

2024
Real Estate
Authority
Te Mana
Papawhenua

Annual Report
Te Pūrongo-ā-Tau

For the year ended 30 June 2024

Strategic framework 2021-2025

Te anga rautaki

Government priorities

To improve the wellbeing and living standards of New Zealanders

Our vision People confidently engage in fair transactions with trusted real estate professionals

Our purpose

- To promote and protect the interests of consumers in respect of transactions that relate to real estate, and
- To promote public confidence in the performance of real estate agency work

OUR IMPACTS OVER TIME



1. Informed consumers across New Zealand's diverse communities confidently engage in real estate transactions without harm



2. Licensees fulfil their obligations and are capable, trusted and professional



3. Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities



4. Standard of conduct by licensed real estate professionals is increased

OUR STRATEGIC PRIORITIES

Inform and engage with consumers across New Zealand's diverse communities

Deliver an independent, effective and accessible disciplinary process, and hold poor conduct to account

Educate and engage with licensed real estate professionals to enable them to meet their regulatory obligations

Demonstrate our commitment to te Tiriti o Waitangi

Raise awareness across New Zealand's diverse communities of REA as an effective conduct regulator and our role in the real estate system

Increase our regulatory effectiveness and understand and respond appropriately to causes of harm

OUR ACTIVITIES AND SERVICES WORK TOGETHER TO DELIVER OUR STRATEGIC PRIORITIES

Engagement, information, insights and education

Licensing and enquiries

Complaint determination and disciplinary action

Effective use of people, systems, processes, data insights, analysis and knowledge transfer

Oversight and development of the real estate agency regulatory system

Supervision and compliance

WE MAKE AN IMPACT WITH CAPABLE AND ENGAGED TEAMS AND QUALITY SYSTEMS WORKING TOGETHER

Our values Ko mātou

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

Collaborative

We build positive relationships, seek out new ideas, develop mutual understanding and deliver together.

Inclusive

We embrace all backgrounds, respect different perspectives and celebrate diversity. We honour Te Tiriti o Waitangi.

Courageous

We rise to new challenges, anticipate and adapt to the future, champion innovation and hold ourselves to account.

Fair

We act with integrity and empathy, adopt robust processes and strive to do the right thing.

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Chair and Chief Executive's report

Te pūrongo a te Heamana me te Tumuaki

Tēnā koutou katoa

It is our pleasure to present the Real Estate Authority's (REA) Annual Report for 2023/24.

This has been the third year of our 2021–2025 strategy focused on protecting and promoting the interests of consumers in real estate transactions and supporting New Zealand's licensed real estate professionals (licensees) to meet the high standards of conduct expected of them. Our performance centred on our six strategic priorities, including improving our regulatory effectiveness, raising awareness of REA as the conduct regulator, building a programme to extend our understanding and reach across New Zealand's diverse communities and continuing our pathway for demonstrating our commitment to te Tiriti o Waitangi.

Operating context

This year has seen a challenging economic environment and slower market conditions continuing to put pressure on real estate consumers and licensees.

While residential listings increased through the year, sales remained slow and days to sell remained high. All real estate sectors across residential, rural, business broking and commercial and industrial faced new challenges as they navigated the operating environment. Meeting vendor expectations and buyer demands required a high level of skill and experience from the sector.

The pressures in the market are reflected in the increase in complaints, with REA receiving 43% more formal complaints than the previous 12 months. Many of the complaints that progressed through to Complaints Assessment Committees (CACs) and the Real Estate Agents Disciplinary Tribunal involved notably complex issues, with parties more often resistant to early resolution.

This substantial increase in complaints occurred as we implemented changes to our complaint handling processes to improve efficiency. We achieved an increase in complaint outcomes through the system, but not within the timelines we aim to achieve. This remains a priority focus in the year ahead.

Maintaining the effectiveness of our core regulatory functions in these operating conditions was a priority through the year. Although licensee numbers were higher than forecast, all of our licensing targets were met. Our focus on lifting licensee satisfaction with our Continuing Professional Development (CPD) programme was achieved. Our goal throughout the year was to support licensees and protect consumers through these challenges by providing a clear and well-regulated environment to operate within.

As our report demonstrates, despite the economic, social and financial pressures in the real estate context and our own internal change programme, we are pleased to report that we continued to deliver our regulatory services to a high standard. Our survey results demonstrate that we have maintained the confidence of the sector and consumers. We have made meaningful progress towards our strategic goals to ensure a high-performing and well-regulated real estate sector in which consumers can have confidence.

Key achievements

The launch of our refreshed complaints management process in October 2023 was a key milestone. It is beginning to deliver improvements in timeliness for new complaints. It will continue to drive efficiency of our processes alongside the systems and technology upgrade project that we also progressed this year.

The independent CACs we oversee issued 113 decisions over the course of the year, 13 more than in the previous year. This achievement is notable given both the complexity of complaints heard and the transition to new committee members.

The quality of CAC panel decision making was affirmed this year in an independent review commissioned by REA and the fact that none of the appeals against CAC decisions were upheld by the Tribunal this year. The Tribunal itself issued 35 decisions in total, up from 21 last year. These decisions included valuable guidance on the REA Registrar's statutory power to triage, determine and resolve complaints at an early stage, in accordance with section 74(3) of the Real Estate Agents Act 2008. This statutory power is an important regulatory tool that enables REA to focus its time and resources on complaints that raise the most serious conduct issues and present the greatest risk of consumer harm.

Our CPD programme for licensees was also enhanced this year, implementing feedback from licensees on topic scope and size. To support licensee compliance with CPD requirements, we also issued guidance on applications for exemption from or deferral of CPD requirements in exceptional circumstances.

Our 2024 Annual Licensee Survey found 72% of licensees believe CPD increased their knowledge, up from 67% in 2023.

For consumers, we issued a new guide on how to make a complaint about a real estate licensee, translated into various languages to help improve its accessibility to communities across New Zealand.

Engagement was a key focus again this year. We engaged with media and community groups that support migrant communities and older consumers to raise awareness of our guidance for licensees and consumers along with our consumer information resources. We also worked to better understand particular challenges encountered by disabled people when seeking to buy and sell property with a view to developing advice for the real estate sector.

Through our media engagement, digital marketing and engagement activities, visits to our consumer information website settled.govt.nz increased by 26%.

Key to the effectiveness of our regulatory impact is ensuring we are aware of, understand and respond to the risks, issues and challenges facing the sector and consumers. We achieve this through constructive engagement with the sector through a range of channels including our Industry Advisory Groups, CPD Advisory Group, Real Estate Leaders Forum and Conversations with REA events. Through our regular Pānui, we delivered important regulatory and compliance messages. We are grateful to those who participated in our engagement activities and willingly shared their views and contributed to our work.

We had a particular focus on contributing to the Government's changing regulatory and legislative policy environment and providing advice as required to a range of ministries that consulted with us. Through this, we contribute to supporting a strong and effective regulatory system. We are grateful to all those who engaged with us to enable us to contribute to this important sector in New Zealand.

Demonstrating positive impact

Raising standards of conduct is a fundamental aim for REA as a regulator, and we were pleased to see positive results this year.

Of those licensees subject to a complaint outcome this year, only 8% were found to have breached conduct rules and requirements.

In our 2024 Annual Licensee Survey, 79% of licensees confirmed they or their agency have taken steps to improve conduct, practices, policies and/or procedures as a consequence of a complaint outcome overseen by REA. Importantly, this indicates REA's regulatory work is driving improvement in conduct standards and consumer protection well beyond the individuals and agencies where complaints arise.

Our annual audit of agency trust account compliance showed significant improvements this year with only 7% of agencies given advice on non-compliance issues, down from 15% last year. REA's focused oversight of the proper handling of consumer funds is driving better operating practices across the sector.

Raising overall consumer confidence in the performance of real estate work is also central to REA's purpose. We are pleased to see our research showing a third successive year of improvement in this measure, reaching 88%, and that consumers who are aware of REA are nearly twice as likely to feel they have enough knowledge of the end-to-end real estate transaction process than those who aren't. Increasing awareness of REA and settled.govt.nz is an ongoing priority.

Engagement and legislative context

This has been a year of political, social and environmental change. REA supported the strengthening of the legislative environment with advice to Ministers, the Ministry of Justice and the Ministry of Housing and Urban Development on the regulatory matters arising in legislation and policy work. This included contributing to development of the regulatory regime for residential property managers prior to the Regulation of Residential Property Managers Bill being discharged in May 2024.

Financial position

REA does not receive government funding. REA's primary source of revenue is levies from licensees. Given this, the number of licences significantly affects projected revenue. This year, we anticipated fluctuations in licensee numbers in an ongoing uncertain environment and operated against a restrained budget that assumed the number of active licences would reduce to 15,000 during the period. While licensee numbers were higher than forecast, meaning revenue was better than expected, we operated within the context of fiscal restraint with respect to expenditure and remuneration.

We worked to reduce our planned deficit despite increased costs incurred in managing the increased complaint volumes and complexity. While we have made good progress in our work to upgrade our ICT systems, we have moved some of our planned costs to the next financial year. We remain focused on operating consistently with the Fiscal Sustainability Programme to embed a culture of responsible spending across government. We are pleased to report that we are in a healthy financial position.

Organisational health and culture

We are grateful to the capable and committed REA team who have maintained high performance during a challenging year. We are proud to be a small agency with a strong team culture, delivering positive outcomes for New Zealanders. Serving and protecting New Zealanders by supporting high professional standards in conduct in real estate are important motivators for those who choose to work at REA. Together, our team has achieved a substantial reduction in our emissions (down 37% on last year) and developed and launched refreshed organisational values that guide the way we deliver our services and interact with each other and our wide range of stakeholders.

Despite the challenges of the year, REA has performed well, sustaining high levels of impact and performance to deliver positive outcomes for New Zealand.

As we look ahead, our focus is on improving complaint timelines and meeting our targets, ensuring the successful delivery of our

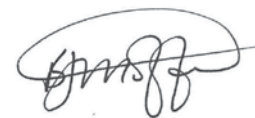
systems improvement project, deepening our connections across the sector and our diverse communities and being responsive to the risks and issues arising in the real estate sector with quality and timely regulatory guidance. We will continue to operate prudently and uphold the expectations the public can expect to have of a high-performing Crown entity.

Our thanks goes to our fantastic staff team for their work through the year, to our Senior Leadership Team for their operational leadership and dedication and to our Board for their strategic leadership and guidance.

Nā reira kia ora anō tātau katoa



Denese Bates KC
Chair



Belinda Moffat
Chief Executive

The Board

REA is governed by an independent Board, which has members experienced in law, regulation, real estate, investment, education, governance and risk management. Our members bring diverse perspectives from their backgrounds and experience. The Board is appointed by and reports to the Associate Minister of Justice. The Board has an Audit and Risk Committee and a People and Capability Committee.

Members of the Real Estate Authority Board as at 30 June 2024



Denese Bates KC
Chair
Appointed March 2014



Elizabeth Nidd
Appointed August 2015



Anthony Stack
Appointed August 2015



Latham Lockwood
Appointed November 2019



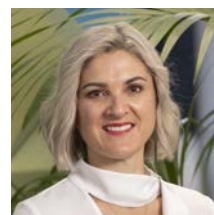
Vern Walsh JP
Appointed November 2019



Mele Wendt
Appointed September 2021



Brooke Loader
Appointed December 2022,
on leave from May-Nov 2023



Shirley McLeod
Future Director programme
– from April 2024

The Senior Leadership Team

The Senior Leadership Team is responsible for delivery of REA's strategy, outputs and performance results.

Members of the Senior Leadership Team



Belinda Moffat
Chief Executive/Registrar



Andrew Bulled
Head of People
and Capability



Herman Visagie
General Counsel



Josh Doherty
Head of Regulatory
Services



Marie Snell
Programme Manager



Nadine Thomas
Head of Engagement,
Insights and Education
(until October 2023)



Katie Solomon
Head of Engagement,
Insights and Education
(from May 2024)



Victor Eng
Head of Corporate
Services



Our highlights

Ngā mea hira

Total active licensees
at 30 June 2024

15,489

from
last year

3%



REA issued

1,710
new licences



6%

from
last year

REA managed

13,329
phone calls

12%

from
last year



REA handled

3,362
general
enquiries

from
last year

9%



REA received

909
complaint
enquiries

from
last year

12%



REA received

361
formal
complaints

from
last year

43%



REA determined

187
complaints through
the early resolution
process

43%

from
last year

113

complaints
issued by a CAC

13%

from
last year

76%

of consumers have
confidence that the
real estate industry
is well regulated

1%

from
last year

87%

of consumers
feel empowered
to participate
effectively in real
estate transactions

(no change)

Consumer
awareness of REA

66%

from
last year

2%

**90%**

of licensees find
REA website
useful

from
last year

2%

**92%**

of licensees find
REA compliance
guidance useful in
understanding their
regulatory obligations

(no change)

5,337¹

REA LinkedIn
followers

✓ Following

16% from
last year

25,142²

Settled Facebook
followers

from
last year

2%

**762,682**

visits to settled.govt.nz

from
last year

26%

**531,257**

visits to rea.govt.nz

from
last year

14%



Operational
carbon emissions

27.83 tCO₂e

from
last year

37%



¹ As at July 2024.

² As at July 2024.

Research highlights

Ngā mea hira o te rangahau

Consumer survey³

83%

of consumers agree that REA provides information that is accessible to everyone

11% from last year

95%

of consumers found information provided by REA useful

(No change)

87%

of consumers feel empowered and able to participate effectively in real estate transactions

(No change)

76%

of consumers have confidence that the real estate industry is well regulated

1% from last year

Licensee survey⁴

78%

of licensees find REA provides clear, accessible and expert information

1% from last year

72%

of licensees believe CPD has improved their knowledge and understanding of the topic

5% from last year

92%

of licensees find REA's compliance guidance useful in understanding their regulatory obligations

(No change)

74%

of licensees have confidence the real estate industry is well regulated

(No change)

Complaints process survey⁵

85%

of participants in the early resolution process agreed there was a clear explanation of the outcome

5% from last year

78%

of participants agreed the early resolution process was independent, fair and transparent

(No change)

³ 2024 NielsenIQ Perceptions Survey.

⁴ 2024 Annual Licensee Survey.

⁵ REA Monthly Early Resolution and Complaints Advisory Committee Surveys.

Our strategic context

Tō mātau horopaki rautaki

REA's role and function

The Real Estate Agents Authority, operating as the Real Estate Authority | Te Mana Papawhenua (REA), is a Crown agent established under the Real Estate Agents Act 2008. We are governed by an independent Board, and our staff team is led by our Chief Executive.

We are the independent government conduct regulator responsible for licensing and regulating real estate salespeople, branch managers, agents and agencies. Our scope includes residential, commercial, business broking and rural real estate transactions and licensees.

We promote and protect the interest of consumers in real estate transactions and promote public confidence in the performance of real estate agency work. We raise industry standards and provide accountability by overseeing an independent, transparent and effective complaints and disciplinary process.

We set and uphold the high expectations of professional conduct for licensed real estate professionals (licensees) through rules, standards, guidelines and the Code of Conduct. We oversee a continuing professional development (CPD) education programme to enable all licensees to maintain the skills and knowledge to meet the conduct requirements of a regulated profession.

We produce and publish consumer information on processes, risks and issues relating to real estate transactions and issue consumer guides to the agency agreement and the sale and purchase agreement. We host the consumer information website settled.govt.nz and maintain a public register of all licensees, which includes recent disciplinary history.

REA does not receive government funding. Our revenue is derived from levies paid by licensees, fines ordered by the independent Complaints Assessment Committees (CACs) and the Real Estate Agents Disciplinary Tribunal and other sources as detailed in the notes to our forecast financial statements.

Our strategic context is outlined in our Chair and Chief Executive's Report. Contextually, 2023/24 has been a year of social, political and economic challenge. A slow real estate market put pressure on consumers and licensees, as did changes in the regulatory landscape. The cost of living and interest rates remained high. These pressures were reflected in the increased complaints we received, the themes raised through complaints and parties' responses to the complaints environment.

At REA, key strategic focus areas were our ongoing work to improve our regulatory effectiveness and systems, operating with fiscal prudence and meeting our obligations as a trusted Crown entity. We continued our work to engage across diverse communities to ensure that our services and the benefits of the regulatory system were accessible to all New Zealanders. The commencement of our diversity and inclusion topic series in the CPD programme attracted a range of views. We responded to a legal challenge in relation to the mandatory diversity and inclusion CPD topic, for which the decision remains reserved at time of writing.

Our performance Ā mātau mahinga

This section of our report sets out our performance against the impacts we aimed to achieve this year under our strategy for 2021–2025 (see *Strategic Framework* on the inside front cover) through our three output areas.

In this section, we demonstrate the impact we have had and the value we have delivered to the real estate sector and New Zealand through our three output areas. The activities, initiatives and achievements contribute to delivering on the four strategic impact priorities identified in our 2021–2025 Strategic Framework. The next section reports on the impact

measures we set out in our Statement of Intent 2021–2025. We then describe our operations and organisational health and capability. The report covers our achievements against the performance measures and budget set out in our Statement of Performance Expectations for the year ending 30 June 2024.



Our impact

Our 2021–2025 strategy embraces our work to provide quality information and guidance to consumers and licensees, balanced with increasing our focus on using all our regulatory tools effectively to benefit consumers by supporting the sector to meet high standards of conduct. Equally important to this strategy is raising awareness of and confidence in REA as the conduct regulator across New Zealand's diverse consumer and licensee communities. With knowledge of the regulatory oversight and obligations on licensees, consumers will have increased trust and confidence in the real estate sector.

Through effective engagement, education and regulatory action, we aim to see confidence in real estate agency work and consumers

protected from harm. Overall, this will deliver our vision where people confidently engage in fair transactions with trusted real estate professionals.

Te Anga Rautaki (our Strategic Framework 2021–2025) (inside cover) outlines our vision, overarching strategic goal and strategic priorities that we have worked to achieve in the 2023/24 financial year. This strategic framework is published in our Statement of Intent 2021–2025 and Statement of Performance Expectations for the year ending 30 June 2024.

The case studies and data presented in this report demonstrate that, despite the challenging social, political, economic and legal context, we have made substantial progress in the strategic impacts we aim to achieve.

Our strategic priorities (impacts)



Impact 1

Informed consumers across New Zealand's diverse communities confidently engage in real estate transactions without harm



Impact 2

Licensees fulfil their obligations and are capable, trusted and professional



Impact 3

Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities



Impact 4

Standard of conduct by licensed real estate professionals is increased

Our outputs



Output 1

Informing consumers, educating and engaging with licensees



Output 2

Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes



Output 3

Oversight and development of an effective real estate agency regulatory system



Output 1

**Informing consumers, educating
and engaging with licensees**

Putanga 1

**Te whakamōhio i ngā kiritaki, te whakaako
me te hono atu ki te hunga whai raihana**



This output primarily contributes towards
the following impacts:



Impact 1

Informed consumers
across New Zealand's
diverse communities
confidently engage in
real estate transactions
without harm



Impact 2

Licensees fulfil their
obligations and are
capable, trusted and
professional



Impact 3

Awareness of and
confidence in REA as
the conduct regulator
is increased across
New Zealand's diverse
communities

Our impact through this output is to prevent harm to consumers, to raise industry standards and confidence in the profession and to support licensees to meet the standards expected of them.

We do this by engaging with and educating licensees to support them to meet their regulatory obligations, including through an effective and robust continuing professional development programme. We also empower consumers to confidently engage in real estate transactions by providing clear, independent, accessible information through a range of channels.

Raising public awareness of REA's regulatory role is also essential. Consumers must know that REA exists and the protections we provide to have confidence in the sector and the professionalism of licensees. Consumers must also know that REA's resources and services are available to them in order to access and benefit from them.

Informing and engaging with consumers

REA produces a wide range of print, video and digital authoritative, independent information on the real estate buying and selling process and REA's regulatory role and services for consumers. The more knowledge consumers have about the real estate process, the better equipped they are to navigate it with confidence, to ask the right questions and to seek the best advice. Our information activities are designed to increase consumer confidence and empowerment and to reduce

the risk of harm. A particular strategic focus is to ensure we reach all consumers across diverse communities. We provide information to consumers via a range of channels and activity.

This year, we have operated prudently within our existing output budget while still introducing new resources (a translated complaints guide), engaging with a wider range of populations – including through Chinese and Indian media outlets, Chinese business associations and Age Concern – and growing our digital presence. Through this, we have lifted consumer awareness to 66%, increased consumer satisfaction with our resources to 83% and maintained consumer views on usefulness of our information (83%) and consumer empowerment (87%). All of this contributes to increasing knowledge and awareness and our overarching aim of consumer protection and confidence in the real estate sector and regulatory system.

Digital resources

We continued to promote our consumer website settled.govt.nz through digital marketing across a range of platforms, in media engagement and with licensees. Visits to REA's consumer website settled.govt.nz increased by 26% to 762,282 with 94%⁶ of visitors finding the answer they were looking for. In our annual research, 88% of consumers felt more confident after visiting settled.govt.nz.

Consumer guides

We promoted wider use of REA's consumer guides to the residential agency agreement and the sale and purchase agreement and Buyer Journey Guide with licensees and consumer groups through the year, including to Age Concern, Citizens Advice Bureau, Community Law Centres and libraries, and Chinese business associations. In our annual research, nine out of 10 consumers found these guides useful.

We developed and translated a new information sheet for consumers on how to make a complaint with an easy-to-follow overview of the complaints and disciplinary process that REA oversees.

Through this, we aim to ensure that more consumers can access our services and understand the statutory process we are required to follow. This is aimed at lifting confidence in the regulatory system and the sector as a whole.

All REA consumer guides are now available in seven languages (English, te reo Māori, simplified Chinese, Hindi, Samoan, Korean and Tongan) and are available on settled.govt.nz and REA.govt.nz.

Media relations

Regular engagement with the New Zealand media is critical to increasing awareness and understanding of the regulatory regime and the protections and services it provides. It also enables us to educate and provide guidance to consumers, licensees and property system stakeholders about the regulatory regime, the risks and issues arising in real estate transactions and the conduct standards licensees are required to meet. This year, we issued releases and responded to enquiries about REA and matters of regulatory importance, including in relation to specific decision outcomes from consumer complaints.

This year, our proactive media activity included addressing consumer issues through a regular consumer advice column by REA's Chief Executive/Registrar in Stuff. The column had a wide reach syndicated in a range of outlets and appears in the Homed print liftout in affiliated newspapers nationwide.



CPD is always a good refresher of knowledge and understanding in a forever changing industry."

**Licensee Salesperson, Residential,
11+ years' licensee experience,
Waikato Region**

⁶ 2024 NielsenIQ Perceptions Survey.

Educating and engaging with licensees

Through direct engagement with the sector, we clarify matters of regulatory concern, understand the operating context, risks and drivers of poor conduct, address questions from the sector and support licensees to meet their obligations. Through our engagement and education programme, we support licensees to fulfil their obligations and be capable, trusted and professional. Through this, we aim to achieve the broader strategic impact of increasing the standard of conduct by licensees. Our licensee survey results this year confirm that our engagement, education and guidance with licensees has been effective, with 72% of licensees finding that CPD has increased their knowledge and understanding, 92% finding REA compliance guidance useful and 74% of licensees finding the sector is well regulated.

Engagement events

Working with the sector is key to ensuring we understand the risks and issues arising and provide regulatory stewardship. We continued our engagement with the sector this year through three Real Estate Leaders Forum events bringing together REA leaders with senior real estate sector leaders.

We established three new Industry Advisory Groups (residential licensees; business broking, rural and commercial licensees; and compliance officers and supervisors) and hosted online meetings in April.

We hosted a Conversations with REA breakfast in Hawke's Bay in July enabling a panel of REA

leaders to engage face to face with licensees to discuss general regulatory updates and guidance and issues of regional significance. This event provided an opportunity for REA to learn about the challenges encountered by the recent weather events and to identify areas for focus in the pending CPD programme for 2025.

REA frontline licensing and complaints teams engage on a daily basis with the sector. This year in our 2024 Annual Licensee Survey, our teams achieved high ratings as being informative and knowledgeable (84%) as well as courteous and considerate (88%) – gains of more than 10% in each measure.

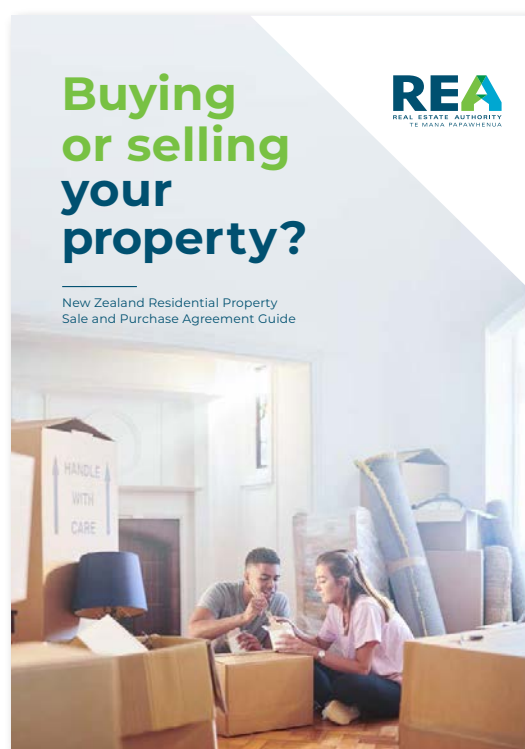
Sector Pānui

This year, 12 editions of our Pānui email newsletter were delivered to all active licensees with updates on relevant regulatory and policy developments, complaint case decisions that illustrate key regulatory principles and our latest licensing and compliance statistics. Special Pānui were issued to highlight amendments to anti-money laundering and countering financing of terrorism (AML/CFT) regulations and the implementation of REA's refreshed complaints process. Delivering our Pānui is a key activity for ensuring licensees remain up to date with legislative changes and regulatory requirements.



I find the CPD helpful to understand the rules within real-life case studies."

**Licensee Salesperson, Residential,
3–5 years' licensee experience,
Auckland**



Education and continuing professional development

REA oversees a robust CPD programme to support licensees to understand and meet their regulatory obligations and thereby increase the standard of conduct.

REA curates a programme of CPD topics, delivered by approved training providers, which licensees draw from each year to meet their verifiable training requirements. Each year, REA updates existing topics and introduces new topics that are responsive to the issues and risks arising in the sector. Topic selection is supported by a CPD Advisory Group of industry representatives and training providers and takes into account information and data from a range of sources including REA research and enquiries and complaints data. In 2023, we commenced the first year of a three-year diversity and inclusion series designed to raise awareness with licensees of the needs and interests of New Zealand's diverse communities. Although positively regarded overall, we received some feedback on the first topic, *Te Kāhano*, which focused on Māori language and customs and the relevance of te Tiriti o Waitangi in real estate. In June, we defended a judicial review challenge to this mandatory topic, for which the decision remains reserved at the time of writing.

This year, we continued our focus on improving the CPD programme, ensuring timely delivery of the 2024 topics to training providers in October 2023 and engaging early on topic selection for 2025.

The 2024 CPD programme includes the second mandatory topic in the diversity and inclusion CPD series – *Dealing with customers and clients fairly* – as well as a second new mandatory topic – *Managing your licence and regulatory obligations*. Three additional elective topics were also created. So far, feedback on the 2024 topic suite has been positive with licensee satisfaction sitting at 87% as at June 2024 (unaudited).

Our 2024 Annual Licensee Survey found 72% of licensees believe CPD has increased their knowledge, up from 67% in 2023.

Raising awareness

Raising awareness of REA across

New Zealand's diverse communities is a strategic priority as it is a key plank to driving greater confidence in the regulatory regime and increasing accessibility to the services we provide. We have had a particular focus on engaging with communities where awareness may be low or who may be vulnerable to particular risks of harm or barriers to confident participation in real estate transactions.

This year, we worked with Age Concern to increase awareness among older people.

We piloted an REA and settled.govt.nz advertising campaign in Chinese and Indian community media and introduced Chinese business associations to our guides and resources. We also published REA's new complaints process guide in English, te reo Māori, simplified Chinese, Hindi and Korean, with Tongan and Samoan translations published in the new financial year. We also began an initiative to produce best-practice information for the sector on supporting client and consumer accessibility in real estate agency work.

Commitment to te Tiriti o Waitangi

We continue to progress our work to understand and respond to the needs of Māori consumers. This year, our focus has been to promote understanding of our CPD topic *Te Kāhano* and to develop relationships with iwi through our government network and known advisors. In the year ahead, we will continue this work, including gaining a deeper understanding of any potential barriers to Māori home ownership and what steps REA and licensees can take to support the home ownership pathway for all New Zealanders.

We note that, while engagement with REA resources by Māori is not yet at the level we are aiming for (49%), the Nielsen consumer research indicates that both Māori and Pacific Peoples have good levels of confidence that the real estate industry is well regulated (76%).



Output 2

Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes

Putanga 2

Te whakaawe o ngā whakahaere ture mā te ture raihana, mā te āta kuhu atu, mā ngā hātepe whakatikatika, amuamu hoki



This output primarily contributes towards the following impacts:



Impact 2

Licensees fulfil their obligations and are capable, trusted and professional



Impact 4

Standard of conduct by licensed real estate professionals is increased

As the real estate sector conduct regulator, our core regulatory functions include administering the licensing regime for agents, branch managers and salespeople, maintaining a register of licensees, auditing real estate agency trust accounts, delivering an independent, effective and accessible complaints and disciplinary process, holding poor conduct to account and raising professional standards using our full range of regulatory tools.

These services are all focused on preventing and responding to conduct issues and consumer harm, lifting standards of conduct and promoting public trust and confidence in the real estate profession and standards system.

It has been a challenging year in our regulatory services environment. Increased awareness of REA and the market conditions saw a substantial increase in complaints at the same time as REA experienced resourcing challenges and introduction of a refreshed complaints process. This impacted the timeliness of determination of cases as our team worked to onboard new staff and triage a high volume of cases. Throughout the year, we have continued to embed the improved processes, to support and upskill new staff and to make a substantial impact on the timeliness of complaint determinations. This will be a priority focus for the year ahead to ensure we meet the targets we have set.

Licensing, complaints and disciplinary action

15,489 active licensees as at 30 June 2024

1,710 new licences issued

909 complaint enquiries received

361 formal complaints received

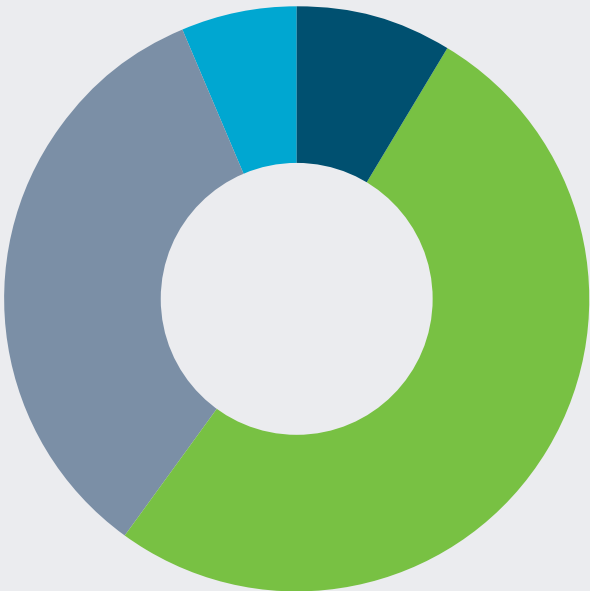
187 complaints resolved through early resolution process, 56 resolved by Registrar determinations under section 74(3)

35 decisions issued by the Disciplinary Tribunal

Top five issues raised in complaints received by REA in 2023/24

- 1 Skill and care
- 2 Licensees not disclosing issues with the property
- 3 Misleading advertising
- 4 Customer service
- 5 Dishonesty

113 decisions issued by a CAC:



- CAC decisions**
- **10** decisions not to inquire into the complaint
- **38** decisions resulted in a finding of unsatisfactory conduct against a licensee
- **58** decisions resulted in no further action
- **7** decisions to lay charges in the Disciplinary Tribunal

We do not consider the high numbers of complaints indicate reduced conduct standards by the profession. A number of the complaints received related to low-level issues that did not justify regulatory intervention. Accordingly, through the year, an increased number of complaints were triaged or resolved and closed in accordance with the statutory powers conferred on REA. Further, only 8% of licensees subject to a formal complaint were found to have breached conduct rules.

Through the period, licensee numbers reduced only gradually, with a high demand on our licensing and complaints team. While our complaint timelines are not at the level we aim to achieve, we are still proud of the progress we have made this year to oversee a robust licensing system, to refresh our complaints process, and to triage and progress a high volume of complaints. The increase in appeals of decisions made by the Registrar and CACs also withstood scrutiny, with nearly all appeals determined this year dismissed.

Licensing

Overall, the total number of active real estate licences reduced this year by 2.9%. New licence applications slowed slightly with REA issuing 1,710 new licences during the 2023/24 financial year compared to 1,814 in 2022/23.

Active licences	June 2022	June 2023	June 2024	Year change
Salesperson	13,529	12,649	12,164	-3.6%
Branch Manager	381	422	511	+23.4%
Individual Agent	2,052	2,001	1,948	-2.6%
Company Agent	904	901	866	-3.9%
Active licences	16,866	15,973	15,489	-2.9%

Continued increase in Branch Managers

While licensee numbers overall declined, we were pleased to see an increase in Branch Managers. Branch Managers play an important role in the supervision of salespersons, as required under the Act, which is an important first line of defence for preventing harm to consumers. The increase in Branch Managers is a pleasing result from the qualifications framework review REA supported in 2021/22, which was designed to create an attractive qualification pathway for experienced licensees to become supervisors.

Complaints and disciplinary process

Overview

A key part of the regulatory regime is the complaints and disciplinary process overseen by REA. Through this process, REA increases trust in the sector as being well regulated with expectations of high standards and a system for holding those who fail to meet the standards to account and providing redress to consumer harm. The decisions issued through the CACs and Tribunal also provide guidance to the sector on the standards expected, which contributes to REA's intended impact to prevent consumer harm.

The number of complaints brought to REA increased by 43% this year. We continued to see parties less inclined to reach a resolution and an increase in complaints that raised only inconsequential matters. Of those licensees subject to a complaint outcome this year, only 8% were found to have breached conduct rules and requirements.

In the reported period, REA received 909 complaint enquiries, down from 1,036 in 2022/23, whereas formal complaints increased to 361 from 252 over the same period last year. The reduction in complaint enquiries reflects improvements made to the information on REA's website as to the matters REA can consider and the complaints process. This reduction in complaint enquiries enabled resources to be redirected to material complaint issues.

REA's early complaint resolution processes enable REA to support a resolution between the parties when suitable and provide the Registrar with discretion to triage and determine complaints, closing them for being trivial or vexatious or if they raise inconsequential matters. This year, 187 complaints were resolved through these processes, including 56 complaints that the Registrar determined to be inconsequential in accordance with section 74(3)(a) of the Real Estate Agents Act (up from 19 in the previous year).

CACs issued 113 decisions (up from 100 in 2022/23), including 10 decisions not to inquire and decided to take no further action in 58 cases. The CACs made 38 decisions of unsatisfactory conduct and laid charges for misconduct in the Tribunal in seven cases.

As the case studies below demonstrate, complaint decisions provide critical guidance for the sector and clarify standards of conduct to be met.

While complaint numbers may have increased, we do not consider that conduct levels or compliance attitudes have reduced. CAC findings mostly related to events in prior years, and as noted above, the number of new complaints closed by the Registrar increased. In addition, in the 2024 Annual Licensee Survey, 79% of licensees confirmed they or their agency had taken steps to improve conduct, practices, policies and/or procedures as a consequence of a complaint outcome.⁷ This is an increase from 61% last year. This indicates that complaint decisions have a positive impact on conduct standards well beyond the individuals and agencies where the complaints arose.

2024 Annual Licensee Survey

Have you or your agency taken steps to improve your conduct, practices, policies and/or procedures as a result of a complaint made to REA?

“There are a large number of changes that we have made. One that sticks out would be the process around disclosure, we encourage all clients to obtain a LIM and property file, we review these (overseen by management) and make clients aware of areas of non-compliance, work with them to obtain compliance or alternatively accurately disclose this information to purchasers.”

“A lot more checks and procedures in place to ensure we are getting as much information as possible and not solely relying on vendor provided information.”

“I am much more consistent in recording telephone conversations (time, date and content), especially with those buyers who do not send emails. I will also send an email as a follow-up to our conversation.”

⁷ 2024 Annual Licensee Survey.

Complaint themes

REA analyses data on complaint themes to support our harm prevention work. We address these themes in our CPD programme, guidance and information to raise awareness of the issues and the action licensees should take to reduce consumer harm and lift licensee conduct across the profession.

The five most common themes raised in complaints received by REA in 2023/24 are:

1. Conduct – representations and failure to exercise skill and care

The obligation under the Code of Conduct to act carefully and professionally when undertaking real estate agency work includes the expectation of good communication, timely provision of information and providing accurate information about the transaction process. With relevance across a broad scope of real estate agency work, this theme was raised in approximately one-third of complaints in the reported period.

2. Disclosure

The obligation under the Code of Conduct not to mislead or provide false information and the obligation to disclose known defects are cornerstone conduct obligations of licensees. This is an ongoing area of focus for REA and the sector.

3. Misleading advertising

Complaints alleging misleading advertising increased during the year. As advertising practices evolve within the sector, including via new technologies, REA continues to emphasise to the sector that the associated regulatory obligations remain applicable across all advertising channels and platforms.

4. Customer service – professionalism complaint handling

This theme has increased as the challenging market conditions have continued. This involves interpersonal and communication issues (such as being disorganised, making errors or behaving unprofessionally) related to real estate agency work, which our consumer research indicates is an important contributor to consumer satisfaction with their transaction experiences.

5. Dishonesty

Allegations of dishonest conduct (such as signature forgery or acting without vendor knowledge/authority) in relation to transactions and concerns about transparency have increased this year.

Early resolution of complaints

To ensure REA's resources are focused on the most serious conduct issues that present the greatest risk of harm, REA triages all new complaints. Where the issues raised in the complaint are low level or not supported by sufficient evidence, the Registrar may decide not to pursue the complaint under section 74(3)(a) of the Real Estate Agents Act.

Where a complaint raises only low-level disciplinary issues and both parties are willing to pursue a resolution, REA may support the consumer and real estate licensee to work together to resolve the complaint. The process can result in a positive outcome for the consumer and an opportunity for the licensee or agency to learn, reflect and make changes to their policy and process.

As noted above, while we made some improvements on our target to resolve complaints under section 74(3) within three months, we have not achieved the timeliness we aim for. Our timelines were impacted by resourcing issues, challenging behaviours from parties to the complaint and an increase in our review processes following the determination by the Tribunal that all section 74(3) determinations are subject to review. So far, no appeals against a Registrar decision have been upheld. We are increasing our resources and adopting additional processes to ensure that we meet the timelines in the year ahead.

Case study: The licensee's conduct did not warrant disciplinary intervention

The complainant felt that the licensee misled them about the amount for which their property could sell. The licensee had completed an appraisal at the peak of the real estate market. At the subsequent auction, no bidders attended and no other offers were presented. However, in the meantime, the vendors had purchased another property.

Unable to sell at a satisfactory price as the downturn in the property market continued, the complainant was impacted financially in funding the shortfall required to complete the purchase of the new property.

On receipt of a complaint, the Registrar considered the appraisal, which met the requirements of Rule 10.2 of the Code of Conduct and reflected the market conditions at the time, and information about a possible offer that the complainant had declined.

The Registrar determined on the information provided that the licensee's conduct did not appear inconsistent with the Act or rules and did not warrant disciplinary intervention. The Registrar decided to take no action on the complaint under section 74(3)(a) of the Act.

This complaint reflects some of the challenges in a slowing market and highlights the importance of licensees ensuring that appraisals comply with the rules and that vendor expectations are carefully managed in a shifting market.

Case study: Resolution between the parties

The complainant's property failed to sell after six months despite the listing agency appointing a number of different salespersons. The complainant felt they should not have to pay the marketing fees as these were not discussed prior to signing the agency agreement. They felt the agency had not done enough to sell the property.

REA worked with the complainant and the agency to understand what had happened during the signing of the agency agreement and advertising discussions with the vendor. These discussions resulted in the parties reaching a resolution and the complaint was closed.

Complaints Assessment Committees (CACs)

Prescribed under the Real Estate Agents Act, each CAC is made up of a lawyer, a real estate sector member and a person with experience working with consumer interests, all appointed by REA.

When a CAC receives a complaint, referred to it by the Registrar, it will decide whether to inquire into the complaint. If an inquiry is warranted, an investigator will be appointed to investigate the issue. We aim to complete all formal complaints within a year.

Licensee conduct that shows a breach of the Act, rules or regulations can be at the level of unsatisfactory or misconduct. For matters that are potentially at the unsatisfactory level, the CAC will make an independent decision. For the most serious conduct matters such as seriously incompetent or seriously negligent conduct, the CAC can lay charges before the Tribunal. CAC decisions provide important guidance to the sector on the standards of conduct to be expected.

Timeliness

This year, we have onboarded 10 new CAC members and introduced new processes and timelines to support timely determinations by the CAC. While progress on improving timelines has been made and we have improved on last year's result, we are not yet at the level of timeliness we are aiming for. We are committed to ensuring that timelines for determinations by CACs are improved in the coming year.

Quality

This year, REA commissioned a review of five CAC decisions that addressed the issue of disclosure of property defects. These types of complaints engage key professional obligations relating to licensee competency, identification of property defects and specific actions that must be taken under Rule 10.7 of the Code of Conduct. The independent review found the CAC decisions on this issue were overall well-reasoned, easy to follow and consistent and identified relevant evidence to support the findings.

Licenses must exercise skill and care when making representations or advertising features of a property and must not mislead consumers. This requires a licensee to ensure that they understand the property they are selling. They must disclose known defects to consumers (including a lack of consents). A licensee must also be alert to red flags. Where it would appear likely to a reasonably competent licensee that the land may be subject to a hidden or underlying defect, the licensee must either:

- obtain information from their client, supported by evidence or expert advice, that the land in question is not subject to the defect or
- ensure that a customer is informed of any significant potential risk so that the customer can seek expert advice if they choose.

CAC case study: Unsatisfactory conduct

In this case, a licensee did not disclose a significant potential risk concerning the property to the purchasers.

Issues with the wastewater/sewage pipes were identified prior to the sale of a property. Neither the issue nor the arrangement for fixing the pipes were disclosed to the purchaser.

The licensee was aware of the issues and the arrangement but assumed the issues had been fully resolved and disclosure was not required.

The CAC found that the licensee had breached Rule 10.7(b) by failing to disclose a significant potential risk concerning the pipes and Rule 6.4 because their conduct misled the complainant as to their understanding of planned upcoming maintenance.

The CAC found the licensee guilty of unsatisfactory conduct, imposing censure and a fine.

This case highlights the importance of licensees confirming that proper repairs have been made to remedy defects and disclosing this information to purchasers.

Real Estate Agents Disciplinary Tribunal

The Real Estate Agents Disciplinary Tribunal is an independent tribunal administered by the Ministry of Justice. It is a key part of the consumer protection regulatory framework.

The Tribunal determines cases involving charges of misconduct laid by a CAC against a licensee. It also handles appeals against CAC and Registrar decisions. REA is responsible for prosecuting the charges before the Tribunal and appearing on any appeals or reviews.

In the reported period, REA oversaw 77 Tribunal and court matters including:

- 12 misconduct charges cases
- 29 active or closed appeals against CAC decisions
- 19 reviews of Registrar decisions.

During the year, the Tribunal issued 35 decisions with licensees guilty of misconduct and/or unsatisfactory conduct. The Tribunal released 15 decisions relating to appeals against CAC decisions, upholding the CAC's decision in all cases. The Tribunal issued nine decisions on review of a Registrar decision, upholding seven decisions and overturning two by consent.

All decisions were analysed, with guidance from key decisions highlighted in communications to the sector, presentations and our sector Pānui.

Real Estate Agents Disciplinary Tribunal

1 July 23 – 30 June 2024	No.	Outcome
Decisions issued on review of Registrar decisions	9	7 upheld, 2 overturned by consent
Decisions issued on appeal against CAC decisions	15	All CAC decisions upheld ⁸
Decisions issued on charges laid by REA (CAC)	11	10 charges proven or upheld, 1 charge dismissed
Total decisions issued	35	25 substantive decisions 10 interlocutory/costs decisions
Charges filed with the Tribunal by REA	4	Ongoing
High Court proceedings filed by or against REA	2	1 judicial review, 1 appeal of Tribunal decision Both ongoing
High Court decisions issued in respect of REA proceedings	2	Appeals against Tribunal
Court of Appeal proceedings filed by or against REA	0	
Other – Disputes Tribunal	1	

The Tribunal issued several decisions in the reported financial year that provided important guidance to the sector on the standards expected in real estate agency work and by licensees. Case studies are provided below.

⁸ 10 Tribunal decisions related to substantive CAC decisions with 5 decisions being preliminary rulings, penalty decisions and publication decisions. The Tribunal upheld 9 decisions in full and 1 decision in part.

Tribunal case study 1: The importance of compliance with the Audit Regulations

Over the course of three financial years, a licensed company agent (the company), which operated a trust account, breached its obligations on numerous occasions under the Act and the Real Estate Agents (Audit) Regulations 2009, which included failing to hold money and only paying it to those entitled to it, incorrectly recording deposits of trust monies, the trust account being overdrawn and in surplus and failing to provide its monthly reconciliations on time. The CAC referred the matter to the Tribunal. The Tribunal found that the company had failed to ensure its trust account was compliant with the Audit Regulations, which the Tribunal stated existed for the protection of the public and to ensure that the errors such as those set out above do not occur.

The Tribunal was satisfied that the conduct of the company constituted misconduct under section 73(b) of the Act. It was further stated that, due to the period of time over which the offending took place and the extent and seriousness of non-compliance, the conduct is at the higher end of misconduct under section 73(b) of the Act.

Accordingly, the company was censured and ordered to pay a fine of \$15,000.

Tribunal case study 2: Dealing directly with clients is a licensee's fundamental obligation

This case involved the sale of an Auckland property where the vendor was based overseas. The licensed salesperson (licensee) had no direct contact with the vendor and only interacted with the vendor's daughter who was based in Auckland and didn't hold power of attorney for her parent.

The licensee used the vendor's electronic signature without express authority from the vendor and also handwrote the vendor's initials on various documents, including the agency agreement, the client acknowledgement, the property checklist, the pre-auction offer form and the particulars and conditions of sale of real estate by auction.

The property was eventually withdrawn from sale and the licensee's employment terminated.

Despite there being no evidence that any financial loss was suffered by the parties, this does not mean that the licensee's conduct was not serious. The Tribunal found that the licensee's actions amounted to serious misconduct under section 73(c)(iii) of the Act.

The Tribunal also stated that "it is a fundamental obligation of licensees to deal directly with their client or someone with a power of attorney from the client".

The licensee's licence was cancelled with immediate effect and the Tribunal ordered that they pay 50% of the CAC's costs.

Monitoring and enforcing compliance

Trust account audit

A key part of REA's regulatory role is the annual audit of agency trust accounts, which can hold significant consumer funds usually from buyer deposits.

Every year, real estate agencies that operate their own trust accounts are required to have them audited and provide the audit report to REA. Each year, REA provides guidance to agencies regarding improvements to be made.

The 2023 trust account audit demonstrated improvements by agencies, reflecting improved practices as a result of REA guidance, but some issues remain. Key findings included:

Examples of issues raised in the audit included the following:

- **Breach of Act:** Early release of deposits without permission.
- **Breach of Regulations:** Late reconciliations provided to auditors.
- **Breach of Regulations:** Late reports from auditors to REA.
- **Repeated breaches over the past five years:** REA treats seriously repeated failure to meet trust account requirements. Repeated non-compliance and/or failure to comply may result in prosecution or charges laid with the Tribunal.

REA issues letters to agencies where only minor issues arise and provides guidance on the steps the agency should take to ensure compliance with trust account obligations in future to support the agency's ability to meet expectations in future years. The audit and resulting action is a key compliance activity undertaken by REA that strengthens the regulatory protection of the Real Estate Agents Act.

Continuing professional development (CPD) audit

Licensees are required to complete 10 hours of verifiable training and 10 hours of non-verifiable training each year. This training must be completed by 31 December each year and reported to REA.

If a licensee does not complete their CPD, section 54(d) of the Act requires that the Registrar must cancel their licence. If a licence is cancelled, the person may not apply for a licence again for five years. To support licensees to meet their CPD obligations, REA publishes regular reminders in the sector Pānui and sends email and text reminders to all licensees who have not reported their CPD by mid-November and December. REA audits completion of verifiable CPD by licensees each year.

92% of agencies provided their trust account records to REA on time (by 14 July 2023) – up from 81% last year

2% of agencies submitted their trust account records late – down from 19% last year

7% of agencies needed advice from REA either by email or phone for non-compliance issues with their trust account – down from 15% last year

Non-compliance issues resulted in **12** trust account matters being referred to the CAC for further consideration – up from 5 last year.

This year, 135 licensees did not complete their 2023 CPD requirements and had their licences cancelled (197 in 2022/23). There are a range of reasons why licensees do not complete CPD, including that they have moved overseas or chosen to leave the profession or to retire. The reduction in cancellations is a reflection of REA's work to ensure licensees understand and meet their compliance obligations.

Unlicensed trading

This year, REA received 16 reports of unlicensed trading alleging people undertaking real estate agency work without a licence in breach of section 141 of the Act (27 in 2022/23). Unlicensed trading is an offence under the Act and may result in a criminal prosecution. In response to this increase, REA issued a proactive release identifying the issues of concern and encouraging those on the perimeter of regulation to seek legal advice. This remains an area of concern and focus for REA as it undermines the regulatory regime and leaves consumers who might engage with such traders unprotected.

Improving the regulatory system

We continue to refine and improve our regulatory processes to ensure they remain well aligned with the interpretations of legislation and the Code of Conduct that are delivered by the Tribunal and CACs. As described above, this year, we implemented changes to the complaint handling process to increase efficiency, timeliness and effectiveness and will continue to embed these changes in the year ahead.

In March 2024, we released our formal warnings policy. We have now also completed the regulatory tools framework that will provide transparency as to the regulatory powers and responses we may use in our work to engage, educate, assist, direct and enforce compliance with the regulatory regime.





Output 3

Oversight and development of an effective real estate agency regulatory system

Putanga 3

Te tirohanga, he whakawhanaketanga i tētahi pūnaha whakahaere ture e whakaawe ana mō ngā pakihi hokohoko whare



This output primarily contributes towards the following impacts:



Impact 2

Licensees fulfil their obligations and are capable, trusted and professional



Impact 3

Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities



Impact 4

Standard of conduct by licensed real estate professionals is increased

Through this output, we set clear rules, standards and guidelines that respond to the risks of harm and reflect the operating environment in which they apply. Using our data and insights, undertaking research and analysis and engaging with the sector on risks of harm are key to ensuring that the regulatory settings are fit for purpose and effective in preventing harm.

Regulatory stewardship

REA works with others to provide stewardship of the broader real estate regulatory system. We engage with the sector, government entities and the private sector to support a regulatory system that can anticipate and respond to the regulatory needs of an evolving real estate environment.

Our work in this area includes building awareness and understanding within the sector of developments in other parts of the regulatory and property system that have an impact on real estate agency work and consumers. This year, we have worked alongside the Department of Internal Affairs (in respect of AML/CFT legislation), Heritage New Zealand Pouhere Taonga, the Civil Aviation Authority (regarding drone photography) and the Natural Hazards Commission Toka Tū Ake (formerly EQC) to inform and educate the sector on important legislative and regulatory matters in these areas.

REA contributed to the work of the Ministry of Housing and Urban Development in developing the residential property management regulatory regime prior to the Bill being discharged.

We have provided advice to the Ministry of Justice on potential improvements to the Real Estate Agents Act, with consideration of feedback from the sector on specific requirements.

Sector guidelines: CPD exemptions

In October 2023, we issued to the sector guidelines for assessing applications for exemption from or deferral of CPD requirements in exceptional circumstances under Rule 13 of the Real Estate Agents (Continuing Professional Development Rules) Notice 2018.

The guidelines are designed to clarify for licensees what may constitute exceptional circumstances in the context of a CPD exemption/deferral application. This will support licensees to make appropriate applications supported by appropriate evidence and will enable REA to make good decisions in appropriate cases.

Research and insights

Our core research and insights work includes:

- Annual Consumer Perceptions Survey
- Annual Licensee Survey
- Continuing Professional Development Survey
- Complaint Process Participants Survey.

Insights from this research inform our communications, education and engagement with consumers and our guidance to the sector as well as ongoing enhancement of the regulatory system and our service delivery. A number of REA's key performance measures derive results from this research, as noted in later sections of this Annual Report.

In November 2023, we published our 2023 Annual Consumer Perceptions Survey and issued a media release highlighting key messages for consumers and licensees. We used the research findings to highlight areas for improvement by licensees and to measure the effectiveness of our services.

Over the past 12 months, we have made incremental improvements to our research programme, including lifting survey frequency, sampling size and reporting. We have begun implementation of a new Data and Insights Strategy that sets the direction for improving the definition, acquisition, storage, governance and use of data at REA. This work enables us to constantly improve how we understand and respond effectively to the environment we operate in.

Regulatory policy

Our regulatory policy activities includes providing guidance to the sector on our regulatory expectations through our Pānui and our guidance and engagement channels. We monitor the changing legislative landscape to ensure we provide information to the sector to enable compliance. We have also undertaken an assessment of whether the Code of Conduct requires review, with a recommendation to be presented to the Board in October 2024. We have maintained a keen focus on supervision practices across different agency business models with a view to providing ongoing advice to the sector on our expectations.

As part of our stewardship role, we have commenced a review of the impact of artificial intelligence on real estate industry practices, identifying use, risk and issues. We are preparing to release guidance to the sector to support their effective operations and ensure early protection of consumer interests.

All of this work has contributed to REA's ability to be an effective and connected regulator with stewardship of an effective and responsive regulatory regime.

Measuring our impact

Te ine i tō mātau pānga

Our work is directed towards the four strategic impacts set out in our Statement of Intent (SOI) 2021–2025, which contribute to our overarching aim to support licensees to meet the standards expected of them and to strengthen consumer confidence when engaging in real estate transactions.

We have set targets for nine key measures in our SOI to assess our impact over time. They provide an indicator of whether the real estate regulatory framework that we oversee is working as effectively and efficiently as it should and whether we are achieving our vision that people confidently engage in fair transactions with trusted real estate professionals.

We have achieved six out of nine key measures this year, with two of those that were not achieved still showing improved results year on year. Overall, the results indicate that REA is making strong progress and delivering an effective regulatory regime despite a challenging and uncertain market.



Informed consumers across New Zealand's diverse communities confidently engage in real estate transactions without harm

We support consumer confidence through our strategic priority to inform and engage with consumers, described in Output 1. A slight reduction in awareness of settled.govt.nz is likely impacted by the decline in market activity. A key challenge for building and retaining awareness levels for settled.govt.nz and REA among real estate consumers is that this population segment is continuously refreshed⁹ and so increasing awareness remains an ongoing key focus for REA.

Consumers' sense of empowerment is an important contributor to confident engagement with real estate transactions. We are pleased to see the high results in this measure maintained notwithstanding the difficult market for consumers. Our research indicates that consumers who know more about settled.govt.nz and REA are more likely to feel empowered and have confidence in the real estate industry.

	SOI impact measures	2021/22	2022/23	2023/24	Target
Informed consumers across New Zealand's diverse communities confidently engage in real estate transactions without harm	Percentage of consumers who are aware of settled.govt.nz is increased ¹⁰	39%	35%	Not achieved 32%	35%
	Percentage of consumers who feel empowered to participate effectively in the real estate transaction	86%	87%	Achieved 87%	85%

Licensees fulfil their obligations and are capable, trusted and professional

We support licensees to meet their obligations through Continuing Professional Development (CPD), compliance guidance and information delivered through a range of communication channels. The results for the measures below indicate the value of REA's education and guidance in supporting licensee knowledge and capability and that this in turn supports consumer confidence.

The increase in the percentage of licensees who found the CPD programme had improved their knowledge to 72% from 67% last year is the direct result of our work to improve the CPD programme in the last 12 months.

	SOI impact measures	2021/22	2022/23	2023/24	Target
Licensees fulfil their obligations and are capable, trusted and professional	Percentage of licensees who agree REA's CPD programme has improved their knowledge and understanding of the topic area	73%	67%	Not achieved 72%	85%
	Percentage of licensees who find REA compliance guidance useful in understanding their regulatory obligations is increased	97%	92%	Achieved 92%	90%
	Percentage of consumers who have confidence that the real estate industry is professional	86%	91%	Achieved 90%	85%

⁹ For the purposes of our reporting survey, a real estate consumer is someone who has participated or tried to participate in a real estate transaction during the preceding 12 months.

¹⁰ The number of consumers aware of REA has also increased from 63% to 69%.

Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities

We have maintained public awareness of REA above target during a period of challenging conditions and reduced market activity. While we have not yet reached our target for the percentage of the public who consider that the real estate sector is well regulated, we have set an ambitious goal and improved on our result year on year.

	SOI impact measures	2021/22	2022/23	2023/24	Target
Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities	Percentage of New Zealand public aware of REA and the services it provides is increased	51%	48%	Achieved 46%	45%
	Percentage of New Zealand public who have confidence that the real estate industry is well regulated is maintained	70%	75%	Not achieved 76%	85%

Standard of conduct by licensed real estate professionals is increased

We assess whether standards of conduct have increased as a result of our activities by calculating the percentage of licensees subject to a formal complaint who are found to have breached conduct rules. Despite a significant uplift in complaints this year, the proportion of licensees found in breach has reduced significantly, demonstrating that the regulatory system is effectively lifting conduct standards for the benefit of all New Zealand.

The licensee survey results and case studies demonstrate that licensees have made changes to policies or procedures following action taken through the complaints and disciplinary process. These are all positive indicators that licensee conduct standards are increasing and the regulatory system and the work of REA are having the intended effect of lifting standards of conduct.

	SOI impact measures	2021/22	2022/23	2023/24	Target
Standard of conduct by licensed real estate professionals is increased	Percentage of licensees subject to a formal complaint found to have breached conduct rules and requirements is decreased	14%	16%	Achieved 8%	20% ¹¹
	Licensed real estate professional conduct, practices, policies and/or procedures are improved following action taken by REA or a CAC/Tribunal decision	Achieved	Achieved	Achieved	5 case studies

¹¹ As the desired impact for this measure is a decrease, the 20% target is a maximum percentage and achieved results are below 20%

Operations

Ngā mahi whakahaere

Efficient and cost-effective operations are critical to our overall operational performance. We are a small agency, and we aim to deliver our services in an agile and prudent way. We have always operated within the constraints of our limited financial and human resources and have continued to do so this year. We have operated within the context of fiscal restraint with respect to expenditure and remuneration.

As the primary source of revenue is levies from licensees, the number of licences significantly affects projected revenue. This year, we anticipated fluctuations in licensee numbers in an ongoing uncertain environment and operated against a conservative budget assuming that the number of active licences would reduce to 15,000 during the period. In the reported period, licensee numbers were higher than the conservative forecast, meaning revenue was better than expected.

Personnel costs were lower than budgeted, primarily as a result of vacancies during the period. Legal fees are higher than budget, reflecting the increased use of outsourced legal costs due to vacancies in the legal team and increased volume and complexity of cases.

REA's organisational health and capability is essential to achieving positive outcomes for our people and those we serve. The environment of uncertainty, change and high workload has meant it has been particularly important to provide the right environment, tools, systems, support and leadership to enable our people to do their jobs effectively.

Accordingly, key operational initiatives this year were to progress the Complaints Improvement Project and the Systems Enhancement Project (SEP) to upgrade systems central to the delivery of our core functions. The SEP phased programme of work will continue into the year ahead, with supportive change management for our teams and relevant stakeholders a priority.

Managing risk is central to our governance and operational management approach. Our clearly articulated risk management framework and risk schedule are regularly reviewed by the Board and management. Staff are directly involved in overseeing health and safety risks, and all incidents and near misses are reported to the Board. Our Culture Club plays a critical role in ensuring suitable health and safety settings and supporting staff wellbeing.

To ensure internal guidelines and procedures remain fit for purpose, we maintain a robust review process to internal policies and updates across a number of our policies this year. We are committed to delivering all services as a respected Crown entity. We have reduced emissions, addressed 63 Official Information Act requests and eight Privacy Act requests and complied with a range of legislative compliance requirements.

Directions issued by Ministers

During the reporting period, we have continued to comply with the directions previously issued by the Minister of State Services and Minister of Finance with respect to the New Zealand Business Number, shared authentication services, procurement, ICT and property.

We have developed our processes to support e-invoicing, carbon-neutral emissions reporting and progressive procurement policy. The Enduring Letter of Expectation issued in 2024 and the Government Workforce Policy Statement and supporting pay guidance issued by the Public Service Commissioner are guiding our internal policies and priorities. We are also focused on operating consistently with the Fiscal Sustainability Programme to embed a culture of responsible spending across government.



Our carbon emissions reporting

Independent verification

REA's greenhouse gas emissions measurement (emissions data and calculations) have been independently verified by Toitū Envirocare (Enviro-Mark Solutions Limited). We have been certified as a Toitū carbonreduce organisation. This means we are measuring, managing and reducing our emissions according to the ISO 14064-1:2018 standard and Toitū requirements. A copy of our Toitū carbonreduce certification disclosure can be viewed on the Toitū website.

Emissions by category

Emissions profile by scope and total annual emissions 2023/24

Category (ISO 14064-1:2018)	Scope (ISO 14064-1:2006)	2023 (tCO ₂ e)	2024 (tCO ₂ e)
Category 1: Direct emissions	Scope 1	0.00	0.00
Category 2: Indirect emissions from imported energy*	Scope 2	4.81	6.05
Category 3: Indirect emissions from transportation	Scope 3	34.76	19.88
Category 4: Indirect emissions from products used by the organisation		4.76	1.90
Category 5: Indirect emissions associated with the use of products from the organisation		0.00	0.00
Category 6: Indirect emissions from other sources		0.00	0.00
Total direct emissions		0.00	0.00
Total indirect emissions*		44.33	27.83
Total gross emissions*		44.33	27.83
Category 1 direct removals		0.00	0.00
Purchased emission reductions		0.00	0.00
Total net emissions		44.33	27.83

* Emissions are reported using a location-based methodology.

Emissions by source

The table above shows REA's measured and reported emissions sources from largest to smallest in 2023/24.

Activity	2022/23 (tCO ₂ e)	2023/24 (tCO ₂ e)
Air travel domestic (average)	30.00	14.88
Electricity	4.81	6.05
Working from home	1.06	1.47
Accommodation – New Zealand	1.17	1.40
Waste landfilled LFGR office waste	1.17	1.25
Private car average (fuel type unknown)	1.28	1.08
Taxi (regular)	0.53	0.51
Electricity distributed T&D losses	0.69	0.44
Freight transport agencies and other supporting transport services (spend-based)	0.22	0.24
Wastewater for treatment plants (average)	2.66	0.20
Rental car medium (petrol 1600–2000cc)	0.42	0.15
Rental car large (petrol 2000–2999cc)	0.07	0.05
Rental car small (petrol 1350–1600cc)	0.01	0.05
Rental car average (hybrid)	0.01	0.03
Water supply	0.24	0.01
Rental car average (EV)	0.00	0.00
Total gross emissions	44.33	27.83

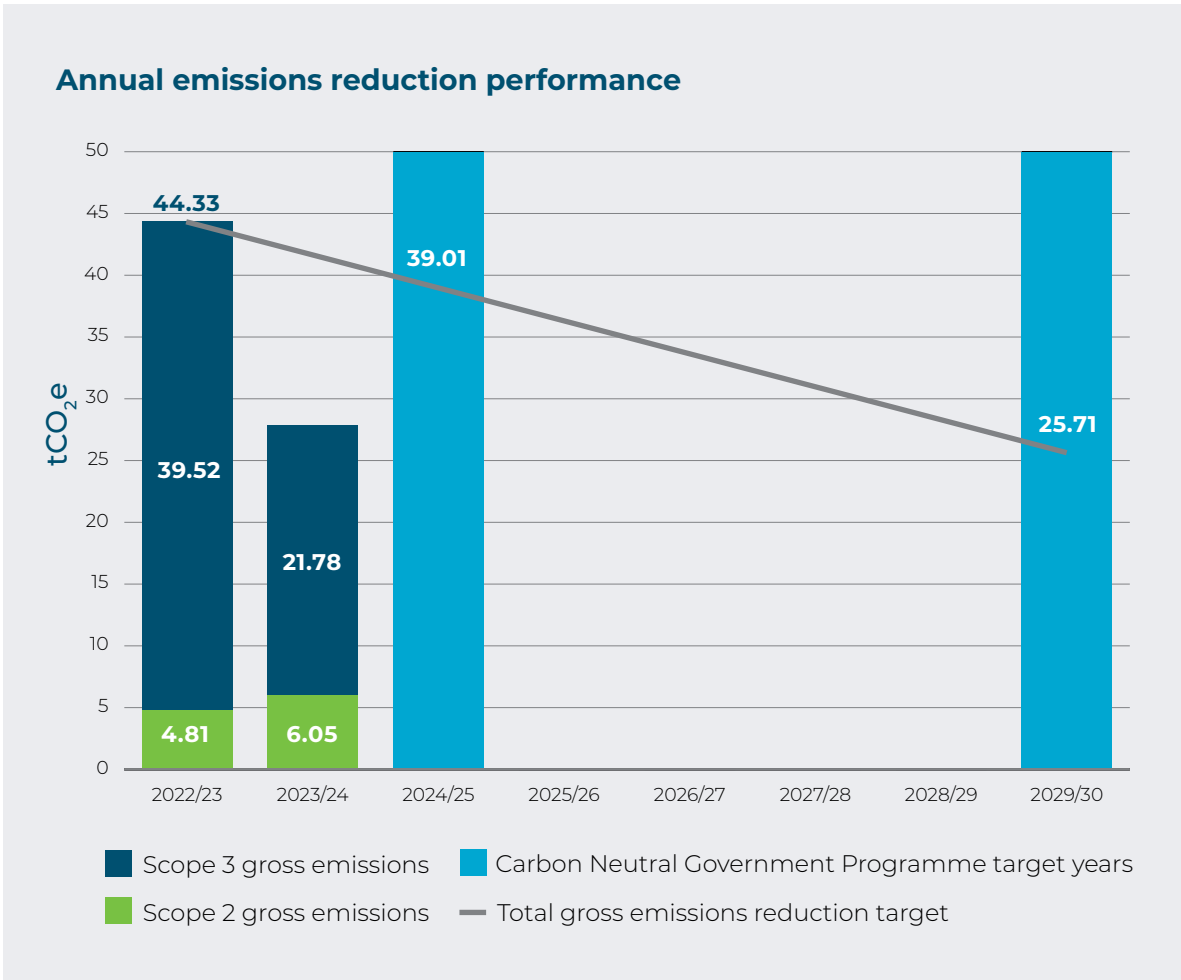
Key performance indicators (KPIs)

	2022/23	2023/24
Full-time equivalent (FTE)	54.8	60.8
Expenditure (\$m)	10.875	11.467
Total gross emissions per FTE (tCO₂e)	0.81	0.46
Total gross emissions per million dollars of expenditure (tCO₂e)	4.08	2.43

2025 and 2030 gross emissions targets

REA’s reduction pathway is aimed at limiting global temperature increases to 1.5°C above pre-industrial levels and is outlined in Carbon Neutral Government Programme guidance around reduction target setting.

We have signposted a 6% reduction in our emissions every year from our base reporting year in order to meet a 42% reduction target in our overall emissions by 2030. We are pleased to have achieved a substantial reduction in our overall emissions of 37% in this reporting period, most noticeably in our domestic air travel emissions, which became known in our base reporting year as our highest emissions contributor. This overall reduction was achieved while REA experienced a moderate increase in employee FTE from our previous reporting period.



Organisational health and capability

Te oranga me te āheinga o te whakahaere

This has been another year of change for REA, with new people joining our team and a number of significant work programmes under way to enhance and improve our operations alongside our core regulatory services. We have capable and experienced staff who contribute to a collaborative culture that values people working together and supporting each other to achieve our goals. Our Board and management team work constructively together with a clear understanding of governance and management responsibilities. As at 30 June 2024, we have a permanent and fixed-term headcount of 62 people (60.8 FTE), with a small number of vacancies under recruitment.

We have a diverse workforce with a range of experiences and backgrounds. We believe that a diverse and inclusive work environment results in better experiences for our people, better delivery of our functions and obligations and better outcomes for the diverse communities of consumers and licensees we serve across New Zealand



REA work profile as at 30 June 2024

Gender	
Female	55%
Male	45%
Prefer not to declare	0%
Ethnicity ¹²	
Pākehā/NZ European	61%
Other European	24%
Māori	13%
Pacific Peoples	5%
Asian	15%
Middle Eastern/Latin American/African	8%
Other	0%
Age profile	
60+	11%
50–59	19%
40–49	26%
30–39	27%
29 and younger	15%
Prefer not to answer	2%
Disability profile	
No	92%
Yes	6%
Don't know	2%
Prefer not to answer	0%

¹² Some staff identify as more than one ethnicity.

Pay gap information

We are committed to the long-term goals of reducing gender, Māori, Pacific and ethnic pay gaps and growing the diversity of the workforce at REA and in the public service. Our Kia Toipoto Action Plan outlines the actions we undertake to ensure pay equity and remove unjustified pay gaps. REA monitors and reports on gender and ethnic data to the Board.

As a small agency, staffing changes can impact significantly on our gender and ethnic pay gaps. Consistent with Stats NZ guidance, we do not publish pay gap data where there are fewer than 20 people in a diversity group. This means we are unable to publish pay gap data for ethnicity groups until this year. We can report that, as at 30 June 2024, our gender pay gap was 8%.

Maihi Karauna

We are committed to Maihi Karauna and increasing our own te ao Māori capability. We offer staff opportunities to learn te reo Māori and promote the use of te reo Māori in the workplace. We open and close our meetings with karakia and celebrate Te Wiki o te Reo Māori. These steps are an important part of our journey towards greater cultural capability.

Promoting equal employment opportunities

We are committed to our good employer obligations as set out in the Crown Entities Act 2004. We promote equal employment opportunities through recruitment and selection, leadership, workforce development, management of people and performance and the way we engage with our employees. Below we outline our achievements in the reported period and areas for focus in 2024/25 against the seven key elements of being a good employer as set out by the New Zealand Human Rights Commission.

Leadership, accountability, and culture

- The Senior Leadership Team provides open communication and visible leadership to staff through team meetings, stand-ups and staff off-sites.
- The REA Leaders Forum and Tier 3 Manager meetings enable senior leaders to collaborate and discuss workplace issues, priorities and achievements.
- We implemented a Leadership Development Programme for our T3/4 Managers, and a Leadership Development Programme for our Senior Leadership Team is underway.
- The Chief Executive and People and Capability team work closely with staff networks (Culture Club, Social Club and Rainbow Network) and people leaders to help build a positive and safe workplace.
- We maintain a Delegated Authority Policy that provides appropriate levels of decision making at all leadership levels.
- Our refreshed values were implemented and embedded into REA (see our Strategic Framework on the inside front cover).
- Our policies promote fair and proper treatment of our employees and promote professional and appropriate workplace behaviours and procedures.
- We foster an inclusive workplace encouraging diverse perspectives and empowering staff networks to promote initiatives that are important to our people, including around health and wellbeing.
- Feedback from staff surveys and other channels provides insight into the employee experience, which enhances our people-centric workforce management approach. Our annual Have Your Say staff survey results equalled our previous internal scores and surpassed external benchmarks despite a challenging operating environment. Targeted initiatives will be implemented in response to the feedback to further improve the employee experience at REA.
- Staff participated in a range of initiatives under our volunteer programme that encouraged wellbeing and promoted cohesion while giving back to our local communities.

Recruitment, selection and induction

- An effective recruitment strategy attracts the right skills, knowledge and experience. While pressures in the labour market eased for some roles during the reporting period, attracting specialist skills remains a challenge. We enhance our approach by promoting our employee value proposition and prioritising the candidate experience.
- Hiring managers advertise all permanent vacancies using a range of sourcing channels to attract candidates from diverse backgrounds and undertake a rigorous selection process to ensure appointments are merit based.
- Our induction and onboarding process enables new starters to get up to speed with their role, make connections across REA and integrate into our culture.

Employee development, promotion and exit

- Staff participate in performance, development and career planning at the beginning of each year, and these plans are reviewed with their managers twice a year.
- People leaders provide regular coaching and mentoring to their team members in check-ins, one-on-one meetings and twice-yearly reviews.
- Staff learning and development is encouraged and supported, including the ongoing attainment of professional certification. Staff have access to a broad range of study assistance and professional development opportunities.
- Secondments and acting arrangements are used to develop new technical or leadership skills. We made a number of internal promotions to support the career aspirations and retention of our top talent during the reporting period.
- We offer an exit interview to any leaving employee and evaluate and respond to themes raised.

Flexibility and work design

- We operate a flexible-by-default policy and support hybrid working for staff through technology and enabling connection and cohesion.
- We encourage staff to take leave and support their work-life balance with tailored options.
- Workstation assessments are provided as required.
- We support parental leave and return and working parents.

Remuneration, recognition and conditions

- REA operates a 'total rewards' approach including financial and non-financial rewards.
- We monitor our remuneration offering to ensure it remains competitive while exercising fiscal restraint in remuneration decisions in line with Public Service Commission pay guidance and the Government's directive for a fiscally sustainable public sector.
- Our role evaluation processes use appropriate external market benchmarks to ensure they are transparent and equitable.
- We promote a rewards and recognition framework enabling staff-led recognition of exceptional behaviour and service delivery.
- We are committed to closing our gender and ethnic pay gaps. We regularly review our pay practices to ensure fairness and equity for all staff.

Harassment and bullying prevention

- We reviewed and updated our Health and Safety Policy and related people policies that support a positive and safe work environment.
- We maintain zero-tolerance anti-harassment, anti-discrimination and anti-bullying policies. Training has been provided to staff on these policies along with protected disclosures as part of our integrity training programme.
- We have clear reporting and investigation processes and responsibilities in place.

Safe and healthy environment

- Providing a healthy working environment for staff is a key priority. Our office building has a good seismic rating, and we work to maintain a safe office and remote working environment.
- We operate an effective health, safety and wellbeing system comprising a range of policies and practices that are actively maintained by management and staff. REA's clubs, networks and individual staff members sought to promote all four walls of the Te Whare Tapa Whā wellbeing model.
- All incidents and accidents are reported by staff and investigated by management, with remedial action taken where appropriate to ensure risks are mitigated. Health and safety incidents and accidents are reported to the Board each month.
- Shared health, safety and wellbeing responsibilities have been incorporated into the Culture Club terms of reference, and we have maintained a strong group of health and safety representatives, floor wardens and first aiders.
- We provided effective management of health and safety risks in our workplaces, including updating our Health and Safety Policy and removing our COVID-19 vaccination policy. COVID-19 continues to be managed through workplace guidelines and ongoing incident management of cases.
- We provide a range of health support, including flu vaccinations and eye health benefits.
- We regularly test our evacuation procedures and earthquake drills and perform an annual stocktake of our civil defence cupboard.
- We provide employee assistance programme support with confidential 24/7 access to trained professionals for all staff and their families to use when needed.
- As a complaints entity, we offer preventive health and safety training and support to staff to deal with difficult conversations, risks of harm and external threats.



Accountability statements

Ngā tauākī haepapa

Statement of responsibility

Pursuant to the Crown Entities Act 2004, the Real Estate Authority¹³ Board accepts responsibility for:

- the preparation of the financial statements and the statement of performance and for the judgements made in them
- establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Real Estate Authority's financial and non-financial reporting
- end-of-year performance information provided by the Real Estate Authority under section 19A of the Public Finance Act 1989.

In the opinion of the Board, the financial statements and the statement of performance for the year ended 30 June 2024 fairly reflect the financial position, result of operations and cash flows of the Real Estate Authority.

Signed on behalf of the Board.



Denese Bates KC

Chair
Real Estate Authority
24 October 2024



Vern Walsh

Chair
Audit and Risk Committee
24 October 2024

¹³ The Real Estate Authority (REA) is the operating name of the Real Estate Agents Authority.



BDO Wellington Audit Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF REAL ESTATE AUTHORITY'S FINANCIAL STATEMENTS, AND
PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024**

The Auditor-General is the auditor of Real Estate Authority (the Authority). The Auditor-General has appointed me, Geoff Potter, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and the performance information of the Authority on his behalf.

Opinion

We have audited:

- the financial statements of the Authority on pages 57-80 that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information; and
- the statement of performance which reports against the Authority's statement of performance expectations for the year ended 30 June 2024 on pages 49 to 56.

In our opinion:

- the financial statements of the Authority:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and
- the Authority's statement of performance for the year ended 30 June 2024:
 - presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 24 October 2024. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Authority for preparing financial statements and statement of performance that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of performance, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Authority, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Real Estate Agents Act 2008.

Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the statement of performance, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.



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- We evaluate the appropriateness of the reported performance information within the Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 44, but does not include the financial statements and the statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Authority.

A handwritten signature in blue ink, appearing to read 'Geoff Potter', is written over a light blue horizontal line.

Geoff Potter
BDO WELLINGTON AUDIT LIMITED
On behalf of the Auditor-General
Wellington, New Zealand

Statement of performance

Tauākī mahinga

The statements in this section provide detailed results against the targets, budgets and performance measures for the year ending 30 June 2024 as set out in our Statement of Performance Expectations for the year ending 30 June 2024 (SPE).

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting.

REA provides outputs in three result areas:



Output 1

Informing consumers, educating and engaging with licensees



Output 2

Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes



Output 3

Oversight and development of an effective real estate agency regulatory system

Statement of performance

for the year ended 30 June 2024

	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Total revenue	11,087	9,996	11,134
Output expenditure			
Informing consumers, educating and engaging with licensees	2,940	3,194	2,903
Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes	6,107	5,930	5,530
Oversight and development of an effective real estate agency regulatory system	2,420	2,652	2,442
Total expenditure	11,467	11,776	10,875
Total comprehensive revenue and expense (deficit)	(380)	(1,780)	259

Output 1

Informing consumers,
educating and engaging
with licensees



Our focus through this output is consumer protection, raising industry standards and confidence in the real estate profession and supporting licensees to meet the standards expected of them. To promote confidence in the real estate sector, it is critical that all people in New Zealand are aware of and can access and benefit from the regulatory services we provide. Our licensee CPD programme and engagement and our delivery of resources to consumers across New Zealand's diverse communities are key elements of this output. We have achieved all targets for this output area.

SPE performance measures	2020/21	2021/22	2022/23	2023/24	Target 2024
SPE 1.1 Percentage of consumers who find information provided by REA useful ¹⁴	97%	97%	Achieved 95%	Achieved 95%	90%
SPE 1.2 REA Pānui (newsletters) are published to keep stakeholders informed	6	31	Achieved 19	Achieved 12	>6
SPE 1.3 Media releases are issued on matters of strategic importance (high public interest, provide guidance to consumers or licensees on regulatory issues)	4	6	Achieved 6	Achieved 20¹⁵	>6
SPE 1.4 REA undertakes targeted initiatives to provide information and resources to New Zealand's diverse communities	n/a	Achieved	Achieved	Achieved	5 or more initiatives

In Our Performance section above, we have outlined the activities undertaken to outline our performance in this output and the impact of our work. Our communication activities and information resources, including our websites and consumer guides, continue to be rated very highly by users and are critical tools for supporting licensees and consumers to navigate market conditions and to increase understanding of conduct obligations and transaction processes. Visits to settled.govt.nz and [REA.govt.nz](https://rea.govt.nz) increased by 26% and 14% respectively despite the quieter market, demonstrating our success in reaching new consumers across a range of diverse communities and consumer groups through our digital and non-digital channels.

This work contributed to a small but positive increase in awareness of REA to 66%, which helps to strengthen the effectiveness of the regulatory regime. Our consumer research results ([page 10](#)) indicate that our work is having the desired impact with consumers maintaining confidence that the real estate sector is well regulated (76%) and feeling empowered to participate in real estate transactions (87%). Importantly, 95% of consumers found information provided by REA useful.

¹⁴ 2024 annual NielsenIQ Perceptions Survey.

¹⁵ Four media releases, 16 advice columns to Stuff.

Our Pānui was well read by licensees, with an average open rate of 66%. With 92% of licensees in our annual survey reporting they find REA's compliance guidance useful in understanding their regulatory obligations, our Pānui remains an important tool for supporting compliance, raising conduct standards and preventing harm.

With a slower market and competing economic and political issues, there was a reduction of media focus on real estate. Consequently, we focused our proactive media activities this year on increasing regulatory and consumer messages in our Chief Executive's proactive consumer advice columns published by Stuff, alongside targeted proactive media releases.

Through five targeted initiatives, we have sought to increase our reach to New Zealand's diverse communities to ensure wider knowledge and

understanding of the regulatory protections and services. We specifically focused on older people engaging in real estate as well as Indian and Chinese communities through media and engagement activities, and distribution of a new translated complaints guide. See Output 1 on [page 17](#) for detail on these community engagement initiatives.

Together, these activities have contributed to the positive consumer survey results that report ongoing consumer confidence in REA and the real estate sector.

The improvements made to the CPD programme this year have directly contributed to improved licensee satisfaction with CPD content (72%), which will lead to increased capability across the sector, which is the impact we aim to achieve.

The Real Estate Authority is New Zealand's independent government regulator of the real estate profession.



Download our free consumer information guides from rea.govt.nz or settled.govt.nz

REA licenses real estate professionals, oversees a Code of Conduct, provides information for consumers about the real estate transaction process, and offers a free and accessible complaints process.

Go to REA.govt.nz to learn more about REA's work to support high standards of conduct across the real estate profession and to protect and promote the interests of consumers in real estate transactions.



在新西兰买卖房地产？

您想了解更多关于买卖过程的信息吗？

请访问 Settled.govt.nz 获取有关新西兰房地产买卖流程的独立和可信的信息。Settled.govt.nz 网站免费使用，提供有用的信息、工具和资源。

由新西兰房地产行业独立的政府监管机构 Real Estate Authority 提供。




Output 2

Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes



As the real estate industry's conduct regulator, our core regulatory functions include managing the licensing scheme and delivering an independent, effective and accessible complaints and disciplinary process to ensure real estate licensees meet the required professional standards and that those who do not are held to account. We aim to provide a high-quality and timely service to support our regulatory aims. Through this we respond to consumer harm and hold licensees to account for the standards of conduct expected.

SPE performance measures	2020/21	2021/22	2022/23	2023/24	Target 2024
SPE 2.1 External assessment of CAC decisions is conducted to assess whether decisions are well reasoned, consistent and accurate	n/a	Achieved	Achieved	Achieved	At least 5 decisions ¹⁶
SPE 2.2 Percentage of judgments on appeals taken to the Tribunal are analysed to enable improvements to REA's regulatory decisions and processes	n/a	100%	Achieved 100%	Achieved 100%	100%
SPE 2.3 Percentage of new licence applications processed within three weeks	91%	92%	Achieved 91%	Achieved 90%	85%
SPE 2.4 Percentage of licence renewal applications processed within two weeks	96%	98%	Achieved 99%	Achieved 99%	95%
SPE 2.5 Percentage of complaint enquiries completed within one month	99%	95%	Achieved 95%	Achieved 97%	95%
SPE 2.6 Percentage of formal complaints resolved or determined under s74(3) within three months ¹⁷	62%	39%	Not achieved 31%	Not achieved 36%	70%
SPE 2.7 Percentage of formal complaints completed within one year	90%	82%	Not achieved 78%	Not achieved 81%	90%
SPE 2.8 Percentage of parties to a complaint agree that the complaints process is independent, fair and transparent ¹⁸	77%	75%	Not achieved 67%	Not achieved 65%	75%

¹⁶ External assessor agreed that 5 CAC decisions are well reasoned, consistent and accurate.

¹⁷ Formal complaints resolved by withdrawal of complaint, compliance advice or consumer information or determined under section 74(3)(a)–(d) of the Real Estate Agents Act 2008.

¹⁸ Assessed in a survey through the year

While all new and licensing renewal output targets were achieved, during the year, we experienced significantly higher complaint volumes and complex cases, which put pressure on REA complaints and legal teams. We also saw more lower-level concerns driving complaints, engaging use of the Registrar's triage power and we observed parties being less receptive to resolution in general. In addition, cases to CACs often involved multiple licensees and complex issues extending the time to investigate and to work through interlocutory issues. These factors combined to make resolving matters in three months (SPE 2.6) and more complex complaints within one year (SPE 2.7) more challenging.

While the target percentage for complaints resolved or determined within 90 days (SPE 2.6) was not met, the average time reduced from 133 days to 110 days over the year for these complaints. This was the result of our complaints improvement project, which saw a refreshed approach introduced in October 2023.

Perceptions of the complaints process (SPE 2.8) did not reach the target this year with the external operating conditions increasing pressure on licensees and complainants.

A key achievement this year was the launch of a refreshed complaints approach designed to improve timeliness, support parties through the process and ensure robust decisions. As this becomes embedded into our operations over the coming year, we expect to see our performance to target improve.

Embedding our new complaints system and working to achieve the timeliness targets is a focus for the year ahead. We recognise that this is critical for maintaining confidence in REA and the regulatory regime.



Output 3

Oversight and development of an effective real estate agency regulatory system



Our role overseeing and developing an effective regulatory system requires us to ensure we set clear rules, standards and guidelines that respond to risks of harm and changes in the industry environment in which we operate. Our aim is that as a result of our work licensees improve their conduct. This output captures our work to analyse data and insights, to undertake research and to engage across the property sector to ensure the regulatory settings and our regulatory activities are fit for purpose and effective. We have achieved most output targets for this area.

SPE performance measures	2020/21	2021/22	2022/23	2023/24	Target 2024
SPE 3.1 REA reviews a standard in consultation with industry that help raise industry standards	New measure	Achieved in part	Achieved	Achieved	1
SPE 3.2 Licensee practices, procedures or conduct are improved following issue of REA decision, research or guidelines/information. Assessed by case studies	New measure	New measure	New measure	Achieved	Achieved – 3 case studies
SPE 3.3 Engagement by Māori in services offered by REA is increased	New measure	67%	47%	Not achieved 49%¹⁹	67%

In October 2023, we published new guidelines for assessment of applications for CPD exemptions or deferrals in exceptional circumstances (SPE 3.1). This was timed for release ahead of the end of the CPD calendar year, which is when the highest volume of CPD exemption/deferral applications are received. With the new guidelines in place to clarify requirements this year, a higher proportion of applications resulted in exemptions/deferrals being granted, and we received fewer applications that did not reach the threshold for exceptional circumstances. There was a reduction in the number of cancellations for non-compliance with CPD this year, reflecting our work to support licensees to comply with the important education requirements and to access the deferral processes.

SPE 3.2 was a new measure introduced this year designed to demonstrate the effectiveness of REA's regulatory activities in raising standards of professional conduct with licensees in the real estate industry. The case studies identified from our complaints and trust account audit work are illustrative of the impact which REA's work has on improving licensee practices, procedures or conduct. The provision of compliance advice in these areas is important as it enables REA to influence conduct improvements before more serious issues arise. It is a key plank to our harm prevention regulatory approach.

¹⁹ 2024 NielsenIQ Consumer Perceptions Survey, percentage of Māori respondents who engaged with REA services or resources during the year.

For that reason, this year we have focused our case studies from these areas. While we have identified case studies from our complaint and trust account audit matters this year, we note that they are presented alongside quantitative data from our licensee survey, and complaint outcomes which together tells our performance story of our impact in raising licensee conduct and delivering an effective regulatory regime.

In one of the case studies, as a result of a complaint resolved by REA, a licensee discovered that Adobe e-docs deletes covering emails after 6 months. This resulted in the licensee having no record of emails sent accompanying the sale and purchase agreement. Following the resolution of the complaint, the licensee informed REA that they had changed their practice to ensure that they retain a copy of record of all emails sent. This is key to exercising skill and care in real estate agency work and will help to mitigate record keeping issues arising in the future.

Trust account requirements are an important feature of the regulatory regime designed to protect consumer funds paid to licensees (see [page 27](#) in our Performance Story section above). Where the fundamental trust account obligations are not met, the role of auditors in supporting safe protection of consumer funds is undermined. As illustrated on [page 26](#), a serious and/or repeated failure to meet trust account requirements may result in misconduct proceedings and a substantial fine. Accordingly, through the trust account audit process, REA is careful to provide clear compliance advice on low-level trust account issues, which can help to prevent more serious issues arising in the future.

In another case study, following the 2023 Trust Account audit process REA issued trust account audit advice to various agencies where minor issues regarding compliance with trust account requirements had been identified. One agency had failed to send their auditor a monthly reconciliation on one occasion. REA raised the issue with the agency. In response, the agency changed their process to ensure that an instant 'copy' of their reconciliation is sent to their auditor each month. This action was confirmed in correspondence to REA. No further trust account compliance issues have been identified with this agency. Supporting ongoing trust account improvements across the sector is a key focus for REA.

In addition to the case studies that illustrate how REA activities help improve licensee practices, procedures or conduct at an individual level, our survey results demonstrate the impact REA's work has had on supporting an effective regulatory system. In particular, in the 2024 Annual Licensee Survey 79% of licensees confirmed that they or their agency took steps to improve conduct, practices, policies and/or procedures following issue of a complaint decision. These results demonstrate the general deterrence and educational value of disciplinary decisions beyond the parties directly involved both as a general deterrent to poor conduct and to clarify/illustrate conduct requirements for the sector and consumers. The 2024 Annual Licensee Survey further found that 92% of licensees find REA compliance guidance useful in understanding their regulatory obligations. Of note, in the reported period, only 8% of licensees subject to a formal complaint were found to have breached conduct rules. Collectively the case studies, survey results and complaint data demonstrate the effectiveness of REA's work to support licensees to meet the high standards of conduct expected from them, and to strengthen the regulatory system.

Last year we completed research into the barriers to participation in real estate transactions faced by some communities. That research indicated that the more information available to different groups, would assist to enable them to engage in real estate transactions with licensees with confidence. We worked to increase our reach of consumer information to a wide range of consumers this year. We tested the success of our reach to Māori in our Consumer Survey this year. We boosted sample sizes for Māori in our consumer perceptions research to strengthen the quality of the results. This has provided a more robust benchmark compared with 2021/22 when the measure

was introduced. While greater statistical accuracy has provided a lower overall result, we are pleased to have that robust measurement and to have improved the result since last year. Of note, in the same survey, Māori respondents also reported higher than average levels of confidence and sense of empowerment when engaging in real estate transactions.

Over the coming year, we will focus engagement and delivery of our services with Māori, Pacific Peoples and Asian consumers to ensure we support positive outcomes for all New Zealanders engaging in real estate transactions.



Financial statements

Ngā tauāki pūtea

Explanations of significant variances against budget are detailed in Note 21 on [page 79](#). The statement of accounting policies and notes to the financial statements form an integral part of these financial statements

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Revenue				
Operating levy received	1	9,295	8,955	9,660
Application and suspension fees	2	901	799	921
Other revenue	3	891	242	553
Total revenue		11,087	9,996	11,134
Expenditure				
Audit fee		63	60	61
Personnel costs	4	6,965	7,411	6,703
Depreciation	10	67	64	145
Amortisation	11	–	–	13
Specialist services	5	1,188	1,413	1,190
Legal fees		611	398	375
Utilisation of Litigation Reserve		183	–	–
Board fees	4, 18	150	160	148
Complaints Assessment Committee fees		292	270	297
Miscellaneous expenses		26	22	19
Computer and telecommunications		1,314	1,276	1,355
Printing, stationery and postage		30	34	23
Travel, meetings and entertainment		121	177	155
Occupancy		457	491	391
Total expenditure		11,467	11,776	10,875
Total comprehensive revenue and expense		(380)	(1,780)	259

Statement of Financial Position

as at 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Current assets				
Cash and cash equivalents		6,787	3,158	9,993
Investments – short-term deposits		4,064	6,117	1,260
Debtors and other receivables	7	51	(42)	51
Prepayments	8	161	202	199
Approved guide stock	9	17	9	26
Total current assets		11,080	9,444	11,529
Non-current assets				
Property, plant and equipment	10	64	81	92
Intangible assets	11	–	–	–
Total non-current assets		64	81	92
Total assets		11,144	9,525	11,621
Current liabilities				
GST payable		45	39	59
Trade creditors and accruals	12	864	1,395	967
Employee entitlements	13	293	290	232
Income In Advance		322	–	363
Disciplinary levy payable		–	28	–
Total current liabilities		1,524	1,752	1,621
Total liabilities		1,524	1,752	1,621
Net assets		9,620	7,773	10,000
Public equity				
Retained earnings		9,553	7,523	9,750
Litigation reserve		67	250	250
Total public equity		9,620	7,773	10,000

Statement of Changes in Equity

for the year ended 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Public equity as at 1 July		10,000	9,553	9,741
Total comprehensive revenue and expense		(380)	(1,780)	259
Total public equity as at 30 June		9,620	7,773	10,000
Comprised of the following funds:				
Retained earnings as at 1 July		9,750	9,303	9,491
Total comprehensive revenue and expense		(380)	(1,780)	259
Transfer from the Litigation Reserve		183	–	–
Total retained earnings as at 30 June		9,553	7,523	9,750
Litigation reserve as at 1 July		250	250	250
Transfer to Retained Earnings		(183)	–	–
Total litigation reserve as at 30 June		67	250	250

Statement of Cash Flows

for the year ended 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from licensees		9,619	9,238	9,911
Receipts from sale of publications		72	133	99
Interest income		505	52	280
Receipts from suspension fees		565	518	564
Receipts from fines		142	56	237
Receipts from other revenue		187	–	–
Cash was applied to:				
Payments to suppliers		(4,839)	(4,979)	(4,205)
Payments to employees		(6,607)	(6,971)	(6,475)
Net GST received/(paid)		(7)	37	(48)
Net cash flows from operating activities		(363)	(1,916)	363
Cash flows from investing activities				
Cash was provided from:				
Receipt/(investment) in short-term deposits		(2,804)	–	(37)
Cash was applied to:				
Purchase of property, plant and equipment		(40)	(28)	(29)
Net cash flows from investing activities		(2,844)	(28)	(66)
Net increase/(decrease) in cash and cash equivalents		(3,207)	(1,944)	297
Opening cash and cash equivalents		9,994	5,102	9,696
Closing cash and cash equivalents		6,787	3,158	9,993

Statement of Cash Flows (continued)

for the year ended 30 June 2024

	Actual 2024 \$000	Actual 2023 \$000
Reconciliation of statement of comprehensive revenue and expense surplus/(deficit) to net cash flow from operating activities.		
Net surplus/(deficit)	(380)	259
Non-cash items		
Depreciation	67	145
Amortisation	–	13
Provision for doubtful debts	49	92
Movements in working capital items		
Trade debtors, other receivables and prepayments	(11)	(114)
Movements in inventory	9	(17)
GST receivable	(14)	(42)
Trade creditors, other payables and provisions	(144)	73
Employee entitlements	61	(46)
Net cash flows from operating activities	(363)	363

Statement of accounting policies

for the year ended 30 June 2024

Reporting entity

These are the financial statements of the Real Estate Agents Authority, a Crown entity as defined by the Crown Entities Act 2004. The Real Estate Authority (REA) is the operating name of the Real Estate Agents Authority. REA is domiciled in New Zealand. REA's functions are defined in the Real Estate Agents Act 2008 and include administering the licensing regime for licensees, educating and informing consumers, setting professional standards and providing services in relation to complaint determinations. REA is a public benefit entity for the purposes of the New Zealand equivalent to the International Public Sector Accounting Standards (IPSAS).

The financial statements for REA are for the year ended 30 June 2024 and were approved on 24 October 2024 by the Board.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards, as appropriate for Tier 2 public sector public benefit entities for which all reduced disclosure regime exemptions have been adopted.

REA qualifies as a Tier 2 reporting entity as, for the two most recent reporting periods, it has between \$5 million and \$33 million operating expenditure and is not considered publicly accountable as defined by the External Reporting Board.

Measurement basis

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) unless otherwise specified. The functional currency of REA is New Zealand dollars.

Significant accounting policies

The following accounting policies that materially affect the measurement of comprehensive revenue and expenditure and financial position have been applied.

Revenue

REA derives revenue through an annual charge to real estate licensees, the sale of publications, interest on funds held at approved institutions and the receipt of fees and fines. The annual charge to real estate licensees has two components: an operational levy to cover the ongoing service provision of REA, which is recognised as revenue, and a disciplinary levy that is transferred to the Ministry of Justice to provide funding for the Real Estate Agents Disciplinary Tribunal, which is not recognised as revenue. In addition, an application fee is charged to recover the additional costs for new licence applications. REA also charges a fee for suspending a licence.

Operational levy

In establishing the appropriate revenue recognition policy for the operational levy, REA has considered whether the revenue is exchange (covered by PBE IPSAS 9) or non-exchange (covered by PBE IPSAS 23) in nature, the classification of which determines when revenue from the operational levy is recognised. This decision requires significant judgement.

In making a judgement as to the appropriate policy, REA considered if there is an indirect exchange of economic benefits or services to licensed members and whether the levy itself does not result in REA directly giving approximately equal value of this exchange. Based on REA's role as a consumer protection agency and conduct regulator, which includes industry regulation, upholding standards of conduct and providing resources for licensees and consumers, a continuing professional development programme and research about real estate matters, REA has determined the services provided for the operational levy are accounted for as non-exchange revenue as the benefits of REA's work are for the public good and wider than just licensees and PBE IPSAS 23 applies.

Operational levy revenue, application fees, manual processing fees and suspension fees are recognised when the fee or levy is due and has also been received. When the operational levy revenue is received in advance of a licence renewal date, this is treated as income in advance.

Revenue is measured at the fair value of consideration received or receivable.

Fines

Section 75 and section 100 of the Real Estate Agents Act 2008 allow the establishment of Complaints Assessment Committees and the Real Estate Agents Disciplinary Tribunal. The Committees and Tribunal make decisions on complaints, which can result in an order to pay a fine. Fine revenue is classified as non-exchange in nature and is recognised when due and receivable.

Sale of publications

Section 127 of the Real Estate Agents Act 2008 requires licensees to provide a copy of an approved guide to their clients. These guides are provided to licensees on a cost-recovery basis by REA. Revenue from the sale of publications is classified as exchange in nature and is recognised when the significant risks and rewards of ownership have passed to the licensee, usually on receipt of the funds.

Interest

Interest is recognised using the effective interest rate method and recognised in the period to which it relates.

Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to REA are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks and other short-term, highly liquid investments with maturities of three months or less.

Investments

Investments include deposits held with banks with original maturities greater than three months but less than one year.

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate method, less any provision for impairment. Impairment is established when there is objective evidence REA will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability the bank will enter into receivership or liquidation and default in payments are considered indicators the deposit is impaired.

Debtors and other receivables

Debtors and other receivables, comprising trade debtors and accrued interest, are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Impairment of a receivable is established when there is objective evidence that REA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are considered indicators that the debt is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the impairment allowance account for receivables.

Inventories – approved publications

Inventories are valued at the lower of cost (using the first in, first out method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the period of the write-down.

Property, plant and equipment

Property, plant and equipment consist of leasehold improvements, computer equipment, furniture and office equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when its probable future economic benefits or service potential associated with the item will flow to REA and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to REA and the cost of the item can be measured reliably. Costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense as they are incurred.

Depreciation

Property, plant and equipment are depreciated at rates that will write off the cost of the assets to their estimated residual value over their useful life. The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

- Leasehold improvements – 4 years, 25% straight line
- Computer equipment – 3 years, 33% straight line
- Furniture and office equipment – 5 years, 20% straight line

Intangible assets

Capital work in progress

Capital work in progress consists of expenditure on assets that has not yet been completed. This expenditure will not be amortised until the asset is in a workable condition.

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated directly with the development of software for the internal use of REA are recognised as an intangible asset. Direct costs include the software development and consultants' costs. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of software with a finite life is amortised on a straight-line basis over its useful life. Amortisation commences when the asset is available for use and ceases when the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives and associated amortisation rates used in the preparation of these statements have been estimated as follows:

- Acquired and developed software – 3 years, 33% straight line.

The above treatment has been adopted for all items of acquired and developed software.

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value, less costs to sell and value in use. The value in use is the depreciated replacement cost.

Creditors and other payables

Creditors and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Employee entitlements

Provision is made in respect of liability for annual leave that is expected to be settled within 12 months of balance date and measured at undiscounted nominal values based on an actual entitlement basis at current rates of pay.

Superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

Goods and services tax

The financial statements are prepared on a GST-exclusive basis, except accounts receivable and accounts payable, which are prepared on a GST-inclusive basis.

Taxation

REA is a public authority in terms of the Income Tax Act 2007 and consequently is exempt from income tax.

Financial instruments

REA is party to a variety of financial instruments as part of its normal operations.

A financial instrument is any contract that gives rise to both a (recognised or unrecognised) financial asset of one entity and a (recognised or unrecognised) financial liability of another entity or is any contract that demonstrates residual interest in the assets of an entity after deducting all its liabilities. These financial instruments include bank accounts, short-term deposits, accounts payable and accounts receivable. All financial instruments are recognised in the Statement of Financial Position, and all revenue and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

Financial assets held at amortised cost

The classifications of the financial assets are determined at initial recognition as measured at amortised cost, fair value through other comprehensive revenue and expense (FVOCRE) – debt investment, FVOCRE or fair value through surplus or deficit (FVTSD). Financial assets are not reclassified subsequent to their initial recognition unless there are changes to its management model for managing financial assets. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial liabilities held at amortised cost

Financial liabilities are classified as measured at amortised cost or FVTSD. Financial liabilities are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Impairment of non-derivative financial assets

REA shall recognise loss allowances for expected credit losses on financial assets measured at amortised cost. REA measures loss allowances for receivables at an amount equal to lifetime expected credit losses. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. Expected credit losses are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue and Expense.

Cash flows are classified into three activities:

- Operating activities include cash received from all revenue sources.
- Investing activities include cash received for sale and cash payments made for the purchase of investments and any other non-current assets.
- Financing activities include capital contributions, other transactions relating to changes in borrowings and equity of REA.

Budget figures

The budget figures shown are derived from the Statement of Performance Expectations (SPE) 2023/24 approved by the Board. The budget figures have been prepared in accordance with IPSAS using accounting policies consistent with those adopted by REA for the preparation of the financial statements. The budget figures have not been audited.

Equity

Equity for REA is comprised of surpluses less any deficits incurred through operations and a litigation reserve for extraordinary unanticipated legal expenses.

Changes in accounting policies

There have been no changes in accounting policies during the financial year. The accounting policies have been consistently applied throughout the periods of the financial statements.

Critical judgements in applying REA's accounting policies

In the application of IPSAS, REA is required to make judgements, estimates and assumptions about carrying values of assets and liabilities not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors believed reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

REA has exercised critical judgement with respect to operating levy revenue recognition as detailed in the Statement of Accounting Policies.

Key estimates and assumptions are made in respect to the useful life of property, plant and equipment and intangible assets as detailed in the Statement of Accounting Policies.

Notes to the financial statements

for the year ended 30 June 2024

1. Operating levy received

	Actual 2024 \$000	Actual 2023 \$000
New applications	1,017	1,073
Renewals	8,278	8,587
Total operating levy received	9,295	9,660

Total active licences as at 30 June 2024 were 15,489 (2023: 15,973). This is an overall decrease of 484 licences from the previous year.

2. Application and suspension fees

	Actual 2024 \$000	Actual 2023 \$000
New application fees	321	339
Suspension fees	565	564
Manual processing fees	15	18
Total application and suspension fees	901	921

During the year to 30 June 2024, REA processed 1,710 (2023: 1,814) new licence applications and 3,673 (2023:3,822) voluntary suspensions.

3. Other revenue

	Actual 2024 \$000	Actual 2023 \$000
Interest	539	309
Sale of publications	72	106
Fines imposed by Complaints Assessment Committee/Tribunal	93	138
Other revenue	187	–
Total other revenue	891	553

4. Personnel costs

	Actual 2024 \$000	Actual 2023 \$000
Salaries and wages	6,192	5,433
Other personnel costs	537	1,159
Employer contributions to KiwiSaver	175	157
Employee entitlements	61	(46)
Total personnel costs	6,965	6,703

Other personnel costs include temporary staff for permanent roles, additional resources for temporary roles, recruitment costs, employer ACC levies, allowances and training. During the year ended 30 June 2024, no employee (2023: nil) received compensation and other benefits in relation to cessation. Employee entitlements represent the movement in annual leave balances between 30 June 2024 and 30 June 2023.

Employee remuneration

Remuneration and other benefits of \$100,000 per annum or more (excluding payments for compensation or other benefits in respect of employment cessation) received by employees in their capacity as employees were:

Remuneration range

	Actual 2024 \$000	Actual 2023 \$000
\$100,000 – \$109,999	6	3
\$110,000 – \$119,999	8	2
\$120,000 – \$129,999	2	–
\$130,000 – \$139,999	–	1
\$140,000 – \$149,999	2	3
\$150,000 – \$159,999	1	1
\$160,000 – \$169,999	1	1
\$180,000 – \$189,999	–	1
\$190,000 – \$199,999	2	2
\$210,000 – \$219,999	1	1
\$220,000 – \$229,999	1	–
\$260,000 – \$269,999	–	1
\$330,000 – \$339,999	1	–
Total employees	25	16

Board remuneration

The total value of remuneration paid to Board members during the year was:

	Actual 2024 \$000 Board fees	Actual 2023 \$000 Board fees
Denese Bates QC (Chair)	40	40
Elizabeth Nidd	17	20
Anthony Stack	20	20
Brooke Loader	12	8
Latham Lockwood	20	20
Vern Walsh JP	20	20
Mele Wendt	20	20
Shirley McLeod	1	–
Total Board remuneration	150	148

No Board members received compensation or other benefits in relation to cessation. Board members receive a set fee of \$20,000 per year, with the Chair receiving \$40,000. Brooke Loader took leave from May 2023 to November 2023. Elizabeth Nidd took leave from September 2023 to October 2023. Shirley McLeod was appointed as a future director from 13 May 2024.

5. Specialist services

	Actual 2024 \$000	Actual 2023 \$000
Investigations support	5	2
Bank, merchant service and payroll processing fees	55	42
Advertising and publicity	242	247
Approved guide management	47	56
Media and communications	69	101
Identification validation	125	135
Other specialist services	645	607
Total specialist services	1,188	1,190

6. Operating lease commitments

	Actual 2024 \$000	Actual 2023 \$000
Less than one year	394	395
Later than one year and not later than five years	623	230
Later than five years	–	–
Total operating lease commitments	1,017	625

The operating leases are largely for the lease of Level 4, Todd Building, 95 Customhouse Quay, Wellington, which REA moved to in January 2019. Lease incentives received are recognised over the lease term. The lease has an initial term of six years and it has been extended until January 2027. REA does not have the option to purchase the leased asset at the expiry of the lease period.

7. Debtors and other receivables

	Actual 2024 \$000	Actual 2023 \$000
Trade debtors	170	155
Accrued revenue	77	43
Provision for doubtful debts	(196)	(147)
Total debtors and other receivables	51	51

Trade debtors represent the value of unpaid fines. The carrying value of receivables approximates their fair value. As at 30 June 2024, all overdue receivables have been assessed for impairment, and \$196,134 (2023: \$146,852) were assessed as impaired.

8. Prepayments

	Actual 2024 \$000	Actual 2023 \$000
Prepaid salaries	5	5
Prepaid insurance	–	29
Prepaid software licences	135	147
Prepaid other	21	18
Total prepayments	161	199

9. Approved guide stock

	Actual 2024 \$000	Actual 2023 \$000
Approved guide stock at beginning of the year	26	8
Plus: Guide stock purchased during the year	29	70
Less: Guide stock cost of sales	(38)	(52)
Total approved guide stock	17	26

REA produces three types of guides for licensees:

- Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012
- New Zealand Residential Property Agency Agreement Guide in seven languages
- New Zealand Residential Property Sale and Purchase Agreement Guide in seven languages

The costs of guide production, distribution and management are recovered directly from licensees at the point of sale. Approved guide stock held at year end is recorded in the Statement of Financial Position as a current asset, with the cost of goods sold charged against the revenue in the Statement of Comprehensive Revenue and Expense.

10. Property, plant and equipment

	Computer Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Total \$000
Cost or valuation				
Balance at 1 July 2022	268	173	383	824
Additions	22	6	–	28
Disposals	–	–	–	–
Balance at 30 June 2023	290	179	383	852
Additions	33	6	–	39
Disposals	–	–	–	–
Balance at 30 June 2024	323	185	383	891
Accumulated depreciation				
Balance at 1 July 2022	177	134	304	615
Depreciation expense	46	20	79	145
Disposals	–	–	–	–
Balance at 30 June 2023	223	154	383	760
Depreciation expense	51	16	–	67
Disposals	–	–	–	–
Balance at 30 June 2024	274	170	383	827
Net carrying amounts				
At 1 July 2022	91	39	79	209
At 30 June 2023	67	25	–	92
At 30 June 2024	49	15	–	64

Capital commitments

There are no capital commitments at 30 June 2024 (2023: nil).

11. Intangible assets

	Actual 2024 \$000	Actual 2023 \$000
Cost or valuation		
Opening balance	4,995	4,995
Additions	–	–
Disposals	–	–
Closing balance	4,995	4,995
Accumulated amortisation		
Opening balance	4,995	4,982
Amortisation expense	–	13
Impairment loss	–	–
Disposals	–	–
Closing balance	4,995	4,995
Net carrying amount		
At 1 July	–	13
At 30 June	–	–

Included within intangible assets is website costs, which as at 30 June 2024 had a nil carrying value (2023: nil) and a nil remaining amortisation period (2023: nil).

In assessing the useful lives of software assets, a number of factors are considered, including the period of time the software is intended to be in use, the effect of technological change on systems and platforms and the expected timeframe for the development of replacement systems and platforms. An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised and the carrying amount.

Capital Commitments

The amount of contractual commitments for the acquisition of intangible assets is nil (2023: nil).

12. Trade creditors and accruals

	Actual 2024 \$000	Actual 2023 \$000
Accrued expenses	344	515
Trade creditors	511	445
Other payables	9	7
Total trade creditors and accruals	864	967

Trade creditors and accruals are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and accruals approximates their fair value.

13. Employee entitlements

	Actual 2024 \$000	Actual 2023 \$000
Annual leave (current portion)	293	232
Total employee entitlements	293	232

14. Financial risk management objectives

REA does not enter into or trade financial instruments for speculative purposes. REA's activities expose it primarily to the financial risks of interest rates.

Interest rate risk

Fair value interest rate risk is the risk the value of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. REA is exposed to cash flow interest rate risk as it has cash on call at floating interest rates. REA manages its interest risk by investing in on-call and short-term deposits of less than one year with financial organisations in accordance with section 161 of the Crown Entities Act 2004.

REA's interest rate risk is limited as the interest rate on investments is fixed and investment terms are less than one year.

Credit risk management

Credit risk is the risk a third party will default on its obligation to REA, causing REA to incur a loss. Financial instruments that potentially subject the entity to credit risk principally consist of bank balances. REA very rarely extends credit, and it deposits its cash with Westpac, BNZ and ANZ, all of which are AA- institutions under Standard & Poor's investment grading criteria.

Maximum exposures to credit risk at reporting date are:

	Actual 2024 \$000	Actual 2023 \$000
Cash and cash equivalents	6,787	9,993
Investments – short-term deposits	4,064	1,260
Debtors and other receivables	51	51
Total	10,902	11,304

No collateral is held on the above amount. There is no maturity date on the current bank balances as these represent cash held in transactional and cash management accounts. Term deposits classed as cash and cash equivalents have a maturity date of three months or less.

Liquidity risk

Liquidity risk is the risk REA will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. REA aims to maintain flexibility in funding by keeping committed credit lines available.

All of REA's commitments owing at balance date, comprising creditors and accruals, have a contractual maturity of less than six months. REA has sufficient cash on hand to meet these commitments as they fall due. Refer to Note 12 for the liquidity risk of trade creditors and accruals.

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Contractual cash flows from financial liabilities

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6–12 months \$000
2024				
Creditors and other payables	864	864	864	–
Total	864	864	864	–
2023				
Creditors and other payables	967	967	967	–
Total	967	967	967	–

Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. REA is not subject to currency risk as it does not participate in any such financial instruments.

15. Capital management

REA's capital is its equity comprised of accumulated funds and other reserves. Equity is represented by net assets. REA is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. REA manages its equity through prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure REA effectively achieves its objectives and purpose, whilst remaining a going concern.

16. Related-party transactions

REA is a wholly owned Crown entity. REA has entered into a number of transactions with government departments, Crown agencies and state-owned entities on an arm's length basis and in the course of its normal dealings. Where those parties are acting in the course of their normal dealings with REA and the transactions are at arm's length, related-party disclosures have not been made.

During the year, REA collected \$514,272 (2023: \$534,930) of Disciplinary Tribunal levies on behalf of the Ministry of Justice. These levies are paid directly to the Ministry in the month following their collection.

17. Categories of financial assets and liabilities

	Financial assets measured at amortised cost \$000	Financial liabilities measured at amortised cost \$000	Total carrying amount \$000	Fair value \$000
2024				
Current financial assets				
Cash and cash equivalents	6,787	–	6,787	6,787
Investments – short-term deposits	4,064	–	4,064	4,064
Debtors and other receivables	51	–	51	51
Total current financial assets	10,902	–	10,902	10,902
Total financial assets	10,902	–	10,902	10,902
Current financial liabilities				
Trade creditors and accruals	–	864	864	864
Total current financial liabilities	–	864	864	864
Total term financial liabilities	–	–	–	–
Total financial liabilities	–	864	864	864
	Financial assets measured at amortised cost \$000	Financial liabilities measured at amortised cost \$000	Total carrying amount \$000	Fair value \$000
2023				
Current financial assets				
Cash and cash equivalents	9,993	–	9,993	9,993
Investments – short-term deposits	1,260	–	1,260	1,260
Debtors and other receivables	51	–	51	51
Total current financial assets	11,304	–	11,304	11,304
Total financial assets	11,304	–	11,304	11,304
Current financial liabilities				
Trade creditors and accruals	–	967	967	967
Total current financial liabilities	–	967	967	967
Total term financial liabilities	–	–	–	–
Total financial liabilities	–	967	967	967

18. Key management personnel compensation

The compensation of the Chief Executive/Registrar and the Board members is set out below:

	Actual 2024 \$000	Actual 2023 \$000
Fees, salaries and annual leave	482	408
Total key management personnel compensation	482	408

19. Contingent liabilities

A judicial review application was heard in the High Court in June 2024. The decision is reserved. An unfavourable decision might give rise to a cost order made against REA. (2023: nil).

20. Subsequent events

There are no events subsequent to the reporting date REA is aware of that would have a material impact on the financial statements for the year ended 30 June 2024.

21. Significant budget variances

Budget values are sourced from the forecast financial statements shown in REA's 2023/24 Statement of Performance Expectations. Explanations of significant budget variances are provided on [page 80](#).

Explanation of significant variances

Statement of Comprehensive Revenue and Expense

Revenue

Operating levy received and application and suspension fees

Licensee revenue is above budget as the anticipated reduction in licensee numbers due to an ongoing uncertain economic environment did not materialise.

Expenditure

Overall expenditure is down on budget as REA continues to take a prudent approach to core business expenditure and a restrained approach to discretionary expenditure to preserve cash holdings in these uncertain times.

Personnel costs

Personnel costs are lower than budget, reflecting the number of vacancies during the period and delay in filling the vacancies.

Specialist services

Specialist services are lower than budget, reflecting prudent cost management of initiatives as well as deferring system enhancement project activities to the 2024/25 year.

Legal fees

Legal fees are higher than budget, reflecting the increased use of outsourced legal costs due to vacancies in the legal team and increased volume and complexity of cases.

Utilisation of Litigation Reserve

Judicial review costs of \$183,000 have been incurred resulting in the utilisation of the litigation reserve.

Travel, meetings and entertainment

Travel, meetings and entertainment costs are lower than budget due to fiscal restraint and increased use of online meeting facilities in line with REA's emissions reduction plan.

Statement of Financial Position

Cash and cash equivalents

Cash and cash equivalents are higher than budget, which reflects the higher than budget licensing volumes and the reduction in the level of expenditure overall.

Statement of Cash Flows

Net cash flows from operating activities

The net cash flow surplus from operating activities is a result of the higher than expected licensing volumes and the impact of a prudent and restrained approach to discretionary expenditure to preserve cash holdings in these uncertain times.

Statement of changes in equity

Judicial review costs of \$183,000 have been incurred for the year ended 30 June 2024, resulting in the movement of the litigation reserve.



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**Te Kāwanatanga
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