REAL ESTATE AUTHORITY
TE MANA PAPAWHENUA

2025
Real Estate Authority
Te Mana Papawhenua

Annual Report
Te Pūrongo-ā-Tau

For the year ended 30 June 2025

Strategic framework 2024–2028
Te anga rautaki

Government priorities
To improve outcomes for all New Zealanders, support a unified and confident country and increase prosperity for all 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 and raise awareness of REA across New Zealand's diverse communities
- Deliver an independent, fair, effective and accessible regulatory system, hold poor conduct to account and understand and respond effectively to causes of harm
- Demonstrate our commitment to Te Tiriti o Waitangi
- Educate and engage with licensed real estate professionals to enable them to meet their regulatory obligations

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

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

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

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

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

OUR VALUES

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.

Contents
Ngā kaupapa

Chair and Chief Executive’s report
Te pūrongo a te Heamana me te Tumuaki

Tēnā koutou katoa

It is a pleasure to present the Real Estate Authority’s (REA) Annual Report for 2024/25.

This has been the first year of delivering the four-year strategy in our Statement of Intent (SOI) 2024–2028, which aims to balance our consumer protection purpose with a clear focus on our regulatory obligations and supporting the real estate industry to meet the high standards of conduct expected.

Our strategic priorities

Our activity is centred on our four strategic priorities and the outcomes we drive towards. We aim to deliver an independent, fair, effective and accessible regulatory system, holding to account licensed real estate professionals (licensees) who demonstrate poor conduct. We educate and engage with licensees to enable them to meet their regulatory obligations. We work to inform consumers, raise awareness of REA across our diverse communities and demonstrate our commitment to te Tiriti o Waitangi.

This year, ongoing economic headwinds contributed to challenges in the real estate market and the operating environment for consumers, licensees and REA. In this context, REA has demonstrated its resilience, making meaningful progress towards our strategic goals to ensure a high-performing and well-regulated real estate industry in which consumers can have confidence.

Delivering effective regulation

Licensing is a cornerstone of the regulatory system. As at 30 June 2025, REA had 15,692 active real estate licences registered. This is a slight increase on the preceding year, following two years of gradually declining licensee numbers. Notably, there was significant growth in the number of new licences issued.

The challenging market conditions and increased awareness of REA and the services we provide saw ongoing increases in the number of formal complaints made to REA about licensee conduct. The substantial volumes put pressure on our complaints system and people. While complaints processing times were impacted by the volume and were in some cases below our targets, the significant enhancements we made to our complaints management system in the 2023/24 financial year enabled us to process a significant number of complaints (467 in 2024/25 compared to 283 in 2023/24). Most importantly, the quality of complaint decisions was maintained.

We have determined that the higher level of complaints is our ‘new normal’, which has placed some pressure on our resourcing. We are focused on effective workforce planning and ensuring our people and processes are equipped to manage the volumes.

Although the number of complaints increased, we did not see a decline in conduct, with only 9% of licensees subject to a complaint found guilty of unsatisfactory conduct or misconduct. This indicates that our regulatory work to promote the standards and to support licensees to meet their obligations is being effective.

A large portion of the complaints considered this year did not raise issues justifying strong regulatory intervention and were addressed using the Registrar's triage powers and our resolution processes. A comparatively smaller number raised serious matters and were referred to the Complaints Assessment Committees (CACs) for determination. Our complaints data indicates the vast majority of licensees continue to maintain high standards of conduct, and REA holds to account those who do not.

Our case outcomes not only deal with individual complaints but bring clearly reasoned decisions that provide guidance on standards for the sector and act as reference points to support future compliance. This year, we dealt with landmark cases in the Real Estate Agents Disciplinary Tribunal and CACs that increase consumer protection through new compensation decisions, penalties for trust account breaches and poor supervision. Almost all Registrar decision reviews and most CAC appeals were dismissed by the Tribunal, underlining robust decision making at those earlier stages of the process.

Supporting compliance through guidance

This year, we undertook important initiatives to support compliance within the industry through regulatory guidance and information.

We issued a case note to licensees explaining the effect of a High Court decision that clarified when a referral for potential compensation in complaint cases should be made to the Tribunal.

In the face of emerging property technology, we provided sector guidance on the responsible use of generative artificial intelligence (AI) in real estate agency work.

In the context of an increase in complaints raising low-level matters, REA emphasised to the industry that a focus on customer care and communication is critical to maintaining consumer trust and confidence while financial pressures remain for consumers. We also reinforced with agencies the importance of effective use of mandatory in-house complaints processes, often best suited to quickly resolving smaller matters to a complainant's satisfaction.

Our continuing professional development (CPD) programme is an important regulatory tool that supports professional standards and promotes consumer protection and public confidence in real estate agency work. Our focus has been on continuing to develop CPD that is based on our data, evidence and sector feedback, which is relevant, timely and effectively delivered. We were pleased to see an increase in the percentage of licensees who say it has improved their knowledge and understanding (76%[1] compared to 72% in 2024). Although now under appeal, we welcomed the decision of the High Court that dismissed a judicial review of our decisions to mandate a topic called Te Kākano.

Overall, this year's annual licensee survey demonstrated the value of our guidance and information, with 94%[2] of licensee respondents believing that REA's guidance is useful in helping them understand their regulatory obligations.

1 2025 Annual Licensee Survey, page 8.
2 2025 Annual Licensee Survey, page 11.

Overall, this year's annual licensee survey demonstrated the value of our guidance and information...

Two-thirds (66%)[3] of respondents reported their agency practices, procedures or conduct were improved following the issue of an REA decision, research or guidelines/information.

Engaging with industry and stakeholders

Our programme of industry engagement events is important for ensuring we understand the risks and issues facing the industry and consumers and to enable us to share our insights and guidance to support good conduct. We appreciated sector engagement across our three Real Estate Leaders Forums, Conversations with REA seminars with licensees in Christchurch, Wellington and Auckland's North Shore and two rounds of meetings with our three Industry Advisory Groups.

We increased our broader stakeholder engagement programme across government, property and legal sectors as well as community organisations. This enabled us to continue developing and maintaining productive relationships that ultimately build consumer awareness and strengthen the regulatory framework.

Informing and empowering consumers

Our engagement with real estate consumers and the wider public through a wide range of digital and non-digital channels continues to raise awareness of REA and ensures our information and resources reach New Zealanders in all of our diverse communities.

Awareness and engagement with REA is consistently aligned with higher levels of consumer trust, confidence and sense of empowerment when engaging in real estate transactions. The positive results of our consumer research survey demonstrate the high value of our consumer resources in empowering and giving confidence to those engaging in real estate transactions. We remain committed to extending the reach of these resources to communities whose knowledge may be less and whose vulnerabilities may be greater.

This year, we increased our social media presence to consumers where they increasingly spend their time and seek information. Our new Instagram channel helped us reach broader audiences, in particular, younger first-home buyer demographics. We continued to engage readily with media, providing regular consumer content to multiple publications and contributing to media coverage of the property sector and regulatory outcomes. We directly engaged with consumer and community groups and professional associations, sharing our information resources, including consumer guides available in seven languages. This year, we developed guides in formats accessible to blind and low-vision consumers.

Our consumer information website settled.govt.nz (Settled) remains a valuable resource for buyers and sellers of residential real estate, with our research indicating increased consumer awareness of the site this year.[4] Our research demonstrated that almost all those who visit Settled feel more confident about participating in their real estate transactions afterwards.[5]

3 2025 Annual Licensee Survey, page 13.
4 2025 NielsenIQ Consumer Perceptions Survey, page 41.
5 2025 NielsenIQ Consumer Perceptions Survey, page 44.

Overall, this year, our annual research shows increases in public awareness of REA, perceptions that the industry is well regulated and that REA contributes positively to consumer protection in property transactions.[6]

Regulatory stewardship

As an experienced conduct regulator, we have a responsibility to contribute to the wider regulatory environment. Through the year, we contributed advice to regulatory policy work to strengthen the Real Estate Agents Act 2008 and other legislative areas that impact the real estate sector and consumers.

Operational effectiveness

Internally, we made progress on an important project to upgrade key systems that support our work, including enhancements to the online licensee portal and public register of all licensees. This upgrade is due to go live in the 2025/26 year.

We maintained the strong organisational culture that our staff report as a significant contributor to retention. Our commitment to supporting learning and development, high performance and a positive work environment helped maintain a low attrition rate and increased overall staff satisfaction during a period of pressure for the broader public sector workforce. We are proud to have reduced our gender pay gap.

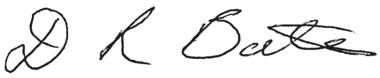
We took a prudent fiscal approach in a challenging environment, and we are pleased to have reduced our budgeted deficit through careful cost management and finished the year in a healthy financial position.

As we look ahead, our focus is on improving complaint timelines and meeting our targets, ensuring the successful delivery of our Systems Enhancement Project, deepening our engagement across the property system, broadening awareness of our role and services and anticipating and responding to emergent risks in an evolving real estate sector.

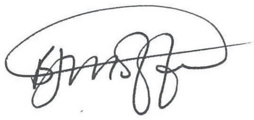
This year, we welcomed new Board members Mark Coffey (licensee) and Caroline Tate, who together bring strong experience and expertise across real estate, law and governance. We also farewelled and thanked outgoing Board members Liz Nidd and Tony Stack, who each delivered over nine years of knowledge, wise governance and commitment to the REA Board. They both played a significant role in REA's progress, and we are grateful for their strong contribution.

Lastly, our thanks go to our fantastic staff team for their work throughout the year, our external stakeholders who made valuable contributions to that work, our Senior Leadership Team for their focus and dedication and our Board for their strategic leadership and governance.

Nā reira kia ora anō tātau katoa



Denese Bates KC
Chair



Belinda Moffat
Chief Executive

6 2025 NielsenIQ Consumer Perceptions Survey, pages 12, 21 and 30.

The Board

REA is governed by an independent Board, which has members experienced in law, 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 2025

Denese Bates KC
(Chair)
Appointed March 2014

Elizabeth Nidd
Appointed August 2015
(until March 2025)

Anthony Stack
Appointed August 2015
(until March 2025)

Latham Lockwood
Appointed
November 2019

Vern Walsh JP
Appointed
November 2019

Mele Wendt MNZM
Appointed
September 2021

Brooke Loader
Appointed
December 2022

Caroline Tate
Appointed
March 2025

Mark Coffey
Appointed
March 2025

Shirley McLeod
Future Director
Programme

The Senior Leadership Team

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

Members of the Senior Leadership Team

Belinda Moffat
Chief Executive/Registrar

Andrew Bulled
Head of People
and Capability

Andrew Tringham
General Counsel
(from October 2024)

Josh Doherty
Head of Regulatory
Services

Katie Solomon
Head of Engagement,
Insights and Education

Marie Snell
Programme Manager

Victor Eng
Head of Corporate
Services

Statement of responsibility

Pursuant to the Crown Entities Act 2004, the Real Estate Authority[7] 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 2025 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
23 October 2025

Vern Walsh
Chair
Audit and Risk Committee
23 October 2025

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

Our highlights
Ngā mea hira

Total active licences at 30 June 2025
15,692
from last year
▲ 1%

REA issued
2,078
new licences

▲ 22% from last year

REA managed
12,163
phone calls


▼ 9% from last year

REA handled
3,428
general enquiries
from last year
▲ 2%

REA received
676
complaint enquiries
from last year
▼ 26%

REA received
487
formal complaints

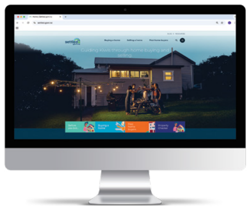
from last year
▲ 35%

REA completed
467
complaints
▲ 65% from last year

REA determined
341
complaints through early resolution processes
▲ 82% from last year

145
complaint decisions issued by a CAC
▲ 28% from last year

81%
of the public have confidence that the real estate industry is well regulated[8]
5% from last year

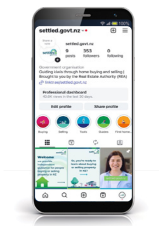
718,745
visits to settled.govt.nz[9]

from last year
6%

528,146
visits to rea.govt.nz[10]

from last year
1%

5,595
REA LinkedIn followers
✓ Following
5% from last year

25,327
Settled Facebook followers
from last year
1%


281
Settled Instagram followers

launched January 2025

61%
Consumer awareness of REA


94%
of licensees find REA guidance and information useful
from last year
2%

76%
of licensees believe CPD has improved their knowledge and understanding of the topic
4% from last year

8 2025 NielsenIQ Public Perceptions Survey, page 30.
9 Google Analytics.
10 Google Analytics.

Research highlights
Ngā mea hira o te rangahau

Consumer survey[11]

91% of consumers have confidence that the real estate industry is professional
▲ 1% from last year

97% of consumers found information provided by REA useful
▲ 2% from last year

90% of consumers feel empowered and able to participate effectively in real estate transactions
▲ 3% from last year

81% of the New Zealand public have confidence that the real estate industry is well regulated
▲ 5% from last year

Licensee survey[12]

77% of licensees find REA provides clear, accessible and expert information
▼ 1% from last year

76% of licensees believe CPD has improved their knowledge and understanding of the topic
▲ 4% from last year

94% of licensees find REA's compliance guidance useful in understanding their regulatory obligations
▲ 2% from last year

78% of licensees have confidence the real estate industry is well regulated
▲ 4% from last year

Complaints process survey[13]

69% of participants in the early resolution process agreed there was a clear explanation of the outcome
▼ 16% from last year

59% of participants agreed the early resolution process was independent, fair and transparent
▼ 19% from last year

11 2025 NielsenIQ Consumer Perceptions Survey, pages 71, 76, 80 and 30.
12 2025 Annual Licensee Survey, pages 18, 8, 11 and 24.
13 REA Monthly Complaints Assessment, Resolution and Referral Survey, pages 22 and 6.

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. As the independent government conduct regulator, we work to promote and protect the interest of consumers in real estate transactions and to promote public confidence in the performance of real estate agency work. We are governed by an independent Board, and our team is led by our Chief Executive.

We are responsible for licensing real estate salespeople, branch managers, agents and agencies in the residential, commercial, business broking and rural sectors and overseeing a complaints and disciplinary process that is independent, transparent and effective.

We set and promote high professional standards of conduct expected from licensed real estate professionals (licensees) through rules, standards and guidelines and oversee the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012 (Code of Conduct). We oversee CPD for all licensees to ensure they maintain the level of skill and knowledge expected from a regulated profession.

We provide consumer information on matters relating to real estate transactions and issue guides on agency agreements and sale and purchase agreements. We host the consumer information website Settled, which provides independent information to help consumers navigate real estate transactions.

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

Government priorities

REA supports the Government priorities to deliver positive outcomes for all New Zealanders, to support a unified and confident country and to increase prosperity for all New Zealanders. We do this by supporting integrity and public trust in the real estate sector through the regulatory services we provide.

We contribute to the Government's wider housing priority through our regulatory stewardship role. We have also had particular focus on meeting our Minister's expectations to improve complaints timeliness and ensuring we continue to provide a CPD programme that is relevant to the work that real estate licensees do.

Operating context

Global and domestic economic and social pressures have continued through this year, impacting the real estate market and placing pressure on those participating in it.

Challenging real estate market conditions continued as house prices remained generally flat,[14] and although stock increased, days to sell remained high in most regions.

14 The House Price Index for the whole of New Zealand showed a year-on-year increase of just 0.3% as at June 2025 – June 2025 Property Report (REINZ).

These market conditions placed pressure on agencies and individual licensees seeking to meet the expectations of vendor clients while managing buyer demands. We anticipate that these pressures contributed to a further increase in complaints volumes (+35%) this year, with parties to a complaint generally less willing to use real estate agency internal complaints processes and less willing to engage REA's resolution services. Complaint themes reflected the need for licensee skill and care and for good customer service to support parties through challenging transactions.

Across the sector, we saw an increase in overall licensee numbers after two years of gradually declining numbers, with the largest increase in the branch manager licence class (+18%), a welcome addition to the pool of supervisors.

Through our engagement activities, we are aware of a growing use of new technologies such as AI deployed in real estate activities, leading us to issue guidance on use of generative AI in real estate.

Ongoing shifts in the regulatory and policy environment, including changes to legislative and policy settings relevant to real estate transactions and agency operations, impacted the sector and our work this year as we worked to ensure licensees were informed about emerging law reform changes.

Our strategic priorities

Our SOI 2024–2028 identifies the strategic impacts we aim to achieve and our areas of focus. Our strategic goal is to lift consumer knowledge and understanding of the real estate transaction, support licensees to fulfil their obligations, lift licensee standards of conduct, raise awareness of and confidence in REA and the regulatory system and, through all of this, work to protect consumers from harm.

Through the year, our strategic focus area was our ongoing work to ensure an effective regulatory system by embedding improvements to the complaints system, progressing the upgrade of our core technology systems, supporting the passage of legislation to give effect to improvements to the Real Estate Agents Act and engaging with licensees and the wider real estate system.

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 refreshed strategy for 2024–2028 through our three output areas.

In this section, we outline the outcomes achieved, the impact we have had and the value we have delivered to the real estate sector and New Zealand. The next section reports on the impact measures we set out in our SOI 2024–2028. We then describe our operations and our organisational health and capability. The report covers our achievements against the performance measures and budget set out in our Statement of Performance Expectations 2024-2025.

Our impact

Since our establishment in late 2009, we have evolved from a new Crown entity to a well-established regulator that is making a positive difference by supporting the capability, integrity and professionalism of the real estate sector and promoting and protecting the interests of consumers.

Our 2024–2028 strategy embraces our work to provide quality information to consumers to empower them to confidently navigate the real estate transaction process and provide guidance and education to licensees to support them to meet high standards of conduct, balanced with the provision of high-quality licensing and complaints regulatory services. These strategic priorities combine to maintain a robust regulatory framework for the sector.

An important part of our strategy is raising awareness of and confidence in REA as the conduct regulator across New Zealand's diverse consumer and licensee communities and demonstrating our commitment to te Tiriti o Waitangi. 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 2024–2028 (inside front cover) outlines our vision, overarching strategic goal and strategic priorities that we have worked to achieve in the 2024/25 financial year. This strategic framework is published in our SOI 2024–2028 and Statement of Performance Expectations 2024–2025.

Below we outline the progress we have made to deliver on our strategic intention through our three output classes.

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 arising from real estate agency work, to raise industry standards and confidence in the profession and to support licensees to meet the standards expected of them.

Informing consumers

We promote and protect the interests of consumers by providing authoritative, independent and accessible information through a range of digital and non-digital channels and formats to help consumers understand the real estate buying and selling transaction process and REA's consumer protection role and services. Through this, we aim to empower consumers and enable them to engage in the transaction process with confidence.

This year, we built on our strong consumer engagement approach with a number of key initiatives, including:

- improvements to our complaints website content and release of a new guide to the REA complaints process in seven languages
- launching Settled on Instagram, with a focus on reaching the younger demographic and first-home buyer segment
- promoting Settled and consumer guides across social media platforms including LinkedIn, Facebook and Instagram
- launching our consumer guides in e-braille, audio and large-font formats to support consumers who are blind, deafblind or have low vision to navigate the real estate process
- increasing the dissemination of our consumer messages with editorial content in Stuff, OneRoof and Trade Me.

As a result, despite the slower real estate market, we saw positive results with 96% and 94% of consumers[15] in the annual consumer survey rating the residential property agency agreement guide and residential property sale and purchase agreement guide respectively as useful. We saw visits to our consumer website Settled reach almost 2,000 visits a day.[16]

Our consumer research reported that 94% of consumers who interacted with Settled felt more confident about participating in the real estate transaction process, and 96% of those who visited Settled with specific questions successfully found the answer there.[17] The results of our Settled on Instagram launch exceeded expectations, with over 1.7 million impressions over the first four months.[18]

Did you consider yourself empowered and able to participate effectively in your last real estate transaction?[19]

59%
Consumers who interacted with Settled website felt empowered

63%
Consumers who interacted with Settled website and REA felt empowered

13%
Consumers who hadn't interacted with Settled website or REA felt empowered

15 2025 NielsenIQ Consumer Perceptions Survey, pages 31 and 32.
16 Google Analytics.
17 2025 NielsenIQ Consumer Perceptions Survey, pages 44 and 43
18 Meta analytics.
19 2025 NielsenIQ Consumer Perceptions Survey, page 24.

Media relations continued to be an important channel for REA to increase public awareness and understanding of how the real estate regulatory regime protects and serves the community. During the year, we responded to 41 media enquiries, continued our regular advice columns on Stuff, established content partnerships with Trade Me Property and OneRoof and contributed to The Property Lawyer magazine. Our 16 proactive media publications contributed to our work to raise awareness of REA, the services we offer and the guidance and information available to consumers and licensees. This work contributed to increased awareness of REA among the public (53%, up from 46% in 2024)[20] and Settled among consumers (36%, up from 32%).[21]

The impact of this work is measured by the increased consumer confidence that the real estate sector is well regulated (83%)[22] and consumer sense of empowerment to engage effectively in real estate transactions (90%).[23]

Reaching diverse communities

We are committed to building awareness and making our consumer resources accessible to New Zealand's diverse communities. In addition to the activities described above, we advertised Settled and REA services with local Chinese media and developed our relationships with NZ Asian Lawyers and Blind Low Vision NZ. We continued our valued relationships with the Ministry for Pacific Peoples, Ministry for Ethnic Communities, Consumer NZ, Whaikaha – Ministry of Disabled People, Deaf Aotearoa and Age Concern through the year.

Our relationships across the property system, including both government and the private sector, have focused on raising consumer awareness of our information and guides (in seven languages – English, te reo Māori, Simplified Chinese, Hindi, Korean, Tongan and Samoan) so they are well informed during the real estate transaction process.

> “By providing accessible formats of consumer resources, REA is enabling people with vision loss to more easily buy and sell property with confidence.”
>
> Dan Shepherd, General Manager Community and Inclusion, Blind Low Vision NZ

Engaging with the real estate sector

Through our core strategic engagement and communication with the real estate sector, REA seeks to understand the risks and issues arising in the sector and support licensees to meet their regulatory obligations to raise conduct standards and increase consumer trust and confidence.

This year, we increased our engagement with the sector through a number of key engagement channels. We convened REA's Real Estate Leaders Forum (an advisory group of real estate sector leaders) three times during the year where we discussed significant issues and risks arising in the real estate sector and provided updates on key regulatory developments and messages. Key discussion areas included:

- dealing with increased complaint volumes – reinforcing the importance of effective agency internal complaints procedures to manage lower-level customer issues, alongside the obligation to report serious complaints to REA

20 2025 NielsenIQ Public Perception Survey, page 13.
21 2025 NielsenIQ Consumer Perceptions Survey, page 41.
22 2025 NielsenIQ Consumer Perceptions Survey, page 71.
23 2025 NielsenIQ Consumer Perceptions Survey, page 23.

- the use of AI in real estate agency work – informing the subsequent development of REA guidance on preventing associated compliance and customer risks
- consideration of the application of the conflict of interest rules relating to transactions.

Twice during the year, we met with the Industry Advisory Groups for general residential licensees; commercial, rural and business broking licensees; and supervisors and compliance officers. Key discussion topics included understanding conflicts of interest, commission disputes and our draft Regulatory Tools and Responses Framework, which was subsequently published in October 2024.

REA hosted three licensee Conversations with REA events in Wellington, Christchurch and Auckland's North Shore, which enabled a panel discussion between REA and local licensees on regulatory issues arising in those areas.

> [Conversations with REA] gave us a clear explanation as to what is happening in the industry and where we need to lift our standards when it comes to dealing with buyers/vendors so that there is no confusion/misunderstanding during the sales process."
>
> Attendee survey comment

We provided information and guidance to the sector through 16 editions of our Pānui email newsletter for licensees. Our Pānui is key to ensuring licensees remain up to date with legislative changes and regulatory requirements, and our average open rates remain high at nearly 70%.[24] We also released our generative AI guidance to the sector to support them to use AI safely in their work and our Regulatory Tools and Response Framework to ensure transparency as to our regulatory approach. In our 2025 licensee survey, 94%[25] found REA compliance guidance useful.

This year saw an improvement in all licensee ratings of the usefulness of REA's engagement resources and activities. These support licensees to improve the standard of conduct and prevent future harm by increasing knowledge and understanding of what is expected of them.

Licensee usefulness rating of REA resources

Resources	2023/24	2024/25[26]	Change
REA licensee portal	93%	95%	▲ 2%
REA guidance and standards	91%	94%	▲ 3%
rea.govt.nz	90%	93%	▲ 3%
REA educational videos	84%	89%	▲ 5%
REA Pānui newsletter	80%	84%	▲ 4%
REA presentations/events	78%	84%	▲ 6%
REA news articles	78%	80%	▲ 2%
REA social media posts	62%	73%	▲ 11%

An additional focus this year has been engaging with the property law profession, which plays a critical role in the real estate transaction process. REA leaders met with and delivered presentations to representative bodies, including the New Zealand Law Society, The Law Association of New Zealand, NZ Asian Lawyers Board and New Zealand Society of Conveyancers, to raise awareness of our priorities and share the regulatory risks and issues we observed.

24 Campaign Monitor analytics.
25 2025 Annual Licensee Survey, page 20.
26 2025 Annual Licensee Survey, page 20.

Education and continuing professional development (CPD)

REA oversees an important CPD programme to support licensees to understand and meet their regulatory obligations and, through this, lift the standards of conduct across the industry.

REA develops a programme of relevant CPD topics based on those areas where there are issues or the greatest risk of harm to consumers. Topic selection is supported by a CPD Advisory Group of industry representatives and complaint data as well as licensee and consumer research. This year, we continued our focus on improving the CPD programme, ensuring it is relevant for our sectors, and delivered on time to trainers in October 2024.

The 2025 CPD programme includes the third and final mandatory topic in the diversity and inclusion CPD series – Meeting Your Obligations Through Effective Communication. Three additional elective topics were developed, including a business broking topic for licensees in this specialised area of the industry.
The impact of our work to improve topics is evidenced by an uplift in satisfaction. This year's annual licensee survey found 76% of licensees believe CPD has increased their knowledge, up from 72% in 2024.[27] In June 2024, we defended a judicial review of REA's decision to mandate the first diversity and inclusion topic – Te Kākano – as a verifiable CPD topic in 2023. The judicial review was dismissed by the High Court in February 2025, with the Court finding that REA had acted lawfully and within its statutory mandate under the Real Estate Agents Act and CPD rules. An appeal has been filed but has not been heard at the time of writing.

REA also contributed regulatory perspectives and insights to a working group convened by Ringa Hora Workforce Development Council to review the Level 4 real estate qualifications. The purpose of our participation was to help ensure the real estate qualifications will properly prepare graduates entering the industry as it continues to evolve.

Commitment to te Tiriti o Waitangi

As part of our Māori engagement strategy, all our consumer guide resources are available in te reo Māori, including a guide published this year on how to make a complaint to REA. We also continued to support our internal Māori language and cultural capability by providing opportunities for staff learning to facilitate engagement.

As noted elsewhere, awareness of REA and Settled are associated with higher levels of consumer confidence when participating in real estate transactions. In our annual research, we were therefore pleased to see substantial increases in awareness of both among Māori real estate consumers.

Awareness among Māori real estate consumers[28]	2025	Change
REA	64%	▲ 7%
Settled	44%	▲ 6%

Among the wider Māori population, our research also shows an increase in those who are aware of REA and the services we provide from 42% to 54% in 2025.[29]

27 2025 Annual Licensee Survey, page 8.
28 2025 NielsenIQ Consumer Perceptions Survey, page 47.
29 2025 Public Perceptions Survey, page 29.

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.

In the context of a challenging market and increased awareness of REA, this year saw a further substantial increase in complaints to 487 (+35%).

Having implemented improvements to our complaints system in 2023, we determined 467 complaints, a 65% increase on the previous year. While we did not meet all of our timeliness targets, we made substantial improvements on the time to close a complaint, with 79% of formal complaints closed in one year. The unprecedented volume of complaints put pressure on our system and people but demonstrated that, with continued focus and commitment, we will be able to achieve our targets in the near future.

In addition to managing high volumes, the quality of decision making has been maintained. While there was an increase in appeals against CAC and Registrar decisions this year, most of the appeals were dismissed.

To support increased efficiency in the complaints system, we issued a new Managing Complaints CPD topic to support licensees to better manage and address complaint issues and internal complaints processes.

Licensing, complaints and disciplinary action

15,692 active licences as at 30 June 2025

2,078 new licences issued

676 complaint enquiries received

487 formal complaints received

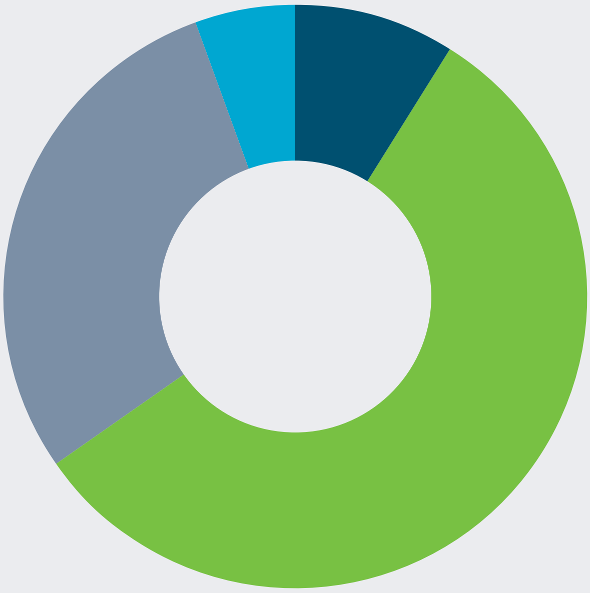
341 complaints resolved through early resolution process, **132** resolved by Registrar determinations under section 74(3)

43 decisions issued by the Disciplinary Tribunal

Top five issues raised in complaints received by REA in 2024/25

1. Skill and care
2. Licensees not disclosing issues with the property
3. Customer service
4. Misleading advertising
5. Not acting in the client's interest – fiduciary obligations

145 decisions issued by a CAC:



CAC decisions

- **13** decisions not to inquire into the complaint
- **82** decisions resulted in no further action
- **42** decisions resulted in a finding of unsatisfactory conduct against a licensee
- **8** decisions to refer to the Disciplinary Tribunal

Licensing

Contrary to the decline over the last two years and our forecast, the total number of active real estate licences increased this year by 1.3%. New licence applications increased, with REA issuing 2,078 new licences in 2024/25 compared to 1,710 in 2023/24. Our team successfully processed the increased volume within our service level targets and maintained our robust approach of ensuring only those who meet the statutory requirement are licensed.

Active licences	June 2023	June 2024	June 2025	Year change
Salesperson	12,649	12,164	12,300	1.1%
Branch Manager	422	511	605	18.4%
Individual Agent	2,001	1,948	1,930	-0.9%
Company Agent	901	866	857	-1%
Active licences	**15,973**	**15,489**	**15,692**	**1.3%**

Branch Manager licensee numbers continued to grow, with an increase of 43% since 2023. This increase is pleasing given the important role branch managers can play as supervisors to salespeople. We consider this increase is the result of the improvements made to the Branch Manager qualification in 2022.

Complaints and disciplinary process

A key part of the regulatory regime is the complaints and disciplinary process overseen by REA. Through this process, REA can hold to account those licensees who fail to meet conduct standards, provide redress for consumer harm and, through this, increase public confidence that the sector is well regulated. The decisions issued through the CACs and Real Estate Agents Disciplinary Tribunal also provide guidance to the sector on the standards expected, which contributes to REA's intended outcome of reduced consumer harm.

The number of complaints brought to REA increased by 35% this year. We continued to see parties less inclined to reach a resolution and an increase in complaints that raised only inconsequential matters. Despite the increased volume, only 9% of those licensees subject to a complaint outcome this year were found to have breached conduct rules and requirements.

In the reported period, REA received 676 complaint enquiries, down from 909 in 2023/24, whereas formal complaints increased from 361 to 487 over the same period. 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.

REA's 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 the complaint only raises inconsequential matters. This year, 341 complaints were completed through these processes, including 132 complaints that the Registrar determined to be inconsequential in accordance with section 74(3)(a) of the Real Estate Agents Act (up from 56 in the previous year).

CACs issued 145 decisions (up from 113 in the previous year), including 13 decisions not to inquire, and decided to take no further action in 82 cases. The CACs made 42 decisions of unsatisfactory conduct and laid charges for misconduct with the Tribunal in eight cases.

We do not consider the continued high number of complaints is a reflection of a reduction in conduct standards by the profession. Many complaints received related to lower-level issues that did not justify regulatory intervention or were not substantiated with credible evidence of wrongdoing. In a number of cases, REA was able to provide information to assist the consumer to better understand the transaction process. Through the year, an increased number of complaints were therefore triaged or resolved and closed in accordance with the statutory powers conferred on REA. While more cases were resolved or referred through to the CAC process within REA's indicative 30 working day timeframe, some cases were particularly complex and required more time to progress to completion.

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 2024/25 are:

1. Poor conduct – misrepresentations 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. Non-disclosure of defects

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 was another frequently raised concern and is an ongoing area of focus for REA and the sector.

3. Poor customer service – lack of professionalism, poor complaint handling

The incidence of this theme increased as the challenging market conditions continued. Customer service complaints often relate to interpersonal and communication issues (such as being disorganised, making errors or behaving unprofessionally) arising in real estate agency work. These basic skills are an important contributor to consumer satisfaction with the transaction experience.

4. Misleading advertising

Allegations of misleading advertising increased during the year. These complaints indicate the care that the sector must take to ensure accuracy in advertising. As advertising practices evolve within the sector, including via new technologies, REA emphasises to the sector that the regulatory obligations apply irrespective of the advertising channel, platform or technology tool used.

5. Not acting in the client's interest – fiduciary obligations

Allegations of conduct that is not in the best interest of the client in relation to transactions (such as not following instructions, acting without vendor knowledge or presenting low offers) was the fifth most complained about theme.

Early resolution of complaints

To ensure an effective and efficient complaints system and that the focus is given to conduct presenting the greatest risk of harm, REA oversees a complaints system that triages all complaints and uses a range of regulatory tools to respond to harm. Where the issues 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, 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. This year, 14 reviews of a Registrar decision were determined, with only one review upheld, demonstrating the quality of the decisions made.

Registrar determination:
The licensee's conduct did not warrant disciplinary intervention

The complainant had listed their property with the licensee's agency and agreed to a marketing package that boosted the exposure of their property to potential buyers. This 'boost' incurred an additional fee on top of the standard fee for marketing. The agency agreement outlined that the standard marketing fee was payable if the marketing was discontinued for any reason. The property did not sell within the initial listing period, and the complainant chose to extend the agency agreement.

When the property had not sold at the end of the extended period, the complainant chose not to extend the agency agreement further. They paid the fee for the 'boosted' marketing but did not pay the standard fee. The licensee attempted to claim the full marketing fee.

The vendor complained to REA that they believed they had been charged twice for marketing and that the licensee was threatening and intimidating in their communication in seeking to recover the full marketing fee.

The Registrar considered the agency agreement and the extension form the complainant had signed and reviewed the communication about the outstanding fee. The evidence provided did not support the allegation the complainant was charged twice for marketing, and the requirement to pay the standard marketing fee was clearly outlined in the relevant documentation.

Recognising the licensee's potential entitlement to recover fees provided for in the agency agreement and noting that the dispute was a contractual rather than conduct dispute, the Registrar decided to take no further action on the complaint under section 74(3)(a) of the Real Estate Agents Act. This determination also supported the efficient use of REA resources to focus on more-significant misconduct issues raised in other complaints.

Registrar determination:
Resolution between the parties

The complainants were engaged in purchasing a subdivision and understood from the licensee that there was power to the site. The licensee recalled that he had explained to the complainants that there was power near the site but not at the site.

The complainants requested a picture of the existing power supply. The licensee emailed them a picture he had taken of a black power box in a grassy area without written explanation. The complainants and their solicitor understood this to be evidence of power at the site.

After settlement, the complainants discovered there was no power to the site and the power box in the picture did not service the site.

The complainants made a complaint to the licensee's agency. The agency did not address the complaint and so it was submitted to REA.

REA worked with the complainants, the licensee and the agency to understand what had happened during the transaction and the subsequent complaint to the agency. These discussions resulted in the parties reaching a resolution and the complaint was closed. This resolution was achieved in a timely way to the satisfaction of the complainant.

Complaints Assessment Committees (CACs)

CACs are established under the Real Estate Agents Act to consider complaints referred by the Registrar. The CAC panel has 20 members and each CAC has three members. CAC members may only serve a term of five years. We appointed six new CAC members this year. CACs are independent from REA.

When a complaint is referred to a CAC, it will first decide whether to inquire into the complaint. If an inquiry is warranted, an investigator will be appointed to investigate the issue. Once the investigation is complete, the CAC can determine to take no further action if it is not satisfied that there is a breach or if there is insufficient evidence. If there is evidence of a breach of the Code of Conduct or Real Estate Agents Act, the CAC may make a finding of unsatisfactory conduct and make orders. If the conduct is serious, the CAC may lay charges before the Real Estate Agents Disciplinary Tribunal for misconduct. REA is responsible for overseeing this complaints process and will prosecute charges in the Tribunal on behalf of the CAC. These complaints must meet requirements of natural justice, ensuring all parties have the right to be heard on the complaint, and require careful management. CAC and Tribunal decisions hold licensees to account for misconduct and, through this, deter future misconduct. The decisions also provide important guidance to the sector on the standards of conduct to be expected.

Higher complaint volumes and complex cases put pressure on our complaints system. Notwithstanding this, the CACs determined the highest-ever number of complaints and issued 145 decisions this year, and although not meeting our desired timeliness targets, the CACs made substantial improvements in the times to determine complaints.

Quality of decisions

REA commissions an annual independent review of a selection of CAC decisions to monitor quality. This year, the review considered five penalty order decisions.

Penalty order decisions are made by a CAC when a licensee is found guilty of unsatisfactory conduct. The review found that the CAC decisions were overall well reasoned, easy to understand and consistent and adequately conveyed the enforcement outcomes. In addition, parties may appeal a CAC decision. As illustrated in the table below, most of the appeals against a CAC decision in the reported period were dismissed, either in full or in part.

CAC case:
"Innocent" misrepresentation through failure to understand documentation results in unsatisfactory conduct ruling

This case related to a property marketed and represented as having a Master Build Guarantee when it did not.

The complainants viewed the property through their conjunctional agent. They asked her to enquire with the licensee as to whether the property still had a Master Build Guarantee.

The licensee said the vendors advised him the property had a Master Build Guarantee and provided him with a document that also "indicated a Master Build Guarantee for the property by way of a term in the contract with the builder". The document was referred to as the "Guarantee Pack" and made available to purchasers. Also provided was a cover note from the property builder and a partially completed Master Build Guarantee application. The cover note from the builder specified that the guarantee is "equivalent" to a 10-year Master Build Guarantee.

The complainants then entered into a conditional agreement to purchase the property. Subsequently, the licensee contacted the Registered Master Builders Association and was told there was no Master Build Guarantee for the property on its database.

In its decision, the CAC accepted that the licensee thought the property had a Master Build Guarantee based on verbal advice from the vendor and the Guarantee Pack provided but found he had not taken due care to ensure he understood the documentation. The CAC noted it is a long-held principle that an "innocent" misrepresentation, or provision of incorrect information, is still a breach of Rule 6.4.

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

Real Estate Agents Disciplinary Tribunal

The Real Estate Agents Disciplinary Tribunal is an independent tribunal administered by the Ministry of Justice.

The Tribunal hears cases involving charges of misconduct brought by CACs against licensees and referrals for compensation claims. It also considers appeals against decisions made by CACs and the Registrar. REA is responsible for prosecuting cases before the Tribunal and representing the Authority in appeal and review proceedings.

During the reporting year, REA oversaw 90 matters before the Tribunal, including:

- 12 cases involving charges of misconduct
- 34 appeals against CAC decisions
- 28 reviews of decisions made by the Registrar
- 16 compensation referral matters.

Over the period, the Tribunal issued 43 substantive decisions.[30] The Tribunal is still considering 47 matters filed during the period. REA reviewed and analysed all Tribunal decisions, sharing key outcomes and sector guidance through industry communications, presentations and our Pānui newsletter to the sector.

30 Substantive decisions include liability, penalty and costs decisions but do not include rulings on interlocutory matters, including strike out or adducing of evidence.

Real Estate Agents Disciplinary Tribunal

1 July 2024 – 30 June 2025		
Decisions issued on review of Registrar decisions	14	13 upheld, 1 partially overturned
Decisions issued on appeal against CAC decisions	19	12 upheld,[31] 4 partially upheld, 2 overturned, 1 penalty decision made
Decisions issued on charges laid by REA (CAC)	10	All misconduct charges upheld and resulted in penalties[32]
Total decisions issued	**43**	
New charges proceedings filed with the Tribunal by REA	5	Ongoing
High Court proceedings filed by or against REA	1	Withdrawn
High Court decisions issued in respect of REA proceedings	2	1 judicial review dismissed (which has been appealed), 1 appeal of Tribunal decision dismissed
Court of Appeal proceedings filed by or against REA	1	1 judicial review (appealed from the High Court)
Supreme Court	0	
Other – for example, Disputes Tribunal	0	

The Tribunal appeal process is an important check and balance on the system, and the number of decisions upheld demonstrates that the CAC decisions are robust.

The Tribunal issued several decisions in the reported financial year that provide important guidance to the sector on the standards expected in real estate agency work and by licensees. Cases summaries on some of these are provided below.

31 Two appeals were withdrawn by the parties. These have been treated as decisions dismissing the appeal on the basis that, when an appellant decides to withdraw their appeal, it means they no longer wish to dispute the decision of a CAC.

32 The 10 misconduct decisions refer to 7 misconduct cases. The 10 decisions comprise of 7 decisions where the charge was upheld and where the charge was upheld and a penalty was issued in the same decision. The remaining three decisions refer to penalty decisions following substantive charges decisions being upheld.

Tribunal case summaries

Improper use of trust account and mismanagement of consumer funds results in serious misconduct ruling

An agent had received deposits into an account that was not a trust account and had been drawing on that money to pay their own expenses. Ultimately, the licensee replaced all the money so there was no consumer loss. However, the Tribunal stated that the licensee put that money “at risk by unlawfully mingling it with [their] own money and using the client funds for [their] own purposes”.

Further, the Tribunal considered it was implausible that the licensee was unaware of the requirement to keep client funds separate and in a designated trust account.

The Tribunal upheld the referring CAC’s disgraceful conduct charge, finding that the licensee’s conduct was a deliberate and intentional breach of the Real Estate Agents Act and Real Estate Agents (Audit) Regulations 2009.

The licensee was censured and ordered to pay 50% of the CAC’s costs. An order was also made prohibiting the licensee from being employed or engaged to conduct real estate agency work for five years.

This case demonstrates that trust account breaches are taken seriously. REA’s monitoring and auditing of real estate agency trust accounts works to address non-compliance and respond to consumer harm.

Improper handling of vendor paid advertising money and inadequate supervision results in misconduct findings

In this case, vendors were not refunded unspent marketing monies due to the way an agency accounted for vendor paid advertising (VPA) and its salesperson’s failure to appropriately track their VPA expenditure. This included incorrectly indicating on transaction reports that no refunds were owed. In some circumstances, the salesperson inappropriately used VPA money to pay for other expenses, including personal costs and refunding VPA to different vendors. The licensee’s supervisor and agency were unaware of this activity.

The Tribunal found the salesperson guilty of misconduct for recklessly contravening their obligations to their vendor clients. They were also found guilty of unsatisfactory conduct for their failure to provide a breakdown or itemisation of advertising and marketing costs.

In addition, the Tribunal found the licensee’s supervisor and agency guilty of misconduct for not having appropriate checks and balances in place and for supervision failings.

The Tribunal imposed a fine of $10,000, a censure and an order for training on the salesperson. The supervisor and the agency were fined $7,500 each and censured and ordered to repay in full vendors who were still owed marketing refunds. A 50% contribution to the CAC’s costs was ordered to be split equally between the three parties.

This case demonstrates the importance of appropriately handling vendor advertising money and the steps REA will take to hold poor conduct to account. The decision also reinforces that REA holds responsible both supervisors and agents operating as businesses for adequate supervision of salespeople.

Appeal dismissal

Cancellation of licence for non-completion of CPD requirements

A licensee applied to the Tribunal for a review of the Registrar's determination to cancel their licence for failing to complete their mandatory annual CPD requirements. The licensee had completed 8.5 hours of CPD but had not completed one of the mandatory topics for verifiable CPD by 31 December of the calendar year.

The applicant had applied for a deferral to complete the outstanding CPD topic. The request was granted and the applicant was advised that, if the Registrar did not hear from him by the end of the 10 working day period, his licence would be cancelled. The Registrar did not receive the evidence of completion of the mandatory topic in the required time, so the applicant's licence was cancelled as required under section 54(d) of the Real Estate Agents Act.

The Tribunal noted that the applicant was clearly advised of the requirements to complete his CPD by the date specified by the Registrar and the consequences if he did not.

The Tribunal found that, if one of the provisions in section 54 applies, the Registrar "must" cancel the relevant licence. It considered that the Registrar made no error of law or fact and followed the correct process when cancelling the applicant's licence.

The application to review was dismissed and the Registrar's decision was upheld. This case highlights the harsh consequence of the regulatory regime and the responsibility that REA has to oversee CPD and licensing in accordance with the requirements of the Real Estate Agents Act.

Monitoring and enforcing compliance

Trust account audit

A key part of REA's monitoring role is the annual audit of 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 and refers more serious breaches of the requirements to a CAC or the Tribunal for determination.

The 2024 audit demonstrated improvements by agencies, with some issues remaining for further determination through REA's regulatory processes such as:

- using money from the trust account for business expenses, causing the trust account to become overdrawn
- deposit money being disbursed early without written consent from the parties to the transaction
- repeated late submissions of monthly reports to the auditor.

CPD audit

Licensees are required to complete 10 hours of verifiable training and 10 hours of non-verifiable training by 31 December each calendar year.

If a licensee does not complete their CPD, section 54(d) of the Real Estate Agents 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 newsletter and sends multiple individualised email and text reminders in November and December to licensees who are yet to report their CPD. REA audits completion of verifiable CPD by licensees each year.

Over the past year, 167 licensees did not complete their CPD requirements, despite numerous reminders from REA, and had their licences cancelled (181 in 2023/24). The reduction in cancellations this year reflects REA's ongoing work to remind licensees of their compliance obligations through regular communications.

92% of the 381 audit reports received were submitted prior to the due date of 15 July 2024, maintained from last year

5% of agencies needed advice from REA either by email or phone for non-compliance issues with their trust account, down from 7% last year

Non-compliance issues resulted in **13** trust account matters being referred to the CAC for further consideration, up slightly from 12 last year

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

To support licensee compliance, 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. Our contribution to an effective wider property system, regulatory policy and legislation reform are key activities under this output.

Regulatory stewardship

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

Advice to Ministry of Justice on changes to the Real Estate Agents Act

As part of our regulatory stewardship responsibilities through the year, REA actively supported the Ministry of Justice to make improvements to the Real Estate Agents Act through the Statutes Amendment Bill and Regulatory Systems (Occupational Regulation) Amendment Bill. Both of these Bills are part of a broader government initiative to strengthen regulatory systems across the public sector.

REA contributed advice and insights to the Ministry of Justice to identify opportunities to improve the operation of the Real Estate Agents Act, informed by our operational experience and ongoing engagement with the sector.

Property system engagement

Regulatory stewardship also requires developing and maintaining constructive relationships with stakeholders across the broader property system, including both government and the private sector. This enables us to build awareness and understanding of REA's role in the regulatory system, identify and discuss emerging risks of harm and focus areas and respond effectively to change in the legislative and commercial environment.

This year, we expanded our stakeholder programme and engaged directly with entities such as the New Zealand Law Society, The Law Association of New Zealand, NZ Asian Lawyers Board, New Zealand Society of Conveyancers, Ringa Hora, Ministry of Social Development, Ministry of Housing and Urban Development, Department of Internal Affairs, Ministry of Business, Innovation and Employment, Council for Estate Agencies (Singapore), Property Council New Zealand, Teaching Council of Aotearoa New Zealand, WorkSafe New Zealand, New Zealand Real Estate Trust, New Zealand Institute of Building Surveyors and the Financial Markets Authority.

Sector guidance and regulatory policy

In September 2024, the High Court issued an important judgment clarifying the scope of the CACs' power to refer compensation claims to the Real Estate Agents Disciplinary Tribunal following a finding of unsatisfactory conduct.

The Court found that CACs have only a limited discretion to not refer a compensation claim to the Tribunal where there has been a finding of unsatisfactory conduct that is minor or technical. This decision has the potential to increase compensation referrals to the Tribunal.

To support understanding of the Court's decision, REA published a case summary outlining the implications of the judgment and the role of CACs in the compensation referral process. The case note ensures licensees and consumers have a resource that explains the process that will apply to compensation claims.

Guidance on the use of generative AI

In November 2024, in response to the growing use of generative AI tools across the sector, REA released guidance for licensees on the responsible use of generative AI in the delivery of real estate agency work.

This guidance reminds licensees that they are ultimately responsible for the accuracy and appropriateness of content generated using these tools and that care must be taken to avoid misleading consumers or breaching conduct rules.

The guidance encourages licensees to undertake due diligence, seek advice and have policies for use in place before adopting generative AI tools.

The guidance forms part of REA's broader commitment to supporting the sector through technological change while maintaining high standards of professionalism and consumer protection.

Regulatory guidance

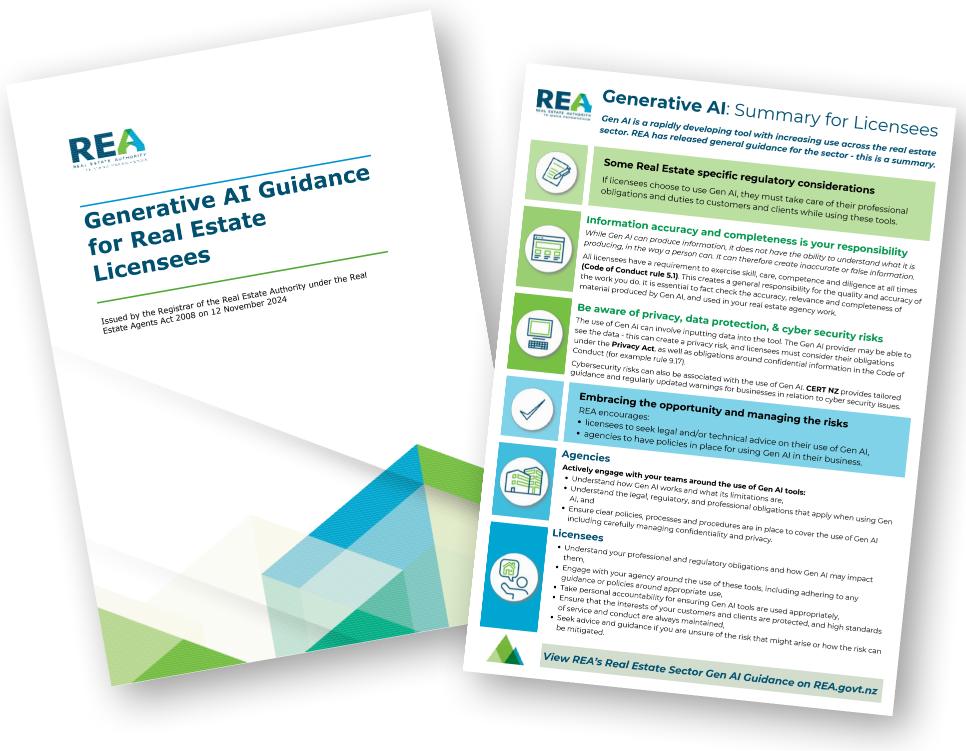
Throughout the year, REA has developed guidance to be issued in 2025/26 on managing conflicts of interest, the regulatory definition of real estate agency work to support understanding of regulatory requirements and principles to guide licensees in commission disputes.

Improving industry practices and procedures

REA guidance, information, research reports and decisions are all designed to address poor conduct and support the sector to improve practices, procedures and conduct more broadly. In the 2025 Annual Licensee Survey, 68% of licensees confirmed that they or their agency made improvements following issue of a complaint decision and 66% of licensees confirmed that they had made improvements following issue of an REA decision, research or guidelines/information, assessed by case studies. We have also identified qualitative case studies based on information verified with agencies that demonstrate the improvements made following consideration of our work.

Case study summary

REA decisions/guidance/information	Improvements made
AI guidance	A licensee developed a tool to support and record internal compliance oversight of AI-generated information with reference to REA's AI guidance.
GST, problem building materials	A licensee rewrote internal procedures for managing GST transactions and developed internal training resources using REA information on identifying and disclosing problem building materials.
Unsatisfactory Conduct decision	Following a Tribunal proceeding brought by REA, an agency appointed a compliance officer to oversee agency documentation and processes.
Unsatisfactory Conduct decision	An agency established procedures to follow up all phone conversations with a confirmation email, and there is now a property file link that automatically updates buyers with any changes to the property they enquired about.
Unsatisfactory Conduct decision	An agency updated processes to require and record written confirmation of vendor consent to non-standard buyer requests (such as unattended viewings).



Measuring our impact
Te ine i tō mātau pānga

We identified and set targets for 11 key performance measures in our SOI 2024–2028 to assess our impact over time. They provide an indicator of how effectively and efficiently REA and the real estate regulatory framework we oversee is working and include our progress towards our strategic priorities and outcomes.

In our new SOI, we introduced some new measures and lifted some of our targets to reflect our aspiration for continuous improvement.

In 2024/25:

- five of the 11 measures have achieved the result targeted for 2028
- seven of the 11 measures improved their result on the previous year
- two new measures established first-year baselines.

The activities and outcomes associated with the measures below are described under the Our Performance section of this report in each output class. Overall, the results indicate that REA is making strong progress towards our strategic goals and delivery of an effective regulatory regime.

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

	SOI impact measures	2022/23	2023/24	2024/25	Target 2028
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	35%	32%	**Not achieved 36%[33]**	50%[34]
	Percentage of consumers who feel empowered to participate effectively in the real estate transaction	87%	87%	**Achieved 90%[35]**	85%

Despite the slower market, we are pleased to see the increase in awareness of Settled towards our new target of 50%. Our research shows that awareness of Settled and REA is consistently associated with higher levels of consumer confidence. It is significant that, as awareness of Settled grows, the consumer empowerment outcome has also increased to 90%.

33 2025 NielsenIQ Consumer Perceptions Survey, page 78.
34 The new SOI raised the target from 35% (under the SOI 2021–2025) to 50%.
35 2025 NielsenIQ Consumer Perceptions Survey, page 80.

Licensees fulfil their obligations and are capable, trusted and professional

We support licensees to meet their obligations through our CPD programme, compliance guidance, industry engagement and information delivered to licensees through a range of channels. All three impact measures were improved this year and indicate the value and quality of REA's education and guidance work to support licensee knowledge and capability, which in turn lifts consumer confidence in the sector. Our work to continuously strengthen the CPD offering reflects our continued focus on topic material that is directly relevant to the work licensees do across all real estate sectors that we regulate (residential, rural, business broking, and industrial and commercial). Our work to provide more guidance on matters that are relevant and topical (such as the AI guidance) has contributed to the continuing high value licensees place on our guidance and information.

	SOI impact measures	2022/23	2023/24	2024/25	Target 2028
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	67%	72%	**Not achieved 76%**[36]	85%
	Percentage of licensees who find REA compliance guidance useful in understanding their regulatory obligations is increased	92%	92%	**Achieved 94%**[37]	90%
	Percentage of consumers who have confidence that the real estate industry is professional	91%	90%	**Achieved 91%**[38]	85%

36 2025 Annual Licensee Survey, page 8.
37 2025 Annual Licensee Survey, page 11.
38 2025 NielsenIQ Consumer Perceptions Survey, page 81.

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

Increasing awareness of REA as the independent conduct regulator for licensed real estate professionals is important to ensure that New Zealanders are aware of the services REA provides and can access them. We want consumers to have confidence that we will take action where standards are not met. Confidence in the regulatory system will be maintained when our services are delivered effectively. Key contributors to these strategic outcomes are our communications and engagement activity as well as the effective operation of the complaints system.

	SOI impact measures	2022/23	2023/24	2024/25	Target 2028
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	48%	46%	**Not achieved 53%[39]**	60%[40]
	Percentage of New Zealand public who have confidence that the real estate industry is well regulated is maintained	75%	76%	**Not achieved 81%[41]**	85%
	Percentage of consumers aware of REA and the services it provides is increased	New measure	New measure	**Not achieved 61%[42]**	70%
	Percentage of formal complaints referred to a CAC and not referred to the Real Estate Agents Disciplinary Tribunal completed in less than 9 months are increased	New measure	New measure	**Not achieved 5%**	50%

Although not yet achieved, we are making good progress towards our new public awareness target of 60% and our public confidence measure of 85%.

This is our first year reporting against a new target to complete matters referred to a CAC within nine months and also a year of unprecedented complaint levels. The volumes have impacted our ability to meet this timeliness measure, although importantly we have demonstrated our ability to process a large volume of complaints and have made progress in reducing the time taken to address complaints, as reported further below. Our approach has been to use our triage powers carefully to ensure our resources are focused on the serious conduct concerns and risks of harm to consumers. This means further progress on timeliness of CAC decisions is required in coming years to meet the 2028 target. These results show that decision quality remains high and overall confidence in REA and the regulatory system has been sustained.

39 2025 NielsenIQ Public Perceptions Survey, page 29.
40 This target was increased from 45% in the SOI 2024–2028.
41 2025 NielsenIQ Public Perceptions Survey, page 30.
42 2025 NielsenIQ Consumer Perceptions Survey, page 77.

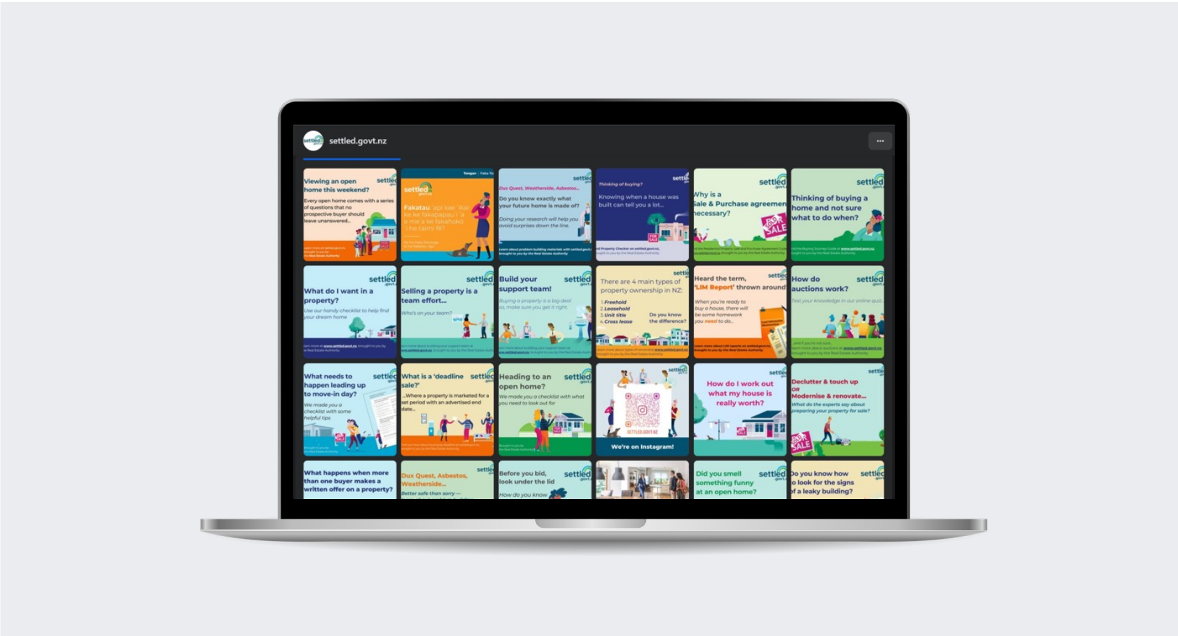
Standard of conduct by licensed real estate professionals is increased

We support the increase in standards of conduct across the sector by the provision of practical and enforceable rules, standards and guidance, strong industry engagement, communication and education, and identifying drivers of harm to increase the effectiveness of the regulatory system.

	SOI impact measures	2022/23	2023/24	2024/25	Target 2028
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	16%	8%	**Achieved 9%**	20% maximum[43]
	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

This year, the percentage of licensees found to have breached conduct rules and requirements when subject to a complaint has remained at a low 9%, despite the substantial increase in complaints. This indicates the regulatory system is having a positive effect, with most licensees meeting their conduct obligations. This result endorses the effectiveness of REA's activity and the response of licensees.

Case studies[44] from the licensee survey and following complaint decisions demonstrate the impact REA's work has on improving licensee practices, procedures or conduct and preventing future harm.



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

44 Case studies are described in the Statement of Performance section of this Annual Report and on page 34, under the equivalent measure SPE 3.2.

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 with fiscal responsibility and have continued to do so this year.

As the primary source of revenue is levies from licensees, the number of licences significantly affects projected revenue. In the reported period, licensee numbers were higher than the conservative forecast of 15,000, meaning revenue was better than expected.

A strong staff retention rate and additional resources to manage the high complaint volume during the year lifted personnel costs above forecast. This was partially offset by a reduction in outsourced legal costs due to vacancies filled within the in-house legal team. Costs associated with maintaining essential ICT infrastructure also rose. Overall, careful cost management resulted in a favourable reduction in REA's budget deficit for the year.

The key operational initiatives this year were to embed the improvements to our complaints processes and progress our Systems Enhancement Project to upgrade ICT systems central to the delivery of our core functions. The upgrade programme of work will conclude in the year ahead, with supportive change management for our teams and relevant stakeholders a priority. The complaints process improvements have enabled us to manage the high volume of complaints received this year.

Managing risk is central to our governance and operational management approach. Our risk management framework was refreshed this year, and both the Board and management regularly reviewed the risk schedule. 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 of internal policies and we issued updates across a number of our policies this year. We are committed to delivering all services as a respected Crown entity. We addressed 112 requests under the Official Information Act 1982 and seven requests under the Privacy Act 2000 and met our legislative compliance requirements.

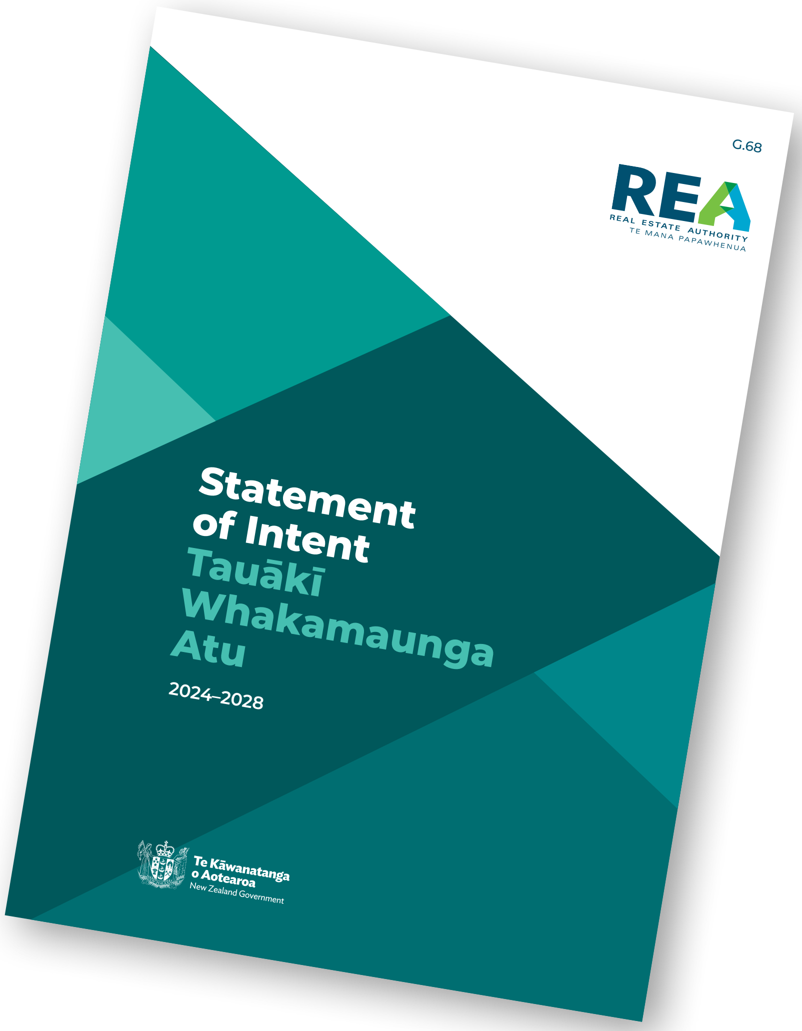
Directions issued by Ministers

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

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 reflect a culture of responsible spending across government.

We have sustained our work to reduce emissions and meet our carbon neutral emissions reporting. We have operated within the positive procurement policy.



Our carbon emissions reporting

Independent verification

REA's greenhouse gas emissions measurements (emissions data and calculations) have been independently verified by Toitū Envirocare (Enviro-Mark Solutions Limited). We have been certified as a Toitū Carbon Reduce 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 Carbon Reduce certification disclosure can be viewed on the Toitū website.

Emissions by category

Emissions profile by scope and total annual emissions 2024/25

Category (ISO 14064-1:2018)	Scope (ISO 14064-1:2006)	2023* (tCO_2e)	2024 (tCO_2e)	2025 (tCO_2e)
Category 1: Direct emissions	Scope 1	0.00	0.00	0.00
Category 2: Indirect emissions from imported energy**	Scope 2	4.81	6.05	7.73
Category 3: Indirect emissions from transportation	Scope 3	34.76	19.88	23.23
Category 4: Indirect emissions from products used by the organisation		4.76	1.90	1.89
Category 5: Indirect emissions associated with the use of products from the organisation		0.00	0.00	0.00
Category 6: Indirect emissions from other sources		0.00	0.00	0.00
Total direct emissions		**0.00**	**0.00**	**0.00**
Total indirect emissions**		**44.33**	**27.83**	**32.85**
Total gross emissions**		**44.33**	**27.83**	**32.85**
Category 1 direct removals		0.00	0.00	0.00
Purchased emission reductions		0.00	0.00	0.00
Total net emissions		**44.33**	**27.83**	**32.85**

* REA's base year for carbon emissions reporting.

** Emissions are reported using a location-based methodology.

Emissions by source

The table below shows REA's measured and reported emissions sources from largest to smallest in 2024/25.

Activity	2022/23 (tCO_2e)	2023/24 (tCO_2e)	2024/25 (tCO_2e)
Air travel domestic (average)	30.00	14.88	17.14
Electricity	4.81	6.05	7.73
Working from home	1.06	1.47	1.94
Private car average (fuel type unknown)	1.27	1.10	1.38
Accommodation – New Zealand	1.17	1.40	1.22
Waste landfilled LFGR office waste	1.17	1.25	1.11
Taxi (regular)	0.53	0.51	0.64
Electricity distributed T&D losses	0.69	0.44	0.57
Rental car large (petrol 2000–2999cc)	0.07	0.05	0.25
Freight transport agencies and other supporting transport services (spend-based)	0.22	0.24	0.21
Wastewater for treatment plants (average)	2.66	0.20	0.19
Rental car small (petrol 1350–1600cc)	0.01	0.05	0.19
Rental car large (diesel 2000-2999cc)	0.00	0.00	0.13
Rental car medium (petrol 1600–2000cc)	0.42	0.15	0.09
Rental car average (hybrid)	0.01	0.03	0.04
Water supply	0.24	0.01	0.02
Rental car average (EV)	0.00	0.00	0.00
Total gross emissions	**44.33**	**27.83**	**32.85**

Key performance indicators (KPIs)

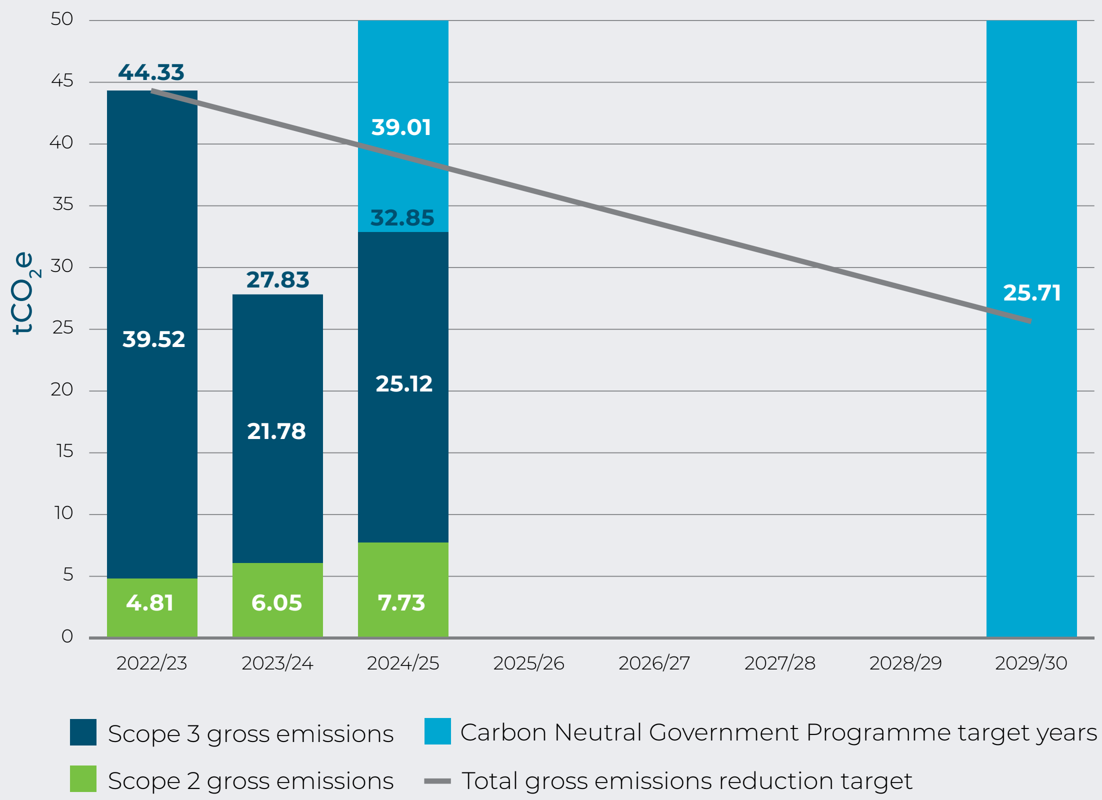
	2022/23	2023/24	2024/25
Full-time equivalent (FTE)	54.8	60.8	65.11
Expenditure ($m)	10.875	11.467	12.64
Total gross emissions per FTE (tCO_2e)	**0.81**	**0.46**	**0.50**
Total gross emissions per million dollars of expenditure (tCO_2e)	**4.08**	**2.43**	**2.60**

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. REA has continued to work towards this target while facing a marked 35% increase in complaints volume and related increase in FTE and investigation travel activities. The increased demand on REA's core regulatory work has driven much of the increased activity and associated emissions. Despite these increases from 2023/24, REA is still tracking well against its initial reduction targets.

Annual emissions reduction performance



Organisational health and capability
Te oranga me te āheinga o te whakahaere

REA's organisational health and capability is essential to achieving positive outcomes for our people and those we serve.

This year has been significant as our team has worked hard to sustain high work volumes balancing core regulatory work with critical projects and outcomes to deliver. We strive to be a great place to work where our people feel valued for their expertise and their contribution to our collective goals. We have a capable and experienced staff who contribute to a collaborative culture that values people working together and supporting each other to deliver our goals. Our Board and management work well together with a clear understanding of governance and management responsibilities.

We are achieving positive outcomes from our focus on high performance, retention, learning and development with a capable and productive workforce. We actively manage potential impacts on staff health, safety and wellbeing resulting from high workloads and the nature of the complaints we manage. Our Have Your Say staff satisfaction survey overall score improved from 73% in 2024 to 75% in 2025 and surpassed external benchmarks.

As at 30 June 2025, we have a permanent and fixed-term headcount of 66 people (65.11 FTE) against a total of 67 positions. Unplanned turnover remained low at 8%, with workforce occupancy of 99% at the end of the period.

We have a diverse workforce with a range of experiences and backgrounds. We believe this supports the delivery of our regulatory services and improved outcomes for all consumers and licensees we serve across New Zealand. Our gender pay gap reduced from 8% in 2024 to 6.5% in 2025. As per Stats NZ guidance, we are unable to publish our ethnic pay gaps due to our size and obligation to protect the personal information of our staff.

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 endorse its use, along with other languages, in the workplace.

REA work profile as at 30 June 2025

Gender	
Female	58%
Male	42%
Prefer not to declare	0%
Ethnicity[45]	
Pākehā/NZ European	64%
Other European	17%
Māori	9%
Pacific Peoples	9%
Asian	18%
Middle Eastern/Latin American/African	6%
Prefer not to answer	0%
Age profile	
60+	11%
50–59	18%
40–49	23%
30–39	33%
29 and younger	12%
Prefer not to answer	3%
Disability profile	
No	92%
Yes	5%
Don't know	1.5%
Prefer not to answer	1.5%

45 Some staff identify as more than one ethnicity.

Good employer obligations

We are committed to our good employer obligations as set out in the Crown Entities Act 2004. We outline our achievements and areas for focus in 2025/26 against the seven key elements of being a good employer below.

1. Leadership, accountability and culture

Our organisational values guide the way we engage with each other and our stakeholders to deliver on our strategic priorities.

The REA Board and Senior Leadership Team work constructively together with a clear understanding of governance and management responsibilities. Leaders provide open communication and visible leadership to staff through team meetings, stand-ups and an annual staff off-site. Leadership development programmes are used to improve staff capability.

We have a policy portfolio that promotes the fair treatment of our employees and appropriate conduct in the workplace. We maintain a Delegated Authority Policy that provides appropriate levels of decision making at all leadership levels.

REA promotes a culture of respect that values diversity and sustains dignity and equality. We have progressed our Kia Toipoto initiative that nurtures our diverse and individual assets. We empower staff networks (Culture Club, Social Club and Rainbow Club) to support a positive workplace and build team connection.

2. Recruitment, selection and induction

We operate an effective recruitment strategy to attract the required skills, knowledge and experience. We prioritise candidate experience and use a range of sourcing channels to attract talent from diverse backgrounds. We undertake a rigorous selection process to ensure appointments are merit-based.

Our onboarding processes help new starters get up to speed with their role, make connections and integrate into our culture. An internship programme provides an opportunity for students to gain valuable work experience at a regulator, increases awareness of REA and promotes employment opportunities in the public sector.

3. Employee development, promotion and exit

REA supports the development of all employees to build the knowledge and skills we require as a regulator. Our talent development process includes performance assessment, development and career planning.

We assist staff to access a broad range of professional development resources, training and opportunities. Our people leaders are required to coach, mentor and provide regular feedback to their teams.

Secondments and acting arrangements develop new technical or leadership skills. Internal promotions support staff career aspirations and retention of top talent.

We conduct an exit interview with leaving employees and respond to themes raised.

4. Flexibility and work design

We offer a range of employment arrangements to meet the needs of our workforce.

This year, we implemented a new Flexible Working Policy that reflects the Government's expectations for the public service. We manage requests in line with our obligations under the Employment Relations Act 2000.

Team workloads are managed to ensure that staff can take appropriate annual leave to rest and recuperate. We provide primary caregivers and partners with parental leave and support their return to the workplace.

5. Remuneration, recognition and conditions

REA operates a fair and equitable 'total rewards' approach, including financial and non-financial rewards. We monitor our remuneration offering using appropriate external market benchmarks to ensure equity, transparency and competitiveness while exercising fiscal restraint. Our Kia Toipoto Action Plan outlines the actions we take to ensure pay equity and remove unjustified pay gaps.

We also promote a rewards and recognition framework to enable staff-led recognition of exceptional behaviour and contribution to our service delivery.

6. Harassment and bullying prevention

REA operates a zero-tolerance Anti-Bullying, Harassment and Discrimination Policy.

This year, we refreshed our 'speaking up' approach to raise and deal with allegations of wrongdoing, including protected disclosures. We have well-established reporting and investigation processes and run an integrity training programme for staff.

7. Safe and healthy environment

We operate an effective health and safety system comprising policies, registers and procedures that are reviewed and updated each year to ensure REA's officers can fulfil their duties and obligations under the Health and Safety at Work Act 2015. All incidents and accidents are reported and investigated, with remedial action taken where appropriate. Our Board regularly assesses the health and safety status of our organisation.

Our office building has a good seismic rating, and we regularly test and review our evacuation procedures. Selected staff are trained as health and safety representatives, floor wardens and first aiders.

As a regulator, REA has external threat procedures and provides situational awareness training and supervision for staff who interact with the public in challenging situations.

We provide workstation assessments, flu vaccinations, contributions to eye health and 24/7 access to trained professionals through our Employee Assistance Programme. REA staff clubs organise social events, sporting activities and volunteering in the community, to promote all four walls of the wellbeing model Te Whare Tapa Whā.

BDO Wellington Audit Limited

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF REAL ESTATE AUTHORITY'S
ANNUAL FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED *30 JUNE 2025*

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, on his behalf, the audit of:

- the annual financial statements that comprise the statement of financial position as at 30 June 2025, 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 accounting policies and other explanatory information on pages 59 to 82; and
- the statement of performance for the year ended 30 June 2025 on pages 51 to 58.

Opinion

In our opinion:

- The annual financial statements of the Authority:
  - fairly present, in all material respects:
    - its financial position as at 30 June 2025; 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 Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.
- The statement of performance fairly presents, in all material respects, the Authority's service performance for the year ended 30 June 2025. In particular, the statement of performance:
  - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand; and
  - fairly presents, in all material respects, for each class of reportable outputs:
    - the actual performance of the Authority;
    - the actual revenue earned; and
    - the output expenses incurred,

    as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Authority's statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand in accordance with ISAs (NZ) and New Zealand Auditing Standard 1 (NZ AS 1) (Revised) *The Audit of Service Performance Information (NZ)*.

Our audit was completed on 23 October 2025. This is the date at which our opinion is expressed.

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, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* 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.

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

BDO Wellington Audit Limited

Responsibilities of the Board for the annual financial statements and the statement of performance

The Board are responsible on behalf of the Authority for preparing:

- Annual financial statements that fairly present the Authority's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- A statement of performance that:
  - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand;
  - fairly presents, for each class of reportable outputs:
    - the actual performance of the Authority;
    - the actual revenue earned; and
    - the output expenses incurred

    as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Authority's statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

The Board are responsible for such internal control as they determine is necessary to enable them to prepare annual financial statements, and a statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, and a statement of performance, the Board are responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern.

The Board's responsibilities arise from the Crown Entities Act 2004.

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements, and the statement of performance, 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 the annual financial statements, and the statement of performance.

For the budget information reported in the annual 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 annual financial statements, and the statement of performance.

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 annual financial statements, and the statement of performance, 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.

BDO Wellington Audit Limited

- 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.
- We evaluate whether the statement of performance:
  - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
  - fairly presents the actual performance of the Authority for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board.
- We evaluate the overall presentation, structure and content of the annual financial statements, and the statement of performance, including the disclosures, and whether the annual financial statements, and the statement of performance 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 are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements, and the statement of performance, and our auditor's report thereon.

Our opinion on the annual 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 annual 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 annual 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)* 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.

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 2025 as set out in our Statement of Performance Expectations (SPE) 2024/25.

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 2025

	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Total revenue	11,421	10,215	11,087
Output expenditure			
Informing consumers, educating and engaging with licensees	3,069	3,069	2,940
Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes	6,875	6,743	6,107
Oversight and development of an effective real estate agency regulatory system	2,693	2,719	2,420
Total expenditure	**12,637**	**12,531**	**11,467**
Total comprehensive revenue and expense (deficit)	**(1,216)**	**(2,316)**	**(380)**

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, regulatory guidance and information, engagement activities and delivery of resources to consumers across New Zealand's diverse communities, described in the Our Performance section on pages 14–19 demonstrate our performance and the impact of our work in this output class.

SPE performance measures	2021/22	2022/23	2023/24	2024/25	Target 2025
SPE 1.1 Percentage of consumers who find information provided by REA useful[46]	97%	95%	95%	**Achieved 97%[47]**	90%
SPE 1.2 REA Pānui (newsletters) are published to keep stakeholders informed	31	19	12	**Achieved 11**	>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)	6	6	20	**Achieved 16**	>6
SPE 1.4 Consumer awareness of REA is increased	New measure	New measure (64%)	New measure (66%)	**Not achieved 61%[48]**	70%

Our work to promote and protect the interests of consumers and empower them to confidently engage in real estate transactions through the provision of information across a range of digital and non-digital channels is described on pages 14–19. The high level of consumer satisfaction with our information resources reported at SPE 1.1 demonstrates that our work is having the desired impact of helping consumers to navigate the challenging market conditions confidently, with sustained positive consumer feedback.

We have maintained our regular email Industry Pānui newsletter through the year, which is a key channel for providing all licensees with guidance and information on regulatory compliance obligations. This has been critical for supporting licensees to meet their obligations during a period of high complaints and changing legislative requirements. Our average open rate improved this year from 66% to 67.5%.[49]

46 This is measured in the annual NielsenIQ Perceptions Survey.
47 2025 NielsenIQ Consumer Perception Survey, page 76.
48 2025 NielsenIQ Consumer Perception Survey, page 77.
49 Campaign Monitor data.

Along with our specialised guidance on AI, our Regulatory Tools and Response Framework and our CPD programme, this supports our goals to increase licensee capability. The increase in licensee satisfaction with our CPD programme to 76%[50] demonstrates that our education programme is having a meaningful impact.

Media engagement is an important channel for REA to increase public awareness and understanding of our role as independent conduct regulator and to deliver information and guidance to real estate consumers and licensees. Our proactive media activity is a mix of releases and editorial content placement. Our Chief Executive's regular consumer advice column for Stuff and associated newspapers and contributions to OneRoof and Trade Me Property are helping raise awareness of REA and Settled while delivering important consumer information to people actively looking to buy or sell. Media releases this year publicised our new blind/low vision accessible consumer guides, generative AI guidance for licensees and key insights from our annual consumer perceptions research.

The new consumer awareness measure at SPE 1.4 was set above our previous survey result levels (66% in 2024 and 64% in 2023). Although this year's consumer survey result is not yet at our target of 70% consumer awareness, this result, along with increased complaint volumes, demonstrates increasing awareness of and access to our services. We expect awareness to continue to lift in future years. Our work has contributed to the sustained levels of consumers who have confidence that the sector is professional (91%) and that the real estate industry is well regulated (83%),[51] which demonstrates our progress towards the impacts we aim to achieve.

Our research tells us that greater knowledge of the transaction process and engagement with REA and Settled increases consumer confidence and decision making. We consider these results demonstrate that our activities are having a direct positive impact on consumer protection in real estate transactions.

50 2025 Annual Licensee Survey, page 8.
51 2025 NielsenIQ Consumer Perceptions Survey, page 71.

Output 2

Regulatory effectiveness through licensing, interventions, disciplinary and complaints processes

Our core regulatory services under this output class include administering the licensing regime and overseeing an effective complaints process through CACs and the Real Estate Agents Disciplinary Tribunal relating to unsatisfactory conduct or misconduct by licensees. This work promotes high standards of conduct and ensures that licensees are capable, trusted and professional by allowing only those who meet eligibility criteria to be licensed, holding to account those who do not meet the required standards and, through decisions, providing guidance on the standards to be met. We use a range of tools to respond to risks of harm and work to ensure high-quality services that are delivered in a timely way.

SPE performance measures	2021/22	2022/23	2023/24	2024/25	Target 2025
SPE 2.1 External assessment of CAC decisions is conducted to assess whether decisions are well reasoned, consistent and accurate	Achieved	Achieved	Achieved	**Achieved**	At least 5 decisions[52]
SPE 2.2 Percentage of appeals against CAC and Registrar decisions upheld decreases	New measure	New measure	New measure	**Not achieved 78%**	90% not upheld
SPE 2.3 Percentage of new licence applications processed within three weeks	92%	91%	Achieved 90%	**Achieved 90%**	90%
SPE 2.4 Percentage of licence renewal applications processed within two weeks	98%	99%	Achieved 99%	**Achieved 99%**	95%
SPE 2.5 Percentage of complaint enquiries completed within one month	95%	95%	Achieved 97%	**Achieved 96%**	95%
SPE 2.6 Percentage of formal complaints resolved or determined under s74(3) within three months[53]	39%	31%	Not achieved 36%	**Not achieved 32%**	65%
SPE 2.7 Percentage of formal complaints completed within one year	82%	78%	Not achieved 81%	**Not achieved 79%**	90%
SPE 2.8 Percentage of parties to a complaint agree that the complaints process is independent, fair and transparent[54]	75%	67%	Not achieved 65%	**Not achieved 54%**	75%

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

53 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.

54 Assessed in a survey through the year.

Our activities in the reported period under Output 2 are described on pages 20–31 and, along with the above results, demonstrate the efficiency and effectiveness of the core regulatory services REA provides.

Despite higher than forecast licensing activities and growth in total licences of 1.3%, we have exceeded all of our licensing targets, ensuring a robust and effective licensing regime (SPE 2.3 and 2.4).

Complaint volumes and complexity in some cases were again substantial this year, which placed pressure on the timeliness of our processes. Although we did not achieve all of our timeliness targets, we determined a substantially greater number of complaints than previous years.

The quality of Registrar and CAC decisions was endorsed through the independent assessment of CAC penalty decisions (SPE 2.1), and the majority of Registrar reviews and CAC appeals being dismissed (SPE 2.2). SPE 2.2 was a new measure this year and has not previously been tracked. While we did not reach the high target of 90% of appeals not upheld, of the 32 appeals determined, only 7 were upheld either in full or in part (6 CAC decisions, 1 Registrar determination). The appeal process is an important part of the checks and balances of the complaints system, and this result demonstrates that it is working as it should. All decisions provided valuable guidance to the sector as to the standards of conduct expected, which contributes to lifting standards overall.

Processing of complaint enquiries (SPE 2.5) similarly met a high target for turnaround timeframes. In a year in which REA managed a record number of formal complaints, this performance is notable.

The nature of complaints raised resulted in the increased use of our triage powers under section 74 of the Real Estate Agents Act. While we did not achieve our s74(3) timeliness target (SPE 2.6), the average time taken was 115 days (against a 90-day target), and included the management of a substantial increase in volume of complaints. Our work to improve overall timeliness in determination of complaints remains an important area of focus.

We did not meet our ambitious target to complete 90% of formal complaints within one year (SPE 2.7). However, the 79% achieved in the face of significant complaint volumes is still a strong result and demonstrates the improvements we made to our complaints process in the preceding year.

We consider that the challenging market conditions, consumer sentiment, complaint outcome and timeliness all contributed to a reduction in satisfaction with our complaint service (SPE 2.8). This year, those whose complaints were closed under the s74 process represented a high proportion of the survey respondents, and this is reflected in the result. REA acknowledges the sentiment, and we are improving our communications, setting expectations as to what types of matters we can assist with and providing clarity at each stage of the complaints process.

Throughout the year, we continued to embed the improved complaint management processes and increased resourcing of our frontline teams to manage the increase. We continued to see parties less receptive to resolution, resulting in higher levels of triaged cases. Overall, we consider that, in the context of 487 complaints with 467 determined and sustained high consumer and licensee confidence, REA has delivered an effective regulatory system in challenging conditions. We are clear on the areas that require focus as we work to achieve our strategic goals.

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 improve licensee conduct and respond to risks of consumer harm. An effective regulatory system is one that engages and delivers positive outcomes for all New Zealanders, including diverse communities who may face specific barriers to participation. Regulatory stewardship is important to delivery of our strategic impacts, requiring us to support an effective regulatory system and be connected to stakeholders who also contribute to a real estate and property system that upholds integrity and in which New Zealanders can have trust and confidence.

SPE performance measures	2021/22	2022/23	2023/24	2024/25	Target 2025
SPE 3.1 REA reviews a standard or issues guidance that is designed to support licensees to meet industry standards	Achieved in part	Achieved	Achieved	**Achieved (AI guidance)**	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	Achieved 3 case studies 79% of licensees made changes in response to decisions	**Achieved 66% and 3 case studies[55]** **68% of licensees made changes in response to decisions** **New survey question: Improvements in response to REA decision, research or guidelines/ information**	3 case studies
SPE 3.3 Engagement by Māori, Asian and Pacific Peoples in services offered by REA is increased	New measure	New measure	New measure	**Not achieved 47%[56]**	65%

Activities undertaken within this output class are described on pages 32-34 and include our work to support the introduction of amendments to the Real Estate Agents Act to strengthen the regulatory system and our engagement with a wide range of agencies that contribute to integrity in the real estate system.

This year, cognisant of the increasing use of AI and other digital tools in real estate agency work, we issued guidance for licensees and agencies on the use of generative AI in real estate agency work. The guidance was designed to ensure that licensees remain mindful of their professional obligations and their duty to their customers and clients while using AI.

55 2025 Annual Licensee Survey, pages 13 and 35.
56 2025 NielsenIQ Perceptions Survey, page 79.

It emphasises that licensees remain ultimately responsible for the accuracy and compliance of the real estate services they provide and that, if an error is made by a generative AI tool they use, this will not be a defence to any resulting conduct breaches. This guidance has been issued to all licensees and has already been used by some licensees to develop compliance tools for their teams.[57]

We know our regulatory activities are having an impact and raising standards when we see licensee conduct, practices, policies and/or procedures improved in response to a CAC or Real Estate Agents Disciplinary Tribunal decision or to REA research, guidelines or information (SPE 3.2). On page 34, we have provided a table of case studies drawn from feedback provided to our licensee survey or following the issue of a decision and verified by our team. They illustrate the impact our work has on improving conduct and preventing future harm.

These case studies are presented alongside quantitative data from our licensee survey and complaint outcomes. Together, they tell a story of the impact our performance has had in raising licensee conduct and delivering an effective regulatory regime. The 2024 licensee survey indicates that 68% of licensees who had a complaint against them report that they or their agency took steps to improve conduct, practices, policies and/or procedures following the issue of a complaint decision, and 66% of licensees responding to the licensee survey report that they took steps to improve their practices, procedures or conduct as a result of a decision, research or guideline/information issued by REA. Further, as reported on page 38, only 9% of licensees subject to a complaint determination this year had a complaint upheld against them.

As a result of research undertaken in 2023 and reflecting on the Government's wider housing strategy, we have remained committed to removing barriers to participation in real estate across all communities. We seek to do this by building awareness and making our consumer resources accessible to New Zealand's diverse communities. This included promoting our translated consumer guides, developing the complaints guide in five languages and highlighting our work through advertising and engagement activities. Previously, we only measured Māori engagement in our services, reflecting a strategic priority to increase our focus with Māori. Under our refreshed SOI 2024–2028, we are now measuring engagement by Māori, Asian and Pacific Peoples in services we offer in line with our strategic objectives.

Our 2024 consumer research indicated that Chinese were the most common non-European ethnicity among New Zealand real estate buyers. Chinese consumers also reported the lowest awareness of REA and level of interaction with our resources among all surveyed ethnic demographic groups. We delivered a translated awareness advertising campaign in the Chinese Herald and increased our engagement with the NZ Asian Lawyers group who often work with the Asian real estate consumer community.

57 See case study on page 34.

This year, prompted consumer awareness of REA among New Zealand Māori has shifted positively (64% compared to 57% in 2024), while awareness among Pacific Peoples has decreased from 65% to 45% this year. Awareness among Asian respondents lifted from 45% in 2024 to 56% in 2025.[58]

Similarly, for Settled, prompted awareness among New Zealand Māori consumers has increased to 44% (compared to 38% in 2024) and reduced slightly for Pacific Peoples to 42% (compared to 49% in 2024), while 33% of Asian consumers reported awareness of Settled.[59]

We anticipate that the shifting awareness levels are influenced by market conditions, with those involved in a transaction more likely to be aware of REA as a result of using the Settled website or receipt of our consumer guides, which licensees are required to provide to buyers and sellers.

Engagement with our services across diverse communities (SPE 3.3) saw some improvement this year, with 51% of Māori consumers (compared to 49% in 2024), 41% of Pacific Peoples consumers and 43% of Asian consumers engaging with our website materials. This resulted in a net outcome of 47%[60].

Our communications and engagement activities this year will continue to drive awareness of Settled using digital and non-digital channels and ensuring our information and translated guides reach our diverse communities.

While we see positive signs in this new measure, broadening engagement to achieve our target is a priority.

58 2025 NielsenIQ Consumer Perceptions Survey, page 77.
59 2025 NielsenIQ Consumer Perceptions Survey, page 78.
60 2025 NielsenIQ Consumer Perceptions Survey, page 79.

Financial statements
Ngā tauāki pūtea

Explanations of significant variances against budget are detailed in Note 21 on page 81. 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 2025

	Note	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Revenue				
Operating levy received	1	9,452	8,955	9,295
Application and suspension fees	2	953	799	901
Other revenue	3	1,016	461	891
Total revenue		**11,421**	**10,215**	**11,087**
Expenditure				
Audit fee		71	65	63
Personnel costs	4	7,617	7,432	6,965
Depreciation	11	37	43	67
Amortisation	12	–	–	–
Specialist services	5	1,860	2,070	1,188
Legal fees	6	444	513	794
Board fees	4,18	186	187	150
Complaints Assessment Committee fees		287	300	292
Miscellaneous expenses		19	16	26
Computer and telecommunications		1,320	1,234	1,314
Printing, stationery and postage		34	28	30
Travel, meetings and entertainment		152	154	121
Occupancy		456	489	457
Total expenditure		**12,483**	**12,531**	**11,467**
Surplus/(Deficit) excluding Expected Credit Losses		**(1,062)**	**(2,316)**	**(380)**
Expected Credit Losses	7	154	–	–
Surplus/(Deficit) and Total comprehensive revenue and expense		**(1,216)**	**(2,316)**	**(380)**

Statement of Financial Position

as at 30 June 2025

	Note	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Current assets				
Cash and cash equivalents		5,361	1,329	6,787
Investments – short-term deposits		4,302	6,492	4,064
Debtors and other receivables	9	65	26	51
Prepayments		187	184	161
Approved guide stock	10	21	24	17
Total current assets		**9,936**	**8,055**	**11,080**
Non-current assets				
Property, plant and equipment	11	57	58	64
Intangible assets	12	–	–	–
Total non-current assets		**57**	**58**	**64**
Total assets		**9,993**	**8,113**	**11,144**
Current liabilities				
GST payable		72	18	45
Trade creditors and accruals	13	846	953	833
Employee entitlements		301	245	293
Income In Advance		336	–	322
Disciplinary levy payable	13	34	30	31
Total current liabilities		**1,589**	**1,246**	**1,524**
Total liabilities		**1,589**	**1,246**	**1,524**
Net assets		**8,404**	**6,867**	**9,620**
Public equity				
Retained earnings		8,204	6,667	9,553
Litigation reserve		200	200	67
Total public equity		**8,404**	**6,867**	**9,620**

Statement of Changes in Equity

for the year ended 30 June 2025

	Note	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Public equity as at 1 July		9,620	9,183	10,000
Total comprehensive revenue and expense		(1,216)	(2,316)	(380)
Total public equity as at 30 June		**8,404**	**6,867**	**9,620**
Comprised of the following funds:				
Retained earnings as at 1 July		9,553	9,113	9,750
Total comprehensive revenue and expense		(1,216)	(2,316)	(380)
Transfer to Litigation reserve		(133)	(130)	183
Total retained earnings as at 30 June		**8,204**	**6,667**	**9,553**
Litigation reserve as at 1 July		67	70	250
Transfer from Retained Earnings		133	130	(183)
Total litigation reserve as at 30 June		**200**	**200**	**67**

Statement of Cash Flows

for the year ended 30 June 2025

	Note	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from licensees		9,324	9,237	9,105
Receipts from sale of publications		71	84	72
Interest income		495	320	505
Receipts from suspension fees		532	519	565
Receipts from fines		346	57	142
Receipts from Disciplinary levy payable to MoJ		526	–	514
Receipts from other revenue		–	–	187
Cash was applied to:				
Payments to suppliers		(4,661)	(5,838)	(4,325)
Payments to Ministry of Justice		(492)	–	(514)
Payments to employees		(7,293)	(6,951)	(6,607)
Net GST received/(paid)		(6)	(6)	(7)
Net cash flows from operating activities		**(1,158)**	**(2,578)**	**(363)**
Cash flows from investing activities				
Cash was provided from:				
Receipt/(investment) in short-term deposits		–	–	–
Cash was applied to:				
Purchase of property, plant and equipment		(30)	(38)	(40)
Investment in term deposits		(238)		(2,804)
Net cash flows from investing activities		**(268)**	**(38)**	**(2,844)**
Net increase/(decrease) in cash and cash equivalents		**(1,426)**	**(2,616)**	**(3,207)**
Opening cash and cash equivalents		**6,787**	**3,945**	**9,994**
Closing cash and cash equivalents		**5,361**	**1,329**	**6,787**

Statement of Cash Flows (continued)

for the year ended 30 June 2025

	Actual 2025 $000	Actual 2024 $000
Reconciliation of statement of comprehensive revenue and expense surplus/(deficit) to net cash flow from operating activities.		
Total comprehensive revenue and expense	(1,216)	(380)
Non-cash items		
Depreciation	37	67
Provision for doubtful debts	16	49
Movements in working capital items		
Trade debtors, other receivables and prepayments	(56)	(11)
Movements in inventory	(4)	9
GST receivable	28	(14)
Trade creditors, other payables and provisions	29	(144)
Employee entitlements	8	61
Net cash flows from operating activities	**(1,158)**	**(363)**

Statement of accounting policies

for the year ended 30 June 2025

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 2025 and were approved on 23 October 2025 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) 2024/25 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 2025

1. Operating levy received

	Actual 2025 $000	Actual 2024 $000
New applications	1,271	1,017
Renewals	8,181	8,278
Total operating levy received	**9,452**	**9,295**

Total active licences as at 30 June 2025 were 15,692 (2024: 15,489). This is an overall increase of 203 licences from the previous year.

2. Application and suspension fees

	Actual 2025 $000	Actual 2024 $000
New application fees	402	321
Suspension fees	532	565
Manual processing fees	19	15
Total application and suspension fees	**953**	**901**

During the year to 30 June 2025, REA processed 2,078 (2024: 1,710) new licence applications and 3,594 (2024:3,673) voluntary suspensions.

3. Other revenue

	Actual 2025 $000	Actual 2024 $000
Interest	461	539
Sale of publications	71	72
Fines imposed by Complaints Assessment Committee/Tribunal	484	93
Other revenue	–	187
Total other revenue	**1,016**	**891**

4. Personnel costs

	Actual 2025 $000	Actual 2024 $000
Salaries and wages	7,051	6,192
Other personnel costs	356	537
Employer contributions to KiwiSaver	201	175
Employee entitlements	9	61
Total personnel costs	**7,617**	**6,965**

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 2025, no employee (2024: nil) received compensation and other benefits in relation to cessation. Employee entitlements represent the movement in annual leave balances between 30 June 2025 and 30 June 2024.

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 2025 $000	Actual 2024 $000
$100,000 – $109,999	5	6
$110,000 – $119,999	5	8
$120,000 – $129,999	4	2
$130,000 – $139,999	1	–
$140,000 – $149,999	2	2
$150,000 – $159,999	2	1
$160,000 – $169,999	4	1
$170,000 – $179,999	1	–
$180,000 – $189,999	–	–
$190,000 – $199,999	–	2
$200,000 – $209,999	3	–
$210,000 – $219,999	–	1
$220,000 – $229,999	–	1
$230,000 – $239,999	1	–
$330,000 – $339,999	–	1
$350,000 – $359,999	1	–
Total employees	**29**	**25**

Board remuneration

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

	Actual 2025 $000 Board fees	Actual 2024 $000 Board fees
Denese Bates KC (Chair)	44	40
Elizabeth Nidd	15	17
Anthony Stack	15	20
Brooke Loader	22	12
Latham Lockwood	22	20
Vern Walsh JP	22	20
Mele Wendt MNZM	22	20
Shirley McLeod	10	1
Mark Coffey	7	–
Caroline Tate	7	–
Total Board remuneration	**186**	**150**

No Board members received compensation or other benefits in relation to cessation. Board members receive a set fee of $22,000 per year, with the Chair receiving $44,000. Mark Coffey and Caroline Tate were appointed to the board in March 2025. Elizabeth Nidd and Anthony Stack resigned from the Board in March 2025. Shirley McLeod was appointed as a future director from 13 May 2024.

5. Specialist services

	Actual 2025 $000	Actual 2024 $000
Investigations support	10	5
Bank, merchant service and payroll processing fees	66	55
Advertising and publicity	240	242
Approved guide management	46	47
Media and communications	79	69
Identification validation	132	125
IT System Enhancement Project	1,015	203
Other specialist services	272	442
Total specialist services	**1,860**	**1,188**

6. Legal fees

	Actual 2025 $000	Actual 2024 $000
Legal fees	412	611
Utilisation of litigation reserve	32	183
Total Legal fees	**444**	**794**

7. Expected Credit Losses

	Actual 2025 $000	Actual 2024 $000
Expected Credit Losses	154	–
Total Expected Credit Losses	**154**	**–**

During the year, we recognised expected credit losses which includes unpaid fines issued which are subject to recovery action reflecting a prudent assessment of credit risk in line with accounting standards. REA remain actively engaged in collection efforts.

8. Operating lease commitments

	Actual 2025 $000	Actual 2024 $000
Less than one year	394	394
Later than one year and not later than five years	230	623
Later than five years	–	–
Total operating lease commitments	**624**	**1,017**

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.

9. Debtors and other receivables

	Actual 2025 $000	Actual 2024 $000
Trade debtors	235	170
Accrued revenue	42	77
Provision for doubtful debts	(212)	(196)
Total debtors and other receivables	**65**	**51**

Trade debtors represent the value of unpaid fines. The carrying value of receivables approximates their fair value. As at 30 June 2025, all overdue receivables have been assessed for impairment, and $212,204 (2024: $196,134) were assessed as impaired.

10. Approved guide stock

	Actual 2025 $000	Actual 2024 $000
Approved guide stock at beginning of the year	17	26
Plus: Guide stock purchased during the year	42	29
Less: Guide stock cost of sales	(38)	(38)
Total approved guide stock	**21**	**17**

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.

11. Property, plant and equipment

	Computer Equipment $000	Furniture and Fittings $000	Leasehold Improvements $000	Total $000
Cost or valuation				
Balance at 1 July 2023	290	179	383	852
Additions	33	6	–	39
Balance at 30 June 2024	**323**	**185**	**383**	**891**
Additions	27	3	–	30
Balance at 30 June 2025	**350**	**188**	**383**	**921**
Accumulated depreciation				
Balance at 1 July 2023	223	154	383	760
Depreciation expense	51	16	–	67
Balance at 30 June 2024	**274**	**170**	**383**	**827**
Depreciation expense	32	5	–	37
Balance at 30 June 2025	**306**	**175**	**383**	**864**
Net carrying amounts				
At 1 July 2023	67	25	–	92
At 30 June 2024	49	15	–	64
At 30 June 2025	**44**	**13**	**–**	**57**

Capital commitments

There are no capital commitments at 30 June 2025 (2024: nil).

12. Intangible assets

	Actual 2025 $000	Actual 2024 $000
Cost or valuation		
Opening balance	4,995	4,995
Additions	–	–
Disposals	–	–
Closing balance	**4,995**	**4,995**
Accumulated amortisation		
Opening balance	4,995	4,995
Amortisation expense	–	–
Impairment loss	–	–
Disposals	–	–
Closing balance	**4,995**	**4,995**
Net carrying amount		
At 1 July	–	–
At 30 June	**–**	**–**

Included within intangible assets is website costs, which as at 30 June 2025 had a nil carrying value (2024: nil) and a nil remaining amortisation period (2024: 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 (2024: nil).

13. Trade creditors and accruals

	Actual 2025 $000	Actual 2024 $000
Accrued expenses	521	344
Trade creditors	318	480
Disciplinary levy payable to Ministry of Justice	34	31
Other payables	7	9
Total trade creditors and accruals	**880**	**864**

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.

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 2025 $000	Actual 2024 $000
Cash and cash equivalents	5,361	6,787
Investments – short-term deposits	4,302	4,064
Debtors and other receivables	65	51
Total	**9,728**	**10,902**

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 13 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
2025				
Creditors and other payables	880	880	880	–
Total	**880**	**880**	**880**	**–**
2024				
Creditors and other payables	864	864	864	–
Total	**864**	**864**	**864**	**–**

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 $526,185 (2024: $514,272) 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
2025				
Current financial assets				
Cash and cash equivalents	5,361	–	5,361	5,361
Investments – short-term deposits	4,302	–	4,302	4,302
Debtors and other receivables	65	–	65	65
Total current financial assets	**9,728**	**–**	**9,728**	**9,728**
Total financial assets	**9,728**	**–**	**9,728**	**9,728**
Current financial liabilities				
Trade creditors and accruals	–	880	880	880
Total current financial liabilities	**–**	**880**	**880**	**880**
Total term financial liabilities	**–**	**–**	**–**	**–**
Total financial liabilities	**–**	**880**	**880**	**880**

	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**

18. Key management personnel compensation

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

	Actual 2025	Actual 2024
Board members		
Remuneration	$186,055	$150,041
Full-time equivalent members	0.70	0.62
Senior Leadership Team		
Remuneration	$1,549,461	$1,274,987
Full-time equivalent members	6.83	5.42
Total key management personnel compensation	**$1,735,515**	**$1,425,028**
Total full-time equivalent personnel	**7.53**	**6.04**

19. Contingent liabilities

A judicial review application was heard in the High Court in June 2024. The High Court dismissed the application in February 2025. The decision has been appealed to the Court of Appeal and no hearing date has yet been set. An unfavourable decision might give rise to a cost order made against REA.

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 2025.

21. Significant budget variances

Budget values are sourced from the forecast financial statements shown in REA's 2024/25 Statement of Performance Expectations. Explanations of significant budget variances are provided on page 82.

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 to the extent forecast.

Other revenue

Other revenue is above budget largely due to the higher value of fines being invoiced.

Expenditure

Overall expenditure (before expected credit losses) is down on budget as REA continues to take a prudent approach to core business expenditure and a restrained approach to discretional expenditure to preserve cash holdings in these uncertain times.

Personnel costs

Personnel costs are higher than budget, reflecting the increased resourcing required to manage elevated complaint volumes and forecast vacancies during the year not materialising.

Specialist services

Specialist services are lower than budget due to prudent cost management of initiatives as well as deferral of some Systems Enhancement Project activities and costs to the 2025/26 year.

Legal fees

Legal fees are lower than budget due to the in-house legal team filling vacancies and overseeing a greater volume of work, thereby reducing the reliance on external legal vendors.

Computer and telecommunications

Computer and telecommunications costs are higher than budget due to increased costs associated with maintaining the REA's ageing IT infrastructure.

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 Changes in Equity

Judicial review costs of $30,000 have been incurred for the year ended 30 June 2025. Litigation reserve was topped up to $200,000 to ensure adequate coverage for ongoing potential litigation matters.

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 discretional expenditure to preserve cash holdings in these uncertain times.

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