
Statement of Intent

2020/21 to 2024/25

June 2020





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Presented to the House of Representatives
Pursuant to section 139 of the Crown Entities Act 2004

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Statement of responsibility

In signing this statement, we acknowledge that we are responsible for the information contained in this Statement of Intent 2020/21 to 2024/25 for the Real Estate Authority.¹ This information has been prepared in accordance with sections 138–148 of the Crown Entities Act 2004 and to give effect to the Minister of Justice’s expectations of the Real Estate Authority



Denese Bates QC
Board Chair
16 June 2020



Marion Cowden
Board Member
16 June 2020

¹ The Real Estate Authority is a Crown entity established under the Real Estate Agents Act 2008. It is the operating name of the Real Estate Agents Authority.

Nature and scope

The Real Estate Authority (REA) is the independent, government regulatory body of the real estate industry in New Zealand.

Our purpose is to promote and protect the interests of consumers buying and selling real estate and to promote public confidence in the performance of real estate agency work.

Consumers will have more confidence in the real estate industry if licensees are professional and competent and if there are effective processes for redress when things go wrong.

We help build industry capability by:

- promoting best practice
- providing information and guidance to consumers and licensees
- raising professional standards
- managing licensing and complaints
- monitoring and enforcing licensee behaviour.

We increase public confidence by holding poor behaviour to account, delivering interventions that aim to reduce or prevent consumer harm and promoting and improving industry professionalism.

Governance

REA is governed by an independent Board that is appointed by the Minister of Justice. The Board works to:

- set strategic direction
- ensure we carry out our legislative functions effectively
- monitor performance
- recruit and monitor the performance of the Chief Executive.

The Board reports directly to the Associate Minister of Justice. The current REA Board members are:

- Denese Bates, QC (Chair)
- Marion Cowden
- Liz Nidd
- Tony Stack
- Jo Devine
- Latham Lockwood
- Vern Walsh JP

Contributing to Government priorities and the Ministry of Justice's vision

The Ministry of Justice's vision is for safer communities with increased trust in the justice system, for the wellbeing of everyone as a core priority for the justice system and for the integrity of its constitutional arrangements to be maintained.

REA supports the Government's priorities and the Ministry's vision by building integrity and public trust in the real estate industry. We contribute to the wellbeing of New Zealanders who purchase and sell property by providing valuable information and guidance, by increasing professionalism and by licensing, enforcing and monitoring the real estate industry to help reduce consumer harm.

Functions and operations

REA is a Crown entity established under the Real Estate Agents Act 2008. Our purpose is to promote a high standard of service and professionalism in the real estate industry and help protect buyers and sellers of property. We:

- provide independent information, guidance and tools through our settled.govt.nz website and brand to consumers buying and selling property
- license people and companies working in the real estate industry
- provide information and guidance for licensees
- manage a continuing professional development programme
- maintain a code of conduct that sets out the professional standards real estate licensees must follow
- develop standards for the industry to increase professionalism
- deal with complaints about licensee behaviour through our early resolution and Complaints Assessment Committee processes
- manage a disciplinary function and a public register of real estate agents that includes information about any disciplinary action in the previous three years.

REA manages its functions and operations effectively by identifying and managing the risks and the strategic issues and opportunities that face the industry and its regulatory environment. REA ensures it has the optimal capacity and capability to deliver on its goals and objectives.

Operating environment

The New Zealand real estate market

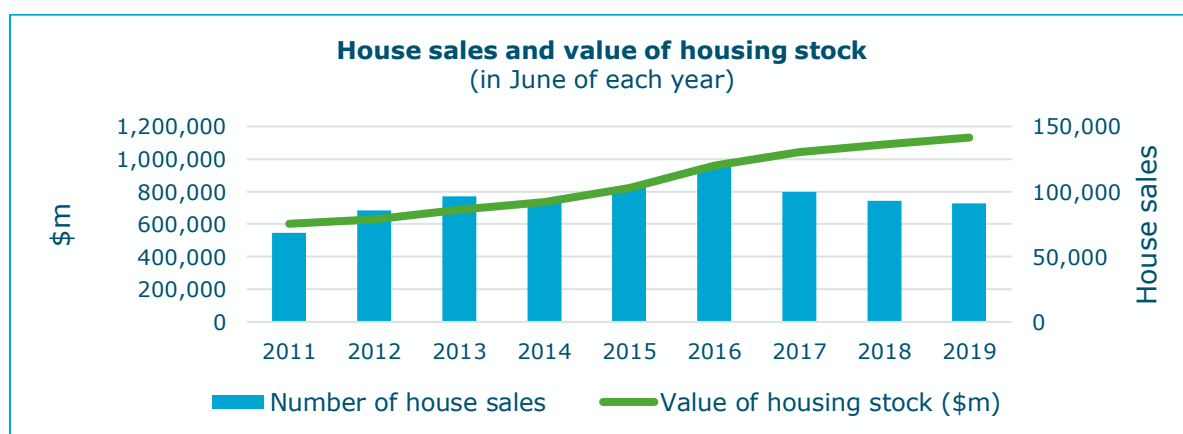
REA's scope includes residential, commercial, business and rural real estate transactions and licensees.

The New Zealand residential real estate market is valued at more than \$1 trillion. In the year ending June 2019, there were 91,002 house sales.

The COVID-19 pandemic is likely to significantly impact the property market in the first half of the four years of this Statement of Intent.

... the market has lost some momentum, however it's likely we won't have a firm view on the trajectory of property values until sales volumes have picked up further over the coming months.

CoreLogic, 3 June 2020



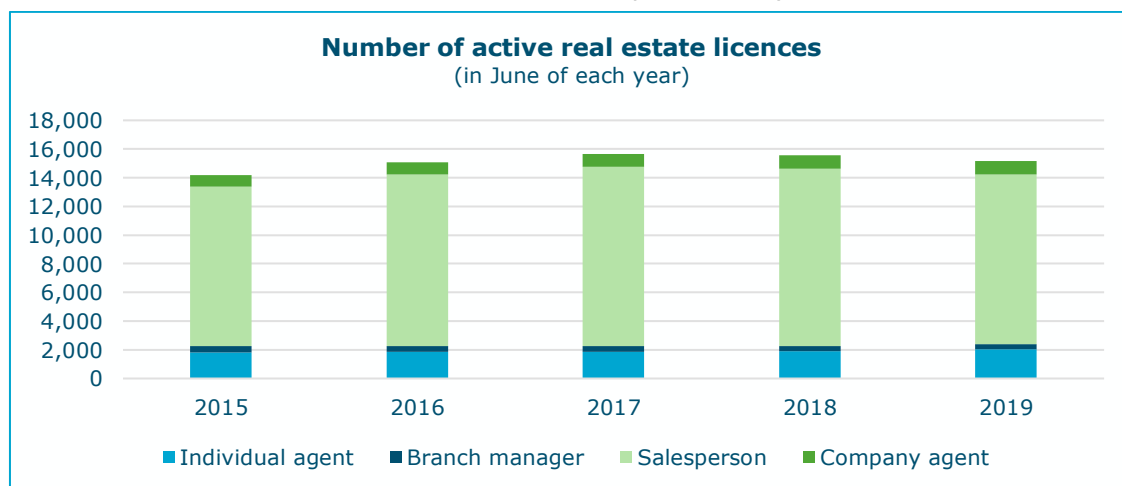
Source: Reserve Bank

Real estate licensees

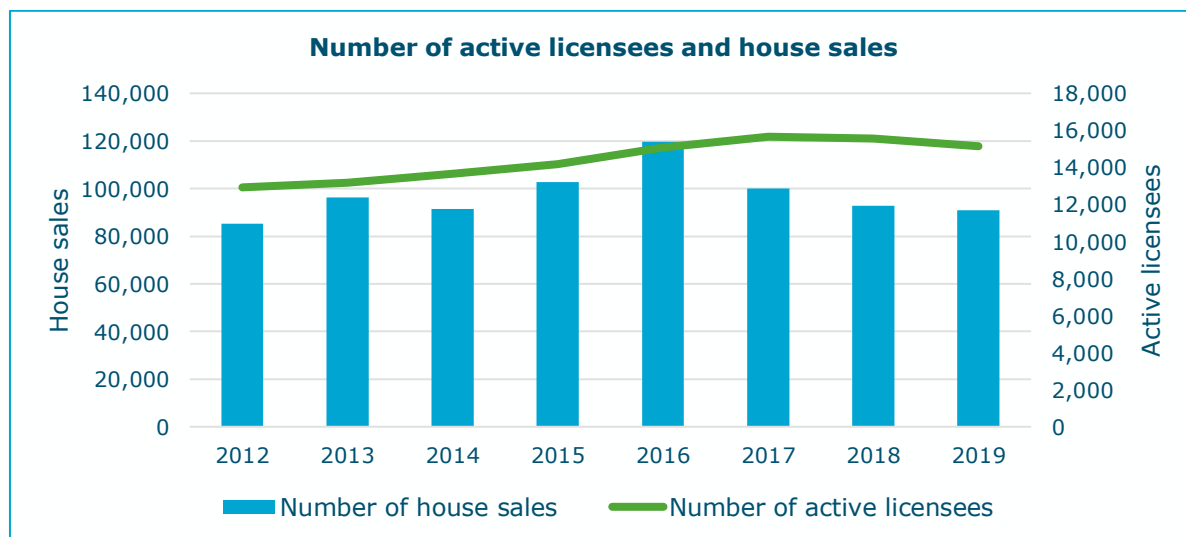
We will continue to build industry capability, promote best practices, raise professional standards, manage licensing and complaints, monitor conduct and enforce rules and regulations. We will also identify and target high-risk licensee behaviours to reduce and prevent consumer harm.

There are four classes of licence: company licences, individual salespersons, branch managers and agents.

The COVID-19 pandemic is likely to impact sales prices, sales volumes and licensee numbers in the short term. The extent of this impact is not yet clear.



Licensee numbers are impacted by the number of new salesperson licence applications and the number of licensees who retire from the sector. The number of applications has historically been linked to the number of house sales² each year.



Sources: Reserve Bank house sale data and REA data

² Approximately 86% of licensees work in the residential sector. House sale data is a useful comparative measure for that sector, but note that licensee numbers include those working in the commercial, business broking and rural sectors.

Consumers

Buying and selling property is one of the most significant financial decisions New Zealanders make. There are many risks, and when issues occur with a real estate transaction, the financial and emotional impact on consumers can be significant and long-lasting.

We focus on educating and guiding consumers and increasing their knowledge of the real estate transaction so that they can make well-informed decisions. In particular, we aim to help consumers identified as being most at risk, for example, first-home buyers, buyers who are new to New Zealand (especially those with English as a second language) and other inexperienced or vulnerable buyers and sellers.

Understanding and addressing consumer problems and issues

We use data analysis, insights and intelligence to identify and understand risks and the causes of consumer problems and issues. We work with the sector to reduce these problems and issues through targeted interventions and by raising consumer awareness of the risks and issues and how to avoid them.

Increasingly, as well as aiming to reduce and prevent specific problems and issues, REA is looking to understand and address systemic property market issues to inform our regulatory response. This includes a deeper understanding of the drivers of industry behaviour, including the sector's culture and conduct.

Strategic objectives

Our strategy

From our beginnings in late 2009, we have evolved from a new entity to a well-established regulator that is making a positive difference by building industry capability and professionalism and helping to protect and promote the interests of consumers.

The following strategic framework outlines our vision, overarching strategic goal and strategic priorities.



Our strategic goal (outcome)

Empowered consumers working with trusted real estate professionals

Our strategic priorities (impacts)

1. Reduced consumer harm
2. Better educated and informed consumers
3. Increased professionalism and public confidence
4. Increased awareness and understanding of the REA

Our outputs

1. Informing and educating consumers, licensees and other stakeholders
2. Licencing, enforcing and monitoring of the real estate industry

Our outcomes

We support government outcomes by working to enable the outcome of empowered consumers working with trusted real estate professionals.

A better real estate experience for all

Our vision statement is a powerful aspiration. It refers to a better real estate experience for New Zealanders buying or selling property and for licensees and other professionals involved in real estate transactions. It also includes the experience these groups have when they interact with us.

Empowered consumers working with trusted real estate professionals

Delivering on this goal is about ensuring that everyone involved in real estate transactions is well informed and feels empowered to make the right decisions based on their situation.

It is also about working collaboratively with the industry to increase professionalism and trust and reduce levels of dissatisfaction, harm or loss for those involved.

As well as increasing professionalism through REA's continuing professional development programme, we also have an independent Complaints Assessment Committee process to address cases of misconduct and help maintain high standards of professionalism.

Assessing performance

The effects of the COVID-19 pandemic

The COVID-19 pandemic has created a high degree of uncertainty for the economic outlook and the real estate industry. REA's Senior Leadership Team is actively identifying and monitoring COVID-19-related risks and their impact on the real estate industry and REA's operating environment.

We assess our performance using a range of tools, including an annual consumer survey run by Nielsen, in-depth research and focus groups, user feedback and ratings, licensee surveys, data analysis and industry engagement.

Our annual Nielsen survey includes New Zealanders who have bought or sold a home in the previous 12 months or who have tried to do so but were unsuccessful.

Our survey results reflect the characteristics of the New Zealand property market:

- New Zealanders buy or sell property on average once every seven years.

- Consumers typically engage with the real estate market for a relatively short period when they buy or sell property.
- As a result, at any one time, there is a fresh cohort of buyers and sellers who are new to the property market or haven't bought or sold for several years.
- Consumer responses are affected by the property market. For example, when house prices and demand is high, vendors are more likely to be happy, but conversely, buyers, especially unsuccessful buyers, are less likely to be.

Our relevance to consumers and our relationship with them is, therefore, sporadic rather than enduring. REA must take a long-term view of key outcome and impact measures such as consumer knowledge, empowerment and knowledge of REA because significant gains are likely to become more evident over the long term.




Outcome: Empowered consumers working with trusted real estate professionals

Our annual research programme asks consumers who have taken part in real estate transactions in the previous 12 months about their experience. The results help us to understand the perceptions buyers and sellers have about the real estate sector and the real estate agents they have worked with.

We measure how empowered consumers feel and how trustworthy and professional they found the real estate agent who they worked with.

Consumers rate these attributes on a five-point scale, and we measure our progress using the top three scores. For example, consumers rate the professionalism of the real estate agent they worked with as poor, fair, good, very good or excellent. We report the scores for good, very good and excellent.

The consumer group includes people who were unsuccessful in the real estate transaction.

OUTCOME	INDICATOR	AVERAGE 2017-2019	TARGET 2025	CHANGE SOUGHT
Empowered consumers working with trusted real estate professionals	Percentage of consumers who feel empowered to participate effectively in the real estate transaction ³	85%	>85%	
	Percentage of consumers who rate the real estate agent they worked with as being trustworthy ⁴	78%	>85%	
	Percentage of consumers who rate the real estate agent they worked with as being professional ⁵	83%	>85%	

Source: Annual Nielsen consumer research

³ Consumers who feel somewhat to very empowered.

⁴ Consumers who rate trustworthiness as good, very good or excellent. Trustworthiness is measured in terms of acting ethically, honestly and openly.

⁵ Consumers who rate professionalism as good, very good or excellent.



Impact 1: Reduced consumer harm

Buying and selling property is one of the most significant financial decisions New Zealanders make. There are many risks, and when issues occur with a real estate transaction, the financial and emotional impact on consumers can be significant and long-lasting.



Impact 2: Better educated and informed consumers

The real estate market involves many organisations that promote products and services to home buyers and sellers. Consumers need access to independent, relevant and trusted information to be better informed about the process, risks and issues related to real estate transactions.









Impact 3: Increased professionalism and public confidence

Public confidence in the real estate industry will increase if the sector is made up of professional, competent licensees and if there are effective processes for redress when things go wrong. We will continue to build industry capability, promote best practices, raise professional standards, manage licensing and complaints, monitor conduct and enforce rules and regulations.



Impact 4: Increased awareness and understanding of REA

We position ourselves as the independent, trusted and authoritative source of information and guidance for consumers and licensees. Consumers have had a relatively low awareness of REA's brands and role, which is why it's important to raise REA's profile so we can reach buyers and sellers to educate and inform them. Awareness and understanding of REA are increasing.

IMPACT	INDICATOR	AVERAGE 2017–2019	TARGET 2025	CHANGE SOUGHT
Reduced consumer harm	Percentage of active licensees who don't receive decisions of unsatisfactory conduct or serious misconduct	99%	>99%	
	Percentage of consumers who experienced issues or problems with respect to the real estate agent	⁶	<10%	
Better educated and informed consumers	Percentage of consumers who consider they are knowledgeable about the real estate transaction process ⁷	87%	>87%	
Increased professionalism and public confidence	Percentage of consumers who have confidence that the real estate industry is professional ⁸	86%	>85%	
Increased awareness and understanding of REA	Percentage of consumers who know what REA does	34%	40%	
	Percentage of consumers who are aware of settled.govt.nz	23% ⁹	40%	

Sources: Annual Nielsen consumer research and REA data

Output 1: Informing and educating consumers, licensees and other stakeholders

This output provides for the provision of information and guidance to buyers, sellers, licensees and other stakeholders. It includes:

- identifying and understanding the causes of consumer harm
- informing and guiding consumers about their rights, the real estate transaction process and associated risks
- informing and advising licensees about their responsibilities and providing them with best-practice guidance
- managing the continuing professional development programme and monitoring licensee compliance
- developing strategic relationships with property system stakeholders
- raising awareness of REA and our settled.govt.nz website and brand.

⁶ Not yet measured over three years.









⁷ Consumers who consider they are somewhat to very knowledgeable.

⁸ Consumers who have some to a lot of confidence that the sector is professional.

⁹ This result is for 2018/19 only – the first full year after the settled.govt.nz website and brand were launched in February 2018.

Output 1 primarily contributes to these impacts:

- Reduced consumer harm
- Better educated and informed consumers
- Increased awareness and understanding of REA

OUTPUT 1	INDICATOR	AVERAGE 2017–2019	TARGET 2025	CHANGE SOUGHT
 Informing and educating consumers, licensees and other stakeholders	Percentage of consumers who find the information and guidance provided by REA useful	93%	>90%	
	Percentage of licensees who find REA's compliance guidance useful	91%	>90%	
	Percentage of licensees who agree that continuing professional development has improved their knowledge and understanding of the topic area	85%	>85%	
	Number of rea.govt.nz website sessions each year	288,958 ¹⁰	300,000	
	Number of settled.govt.nz website sessions each year	691,704 ¹⁰	>750,000	
	Usefulness of rea.govt.nz content ¹¹	4.1	>4.25	
	Usefulness of settled.govt.nz content ¹¹	4.4	>4.25	

Sources: Annual Nielsen consumer research, annual REA licensee survey and Google Analytics

Output 2: Licensing, enforcing and monitoring of the real estate industry

This output provides for managing and administering the REA licensing regime, monitoring the industry and taking action against non-compliance. It includes:

- managing the licensing scheme to ensure that, at the time of approval, all active licensees are fit and proper and meet the required professional standards to work in the industry
- processing new applications, renewals and voluntary suspensions of licences
- maintaining a current register of all licensees
- managing the licensee portal
- responding to enquiries by providing information and advice
- auditing real estate agency trust accounts









¹⁰ This result is for 2018/19 only – the first full year after the new rea.govt.nz and settled.govt.nz websites were launched in February 2018.

¹¹ Website users can score each page on a scale of 1 to 5. Average scores are shown here.

- establishing and maintaining a framework for collecting, collating and analysing data
- comprehensive assessment of the key issues and risks in the real estate industry and shaping regulation, compliance and policy practices to address these risks
- receiving, assessing, managing and investigating complaints
- acting on non-compliance
- supporting Complaints Assessment Committees, the Tribunal and court activities.

Output 2 primarily contributes to these impacts:

- Reduced consumer harm
- Increased professionalism and public confidence

OUTPUT 2		INDICATOR	AVERAGE 2017–2019	TARGET 2025	CHANGE SOUGHT
 Licensing, enforcing and monitoring of the real estate industry	Quality	Percentage of applications approved where licensees at the time of approval are fit and proper and meet the required professional standards	100%	100%	
		Percentage of complainants and respondents who consider the complaints process independent, fair and transparent	56%	60%	
	Timeliness	Percentage of new applications processed within three weeks	87%	85%	
		Percentage of renewal applications processed within two weeks	98%	98%	
		Percentage of complaint enquiries resolved through early resolution within one month	98% ¹²	95%	
		Percentage of complaints completed through early resolution within three months ¹³	81%	95%	
		Percentage of complaints completed within one year	86%	90%	

Source: Internal reporting

¹² This measure is an average for 2018 and 2019.

Organisational health and capability

Our values

Our values continue to help us determine how we act as an organisation.

Our values and expectations are at the heart of everything we do and form an important part of our culture:



We are professional

We act with integrity. We respect each other and those we interact with. We take responsibility and hold ourselves and others to account.



We are proactive

We are energetic, courageous and committed. We use innovation and expertise to improve New Zealand's real estate industry.



Our people matter

We build strong and positive relationships with the people we work with. We develop our people and share our combined expertise to create outcomes we are proud of.

Improving capability with great people and quality systems

Maintaining and improving REA's organisational health and capability is essential to achieving the outcome and impacts we are seeking.

Providing the right environment, tools, systems, support and leadership enables our people to do their jobs effectively and grow our capability as an organisation.

Our people

We have people with diverse backgrounds, skills, experiences and knowledge. Diversity and inclusiveness are critical to ensuring our continued success and progress towards our goals.

Our people have a voice in the way REA operates through the business planning process, regular surveys, our Culture Club and strong relationships.

Promoting equal employment opportunities

We promote equal employment opportunities through our practices relating to recruitment and selection, leadership, workforce development, management of people and performance as well as the way we engage with our employees.

Māori

We strive to build cultural capability in the workplace. We use te reo Māori in our internal and external communications.

Wellbeing

REA supports the government's approach to wellbeing. We have a flexible working policy. We use staff surveys to measure health and wellbeing, we run staff meetings about wellbeing and REA staff have the opportunity to do volunteer work in the community for two half-days each year.

We also actively seek to improve our office's energy efficiency and manage our waste.

We continue to review and broaden our measures of success.

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