engagements with Real Estate Agents in the last 12 months Status: In Progress	[REDACTED]
24 Oct 2023	Organise Board Project Governance Training at a future Board meeting Status: Completed on 14 Jun 2023	Belinda Moffat
31 Oct 2023	Māori Engagement Framework - Board Marae Visit Status: In Progress	Belinda Moffat
31 Oct 2023	Bring policy for dealing with difficult people to Board Status: In Progress	Belinda Moffat
30 Nov 2023	Transaction Reports Status: On Hold	[REDACTED]

Actions were taken as read.

3. Chief Executive's Report

3.1 CE Report

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

- The election period commences on 14 July and it is important to be mindful of the dynamic political environment, particularly around the regulation of property management. Political neutrality is critical.
- Key focus for CE and SLT members has been CIP consultation and Regulation of Property Management policy support.
- The CE invited insights from the Board on what they are seeing in the sector and feedback suggested that high house prices are unlikely to be an election issue given the current market, but housing remains a focus.
- Consultation on the draft PSC Code of Conduct guidelines: the CE highlighted greater detail and a different approach taken by the Public Service Commission. The Board was invited to provide any feedback to the Chief Executive and General Counsel for inclusion in the response. The Board indicated general support for the draft Code of Conduct guidelines.

- Emissions have been assessed and travel is the highest contributor to REA emissions, although REA is not a high emitter overall due to our organisational size. The Board will be asked to consider any changes to travel at Board level to assist with REA's emissions reduction, but it was agreed that the benefit of in-person Board meetings outweighs the need to reduce travel. It was noted that Board Committee meetings are already held online. Board attendance at other events could be limited to one or two members and consider logistics when nominating Board representatives for attendance at each event.
- REA held a staff offsite which took place at Wharewaka on 1 June. There were a number of internal and external speakers covering a range of topics and the feedback from the staff survey has been really positive.
- Following on from Te Kākano, REA is now thinking about how to prepare the sector for the next mandatory Diversity & Inclusion topic, looking at the lessons we have learned around communicating to the sector, and taking REINZ on the journey.
- The Head of Engagement, Insights and Education, [REDACTED] highlighted that REINZ support the topic, and it is whether it should be mandatory that is the point of debate. The next step is to focus on practical application of what licensees have learned which builds on Te Kākano.
- Noted that interim audit is underway.
- Noted positive feedback from Conversations with REA in Hawke's Bay.

The Board discussed the following matters:

- Emissions noted and discussion held on the importance of meeting face-to-face whilst also meeting reduction targets in other ways. Management will work on a reduction plan once baseline emission levels are finalised.
- Board supported supplemental papers being made available online only: especially given the sensitive nature of some of those papers and risks with sending them by post, along with printing, courier costs and emissions. It also helped the Board focus on the papers that they need to read to inform their decision-making.
- Tikanga and how this may be built into CPD: Management to discuss with Law Society and consider elective topic. REA is currently focused on bias and discrimination in real estate, and discussion on Tikanga will flow from Te Kākano.
- The Board reiterated support for mandatory D+I topic and supported work to ensure good communication with the sector and REINZ on the purpose of the topic and relevance to the sector: fairness and professionalism. It was noted that Te Kākano and D+I may require a mindset change and a cultural shift for some in the sector.

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.



RPM Funding Letter to the Minister

Send the Board a copy of the letter to the Minister relating to the funding of the Regulation of Property Management once it is finalised.

August: In August Board Pack - Item 5.3

Due Date: 30 Jun 2023

Owner: Belinda Moffat

3.2 Break

4. Board Papers for Approval or Discussion

4.1 Policies and Terms of Reference Review

The following two policies and Property Management Regulation Committee Terms of Reference were presented to the Board for discussion and approval.



Sensitive Expenditure Policy

Sensitive Expenditure Policy

Minor amendments were required:

- Paragraph 34: correction to the word “assets” (missing an e)
- Paragraph 57.a: correction to the word “ensuring” (currently ensuing).
- Paragraph 63: delete “...and be an appropriate amount.” Should now read “63. Donations should be approved by the Chief Executive.”
- Paragraph 71: Delete surplus word “at”.

Outcome: Approved subject to the above amendments.

Decision Date: 20 Jun 2023

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved

Communications Policy

The following matters were discussed:

- Minor amendments were required to paragraph 26 and 27: “...regulatory services team is responsible.” in both instances.
- REA does not have a policy or clauses in any policies relating to advertising spend and focus. Approval of the policy was held pending further work by management on additional advertising clauses.
- The updated policy will be considered by ARC and brought back to the full Board to sign off in August.



Property Management Regulation Committee Terms of Reference [REDACTED] ...

Property Management Regulation Committee Terms of Reference

[REDACTED] General Counsel, introduced this paper and highlighted the following:

- The Board Chair has seen this draft but this is the first time this has been presented to the full Board.
- It is intended to be an advisory committee and will convene as needed.
- Reporting will continue to go to the main board with the Committee convened on specific issues requiring consideration.

The Board discussed the following:

- The timeframes for establishment of the Committee to be updated to record that the Committee was approved to be formed in April 2023 and established in June 2023.

- Whether voting requirements were needed: Scenarios where voting might be needed were discussed i.e. in the unlikely event that there is a strong difference of opinions. The voting reference is to remain.
- Committee is designed to be agile and nimble. There are no formal delegations. The Terms of Reference achieve this purpose.
- The Chair has appointed [REDACTED] to be the Chair of the Committee.

Decision Date: 20 Jun 2023

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved



Communications Policy

Bring back the updated Communications Policy with additional advertising clauses.

August: endorsed by Audit and risk in July, for Board approval in August

Due Date: 23 Aug 2023

Owner: [REDACTED]

4.2 2023/24 Statement of Performance Expectations



The Statement of Performance Expectations (SPE) for the year ending 30 June 2024 was approved

The paper was taken as read and [REDACTED] highlighted that this is the final iteration for approval. The key changes since the last review are to the balance sheet. No changes have been made to the commentary/narrative.

The Board did not have any additional questions or comments.

Recommendations

It was recommended that the Board:

- Approve** the Statement of Performance Expectations (SPE) for the year ending 30 June 2024.

Decision Date: 20 Jun 2023

Mover: [REDACTED]

Seconder: [REDACTED]

Outcome: Approved

4.3 Engagement, Insights and Education (EIE) Update

The paper was taken as read and [REDACTED] highlighted three key aspects to the paper for discussion, endorsement or approval:

- The Board was invited to provide any comments on the supervision standard supplementary guidance. No comments or queries were received from the Board. It was noted that these may be released as guidelines (rather than guidance).
- Barriers to Participation research: [REDACTED]
[REDACTED]
[REDACTED] The Research may be used in CPD and other presentation materials as examples of issues to be addressed.
- Restrictions on digital marketing in election period: discussion was invited on whether paid advertising should continue during this three-month period. There is public interest and need which justifies general advertising of Settled on Facebook but the consensus was that no new paid advertising campaigns should run during that time.

The Board discussed the following:

- It was noted that CE is expected to be across all advertising campaigns under the PSC guidance.
- CPD Diversity & Inclusion Topic 2: The Board supported the framing of “Engaging with customers and clients fairly”. The narrative must continue to be very positive – framing with terms like fairness and equity, rather than negative framing like bias, inequity, and discrimination.



Approved subject to confirmation of wording change - Guidance/Guidelines.

Recommendations

It was recommended that the Board:

- Note** the contents of this paper and provide feedback on any matters raised
- Approve** the REA Supervision Standard Supplementary Guidance/guidelines
- Endorse** the recommended actions for the use of the Barriers to Participation Research Report.

Outcome: Approved subject to confirmation of wording change to the Supervision Standard Supplementary Guidance/Guidelines.

Decision Date: 20 Jun 2023

Mover:

Seconder:

Outcome: Approved



Provide the Board with the final version of the Barriers to Participation research report

Provide the Board with the final version of the Barriers to Participation research report once available.

Due Date: 23 Aug 2023

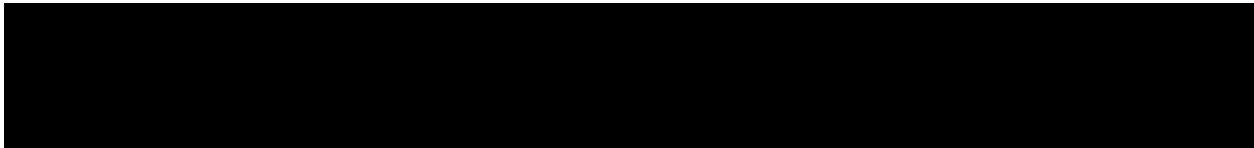
Owner:

5. Board Papers for noting

5.1 Regulatory Services Team Paper

The paper was taken as read and [REDACTED] highlighted the following points:

- Trust account audit is about to get underway.
- CIP people changes are a key focus area.
- Clarification around the rules for number of bedrooms advertised is being looked into, in terms of what guidance can be given to the sector. An example of the challenges was where there two local councils who applied different rules for defining the number of bedrooms in a property was highlighted in Hawke’s Bay Conversation with REA discussions.
- Trend of flexi-space in architecture (office space vs bedroom space).
- Early Resolutions table under paragraph 6 shows a significant increase in complaints, so we will be looking into these complaints to look for the reasons behind this spike. A significant number appear to be from prospective buyers which is interesting in a quiet market. Some data analysis will be required to better understand.



- Licensee numbers have now dropped below 16,000 (15,986 average). This drop is driven by fewer new or renewed applications, not necessarily people leaving the industry.

Recommendations

It was recommended that the Board:

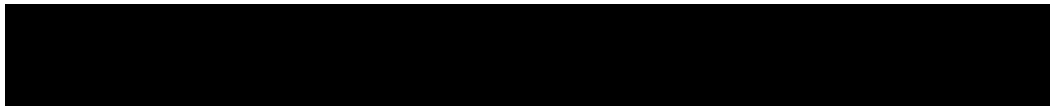
- a. **Note** the contents of the Report and provide feedback on any matters raised.

Outcome: Noted



Conduct data analysis on the increase in complaints to look for trends/drivers

The Early Resolutions table under paragraph 6 of the June RST paper shows a significant increase in complaints. Conduct data analysis to ascertain the reasons behind this spike.



Due Date: 19 Sept 2023
Owner: [Redacted]

5.2 Legal Team Paper

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

- Litigation: [Redacted]
- [Redacted]
- [Redacted]
- [Redacted] invited comments or suggestions for improvements to these legal updates to ensure the Board has the information they need.

The Board discussed the following:

- Is there a CPD topic on Trust Accounts? [Redacted] confirmed there is one.

Recommendations

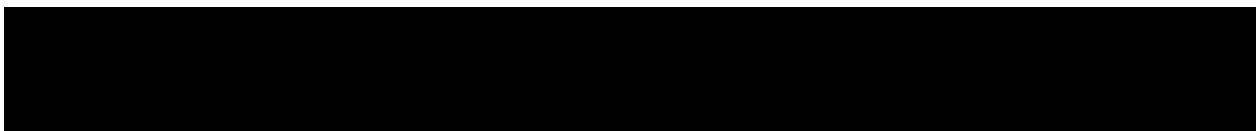
It was recommended that the Board:

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

Outcome: Noted

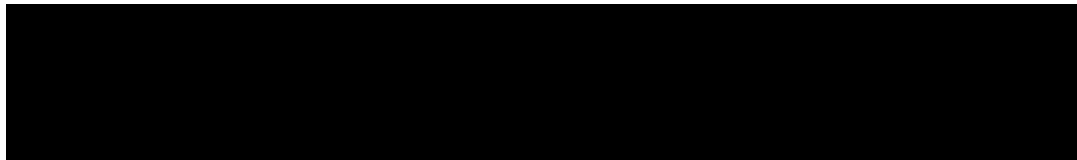
5.3 Property Management Regulation Update

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





- Number of property managers regulated could be anywhere between 2.5k and 7.5k.
- Process of educating those that don't even know this change is happening will be important.



- REA may need to provide further guidance and input to HUD and the Select Committee. REA could seek to be a technical advisor during this stage.
- SLT is meeting in July to discuss planning for the establishment team.



The Board noted the update and raised the following comments or questions:



Recommendations

It was recommended that the Board:

- Note** this report

Outcome: Noted.

5.4 PMO Report on Projects and Key Initiatives

The paper was taken as read and Belinda Moffat highlighted that:

- projects are moving at pace
- Some projects are in amber, a number are in green
- CIP Project Manager and Project Coordinator are making great progress.

The Board noted the paper and agreed the updated schedule was easier to read.

Recommendations

It was recommended that the Board:

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

Outcome: Noted.

5.5 Complaints Improvement Project Update

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

- Consultation is underway and while there is some uncertainty, there is great support for why we are making the changes. Significant work is underway around change management.
- REA is about to commence CAC member recruitment for 13 new CAC panel members and we have been looking at ways to attract more diverse perspectives. Work is underway to look at advertising channels and networks to reach out to.

Recommendations

It was recommended that the Board:

- a. Note** the update on the Complaints Improvement Project

Outcome: Noted.

5.6 Systems Enhancement Project (SEP) Update

[REDACTED] *joined the meeting for this paper.*

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

- Paragraph 5 highlights the options in phase 1.

Recommendations

It was recommended that the Board:

- a. Note** changes to the SEP Governance structure and changes to Steering Group
- b. Note** the progress update of the Systems Enhancement Project
- c. Note** the Steering Group approval to upgrade [REDACTED]
- d. Note** the SEP Project Scope change and that Business Case will be at an Enterprise level with a target date of August 2023
- e.** [REDACTED]

Outcome: Noted.

5.7 Audit & Risk Committee Six-monthly Report June 2023

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

- This is the six-monthly report to the Board on Audit & Risk activities.

The Board discussed the following:

- One correction: the Auditors could not find time to meet with the Audit & Risk Committee rather than the other way around so this could be amended in the report.

Recommendations

It was recommended that the Board:

- a. **Note** the Audit & Risk Committee's six-monthly report to June 2023.

Outcome: Noted.

6. Other Business

6.1 General Business

There was no general business discussed.

6.2 Closing Karakia

The meeting was closed with a Karakia at 12.08pm.

6.3 Lunch 12.50pm

7. Close Meeting

7.1 Close the meeting

Next meeting: REA Board Meeting 23 August 2023 - 23 Aug 2023, 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: 23/08/2023