



Annual Report

2018/19

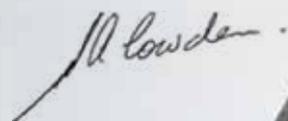


Welcome

We are pleased to present to the House of Representatives the Annual Report of the Real Estate Authority, pursuant to the provisions of the Crown Entities Act 2004. This report covers the period 1 July 2018 to 30 June 2019.



John Auld
Chair
Real Estate Authority
15 October 2019



Marion Cowden
Chair
Audit and Risk
Subcommittee
15 October 2019

Real Estate Authority

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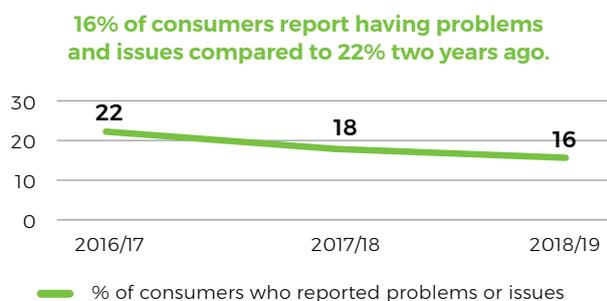


Highlights

REA's vision is for a better real estate experience for all. We're working towards empowered consumers working with trusted real estate professionals. Our strategic priorities help us deliver on our vision and goal.

REDUCED CONSUMER HARM

Our consumer harm prevention strategy addresses major systemic problems. Complaints are at an all-time low.



We received **296** complaints – the lowest number since REA was established in 2009.

BETTER EDUCATED AND INFORMED CONSUMERS

We delivered new resources to inform consumers through the real estate transaction process and to raise awareness of potential risks.



Buyer journey guide for licensees to hand out at open homes.



An online Property Checker tool – the first of its kind in New Zealand.



Educational videos for home buyers and sellers.



95% of real estate consumers said they **find REA's information and guidance useful.**

“ Very useful for buying property and avoiding costly mistakes. ”

“ Thank you for providing a user-friendly website that contains valuable information. Not everyone is a computer whizz, and as old age comes to everyone, it was a pleasure to be able to understand the process. ”

“ Some good information I hadn't considered – thanks. ”

INCREASED PROFESSIONALISM AND PUBLIC CONFIDENCE

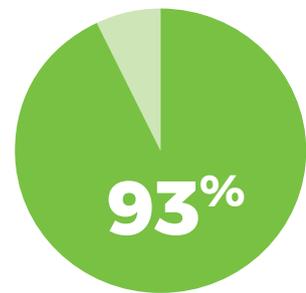
Consumers have confidence when they consider real estate licensees and the sector to be professional, fair and transparent.



We launched a new continuing professional development programme. 85% of licensees say the training improves their knowledge.



Consumers who have interacted with REA and those aware of settled.govt.nz **have more confidence that the sector is professional, fair and transparent.**



93% of real estate agents **find REA's compliance guidance useful.**

“ His behaviour was very professional and made sure we were always very informed. ”

“ I feel as though they went above and beyond for me. ”

“ She continually informed me during the whole sales process, was very helpful and knowledgeable, both of the current market and the current legislation. ”

INCREASED AWARENESS AND UNDERSTANDING OF REA

We are reaching more consumers with information about buying and selling real estate.



Just 16 months since it was launched, **23% of real estate consumers are aware of the settled.govt.nz website.**



Half of the consumers who had a real estate transaction in the last 12 months have **heard of REA**, and 37% of these know at least a little about what REA does.

We issued
1,772
 new licences, and
 there are now
15,153
 active real estate licences
 in New Zealand.



We managed more than
30,000
 phone calls.



The percentage of active licensees who receive unsatisfactory conduct or serious misconduct decisions continues to fall.



— % of active licensees who receive decisions of unsatisfactory conduct or serious misconduct

In February 2018, we launched the **SETTLED.GOV.TZ** WEBSITE

Since it was launched 16 months ago, more than 609,000 people have visited the website **to look at nearly 1.5 million pages.**

In the last year, the average number of daily **visits to the website has more than doubled.**

REA's settled.govt.nz website is a **finalist in the service excellence category of the public sector Spirit of Service awards.**

An eight-week first-home buyers campaign **increased visits to settled.govt.nz by 38% and generated more than 614,000 views of our video advertisements.**

We now have
16,000
 followers across
 Facebook, Twitter,
 LinkedIn and
 YouTube.



We marked 10 years
 since the introduction
 of the Real Estate
 Agents Act 2008.



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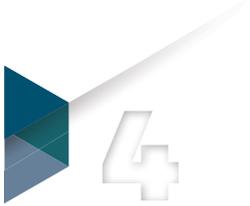
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The Real Estate Authority

This Annual Report covers our achievements against the objectives from our Statement of Intent 2017-2021 and the performance measures and budget set out in our Statement of Performance Expectations 2018/19.





About the **Real Estate Authority**

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

We are the independent, government regulatory body of the real estate industry in New Zealand.

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

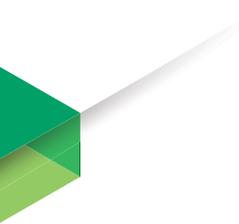


Our strategy

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

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





A better real estate experience for all

Our vision statement is a powerful aspiration. It refers to a better real estate experience for New Zealanders buying or selling property and for licensees and

other professionals involved in real estate transactions. It also includes the experience these groups have when they interact with us.

Empowered consumers working with trusted real estate professionals

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

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

Report from the Chair

Tēnā koutou katoa

It's now 10 years since the Real Estate Act 2008 was passed, and the Real Estate Authority (REA) was formed. It is my great pleasure to have been here from the start and to have been part of the organisation as it evolves.

Much has changed since the early years when our key focus was on licensing, complaints and establishing the organisation. Over time, we have increased our focus on consumer education and become more connected to the sector. We are increasingly focused on using research, analysis and insights to identify the issues that cause consumer harm and proactively addressing these. We focus our efforts on consumers who are most at risk, especially first-home buyers.

We know from research that the more consumers know about the real estate transaction, the better the experience is for them and for real estate agents. This year, we ran a campaign for first-home buyers, encouraging them to engage with our settled.govt.nz website to help alleviate the stress of the buying process. We also developed several resources to help consumers with their due diligence and to improve their understanding of how the home-buying process works.

We have acted on our research findings about complaints to develop guidance for licensees. According to our data, two of the main reasons for complaints are failure to disclose defects and failure to declare conflicts of interest. To help address these,

we created best-practice videos about both topics and training material for branch managers and supervisors to present about disclosure.

We work closely with several industry advisory groups made up of experienced licensees who generously give their time and expertise to provide feedback in several areas of REA's work. We appreciate their guidance.

Overall, our proactive approach is paying off. We continue to see a decrease in the number of complaints and the percentage of licensees who have decisions against them, and importantly, consumers are also reporting fewer problems and issues during their real estate transactions. This year, REA received just 296 complaints, the lowest level since we were established.

Engagement with our consumer website settled.govt.nz is exceeding expectations. Over the past year, users engaged in more than 690,000 website sessions, with the site regularly receiving high ratings and positive user feedback.

In 2019, we focused on making training obligations easier for licensees by introducing a new continuing professional development (CPD) programme. We repurposed and streamlined old material and introduced a new structure that includes mandatory and elective topics. Licensees have told us that they appreciate the increased choice and flexibility.

We have also worked closely with the Department of Internal Affairs on the introduction of anti-money laundering and countering financing of terrorism legislation for the real estate industry, which came into effect in January.

In January, REA moved to Level 4 of the Todd Building on Customhouse Quay – a new permanent home after the November 2016 earthquake. It is an attractive space for our people to work in. I commend our staff for their enthusiasm and commitment to the continuous improvement of the organisation and to the significant progress we've made this year to better support consumers and increase industry professionalism.

On behalf of the REA Board, I would like to thank Kevin Lampen-Smith, the Senior Leadership Team and staff for the significant strides they have made in progressing our strategic vision. I also thank the members of the Board for their sound governance and insights throughout the year.

I look forward to seeing where REA is in another 10 years.

Nāku noa, nā



John Auld
Board Chair

The Board

REA is governed by an independent Board with members experienced in law, real estate, investment and risk management. The Board reports to the Associate Minister of Justice, and its members are appointed by the Associate Minister. The Board has an established Audit and Risk Subcommittee.

Members of the Real Estate Authority Board as at 30 June 2019



John Auld (Chair)
Appointed July 2009



Denese Bates QC
Appointed March 2014



Marion Cowden
Appointed August 2015



Jo Devine
Appointed June 2018



Elizabeth Nidd
Appointed August 2015



Anthony Stack
Appointed August 2015

The Senior Leadership Team

The Senior Leadership Team is responsible for REA's performance and deliverables.



Steven Bruce
Head of Strategy
and Insights

Phirak Appleton
General Counsel

Kevin Lampen-Smith
Chief Executive/
Registrar

Tanya Dunlop
Head of Human
Resources

Victor Eng
Head of Corporate
Services

Josh Doherty
Head of Regulatory
Services

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Measuring the difference we make

This part of the Annual Report explains the differences we are making to promote and protect the interests of consumers buying and selling real estate and to promote public confidence in the performance of real estate agency work.



What we are aiming to achieve

Our purpose

Our purpose is to promote and protect the interests of consumers with respect to real estate transactions and to promote public confidence in real estate agency work.

The Justice Sector outcome

In the 2018/19 year, the Justice Sector had an aspirational outcome that all New Zealanders should expect to live in a safe and just society. We contribute towards this outcome by helping to ensure that consumers participate with confidence in the real estate industry.

Alignment to Justice Sector outcome and government priorities

Government priorities

We are focused on working with our stakeholders and other government agencies to:

- put the wellbeing of people and the environment at the centre of what we do
- introduce policies that allow the economy to work smarter and make better use of our resources
- ensure that the benefits of growth are spread more evenly across society.

Justice Sector outcome

Along with other Justice Sector agencies, we aim to ensure New Zealanders can live in a safe and just society.

Our outcome (strategic goal)

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

Our impacts

(strategic priorities)

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

Our outputs

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

Our impacts (strategic priorities)



Impact 1

Reduced consumer harm



Impact 2

Better educated and informed consumers



Impact 3

Increased professionalism and public confidence



Impact 4

Increased awareness and understanding of REA

Our outputs



Output 1

Informing and educating consumers, licensees and other stakeholders



Output 2

Licensing, enforcing and monitoring of the real estate industry

Outcome

Empowered consumers¹ working with trusted real estate professionals

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

We have aspirational targets in our four-year strategy for improving the real estate experience. We measure how empowered consumers feel and how trustworthy and professional they found the real estate agent they worked with.

Consumers rate these attributes on a 5-point scale, and we measure our progress using the top two scores, for example, consumers rate the professionalism of the real estate agent they worked with as poor,

fair, good, very good or excellent. We report the scores for very good and excellent.

The consumer group includes people who were unsuccessful in the real estate transaction. Results are higher for consumers who have recently bought or sold.

These measures remain steady. The initiatives and activities outlined in this report are focused on achieving significant increases in these and other key measures.

Measuring empowered consumers...

Outcome measure	Percentage of consumers who feel empowered or very empowered and able to participate effectively in the real estate transaction
Actual 2016/17	43%
Actual 2017/18	42%
Result 2018/19	43%
Target 2020/21	56%
How we measure it	By researching how empowered consumers are to be able to participate effectively in the real estate transaction ²

¹ Consumers refers to respondents who have participated in a real estate transaction in the last 12 months.

² Source: Annual Perceptions Research (June 2019) prepared by Nielsen. Please note: (i) The segment profile of the sample should be taken into consideration when making year-on-year comparisons. For example, first-home buyers are less likely to feel empowered, so if there are more first-home buyers in the sample, this will reduce the overall empowerment result. In the 2019 survey, 43% of the consumers were first-home buyers, compared with 37% in 2018. (ii) Weighting is used in surveys to ensure the sample profile matches the population being measured.

...working with trusted...

Outcome measure	Percentage of consumers who rate the real estate agent's trustworthiness as very good or excellent
Actual 2016/17	53%
Actual 2017/18	52%
Result 2018/19	52%
Target 2020/21	67%
How we measure it	By researching how trustworthy consumers considered the real estate agent was during the real estate transaction ³

...real estate professionals.

Outcome measure	Percentage of consumers who rate the real estate agent's professionalism as very good or excellent
Actual 2016/17	56%
Actual 2017/18	55%
Result 2018/19	58%
Target 2020/21	67%
How we measure it	By researching how professional consumers considered the real estate agent was during the real estate transaction ³

³ Source: Annual Perceptions Research (June 2019) prepared by Nielsen.

Impacts

Our work has four direct impacts that contribute towards our outcome



Impact 1

Reduced consumer harm



Impact 2

Better educated and informed consumers



Impact 3

Increased professionalism and public confidence



Impact 4

Increased awareness and understanding of REA



Impact 1:

Reduced consumer harm

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

Gaining insight into the real estate experience

During 2018/19, we continued to use data, research and intelligence to gain insights into the causes of consumer harm and risks to industry professionalism. Our findings inform our initiatives and have led to a range of strategies.

Our research over the last year has included examining the experience of migrant buyers and sellers, our annual consumer and licensee research and understanding approaches to improve conversations between licensees and vendors about disclosure.

Implementing a consumer harm-prevention strategy

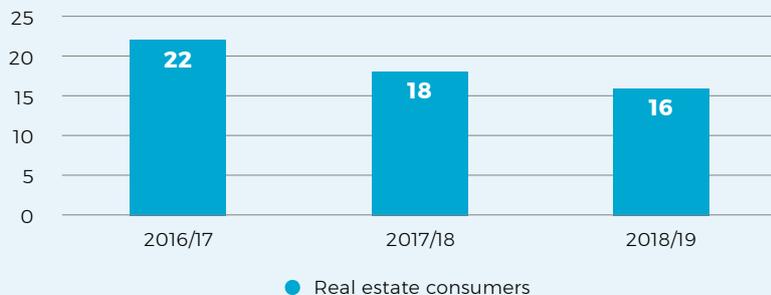
Our consumer harm-prevention strategy focuses resources and activities on addressing major systemic problems. We have recently initiated an insights and intelligence framework and forum, which works across the organisation to identify issues and what's causing them and aims to prioritise solutions that will make the biggest difference to reducing consumer harm.

16%

of consumers had an issue or problem when they bought, sold or tried to buy or sell residential property in the last 12 months, and this is decreasing.

In 2018/19, 16% of consumers reported a problem or issue, down from 22% two years ago. 58% of these issues related to the real estate agent.

% of consumers who experienced issues or problems during their real estate transactions





Focus on disclosure

1 in 10

consumers who sold a property in the last year knew something about the property that they didn't want the buyer to know.

Failure by vendors and licensees to disclose defects when houses are sold is one of REA's main sources of complaints. We have worked with licensees to develop several initiatives to address disclosure-related complaints and consumer harm:

- Disclosure is a mandatory continuing professional development topic in 2019.
- We produced a video about disclosure for licensees.
- We distributed material about disclosure for branch managers and supervisors to use and distribute in their in-house meetings and training.
- We are developing best-practice guidance and associated resources around disclosure conversations with vendors.





Impact 2:

Better educated and informed consumers

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

45%

of consumers say they have enough knowledge about the end-to-end transaction process.

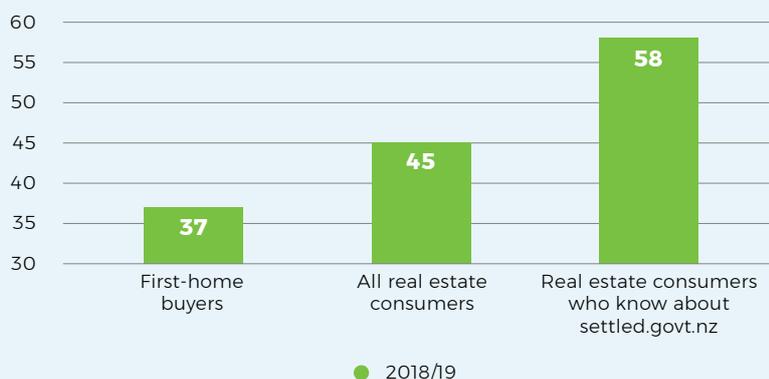
We asked consumers if they had enough knowledge and understanding of the real estate transaction process, and we report the number who scored 4 and 5 on a 5-point scale where 5 is 'a lot of knowledge'.

Only 37% of first-home buyers say they have a high level of knowledge. This group is a high-risk group and remains a focus for much of REA's consumer-focused campaign activity.

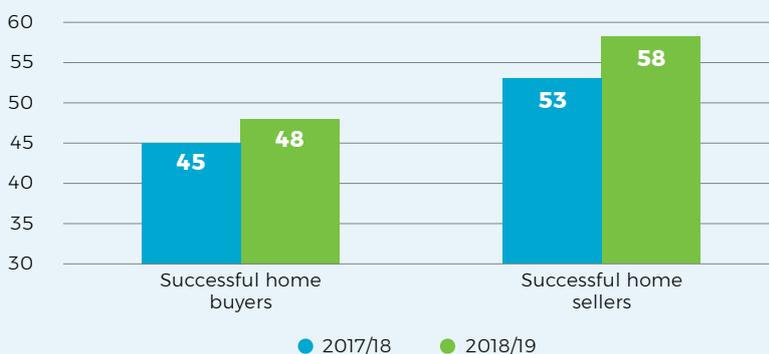
Of consumers who are aware of settled.govt.nz, 58% report that they feel knowledgeable about the transaction process.

Consumers who have recently bought or sold a property are becoming more knowledgeable. Vendors who have recently sold a property are the most knowledgeable consumer group (58%).

% of consumers who consider they have high levels of knowledge about the real estate transaction process



% of consumers who consider they have high levels of knowledge about the real estate transaction process



Consumer videos

We released six educational videos for home buyers and sellers to support written content on settled.govt.nz. Spanning themes from doing your homework to understanding a multi-offer process, the topics mirror the most frequently visited pages on the site. As at 30 June, the videos had been viewed more than 515,000 times.

Buyer journey guide

Open homes are an ideal way to reach home buyers early in the buying process. To tap into this channel, we developed a buyer journey guide for licensees to distribute. The guide helps prospective home buyers understand the home buying process from beginning to end. Feedback from both licensees and consumers has been positive, and 140,000 guides were distributed to licensees in June 2019.

Property Checker

REA research has found that many consumers aren't doing enough due diligence or risk assessment before buying property. To help address this, we launched a new interactive online tool called Property Checker. The tool is housed on

settled.govt.nz and helps buyers identify potential issues with a property by stepping them through a series of questions. Questions include the year the property was built, information about building exterior and cladding, extensions and renovations and roof material, as well as whether there is a chimney and whether the property is built on a slope.

Based on the buyer's answers, the Property Checker produces a report pointing out issues to look out for and where to find further information. Consumers generate more than 1,000 Property Checker reports each month.

Consumer feedback:

"This is an incredibly useful tool, and I would recommend it to other first-home buyers."

"Thanks for preparing this checklist. Greatly appreciated."

"Awesome, great easy guide."

First-home buyer campaign

Our research shows that first-home buyers are the largest most vulnerable consumer segment when it comes to buying a home in New Zealand, due to their lack of knowledge and experience. First-home buyers are less likely to know their rights and obligations

and are less likely to feel empowered than other buyers.

Patting a box of fluffy kittens and a couple swathing themselves in bubble wrap at an open home were examples of the light humour used in a campaign that showed first-home buyers' ineffective attempts at alleviating the stress of buying a house. The core message of the campaign was to keep calm and get settled into your first home, and it promoted settled.govt.nz as part of the solution.

The settled.govt.nz website received 38% more visitors over the course of the eight-week campaign, including a significant increase in engagement with the campaign's website page.

The video advertisements received 614,607 views during the campaign period.

Compared with an average 23% awareness among all buyer groups, 30% of first-home buyers are aware of settled.govt.nz.

The mortgage calculator was the most popular resource on settled.govt.nz, with more than 67,000 views as at 30 June 2019.



Impact 3:

Increased professionalism and public confidence

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

Continuing professional development programme

Our continuing professional development (CPD) programme plays an important role in increasing industry professionalism.

We introduced a new CPD programme on 1 January 2019, following extensive consultation with industry and a review of other training programmes. The new programme introduced mandatory and elective topics and provides choice and flexibility to the industry.

REA identifies potential CPD topics based on research findings, complaint data, law changes and the experience of advisory group members.

The new CPD programme comprises five hours of mandatory topics, five hours of elective topics and 10 hours of non-verifiable training. The mandatory topics for 2019 are anti-money laundering, communication and disclosure. Licensees can choose the remaining five hours of elective topics from a library of 15 topics.

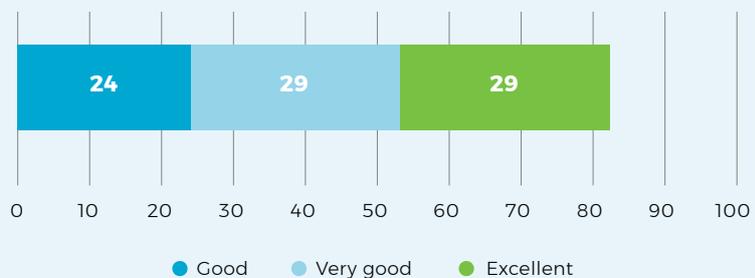
More than
80%
of consumers say the industry and their real estate agent are professional.

The majority of consumers who have had a real estate transaction in the previous 12 months have confidence that the real estate agent they worked with, and the industry as a whole, is professional.

84% of consumers have confidence the real estate industry is professional



82% of consumers rated the real estate agent as being professional



Anti-money laundering campaign

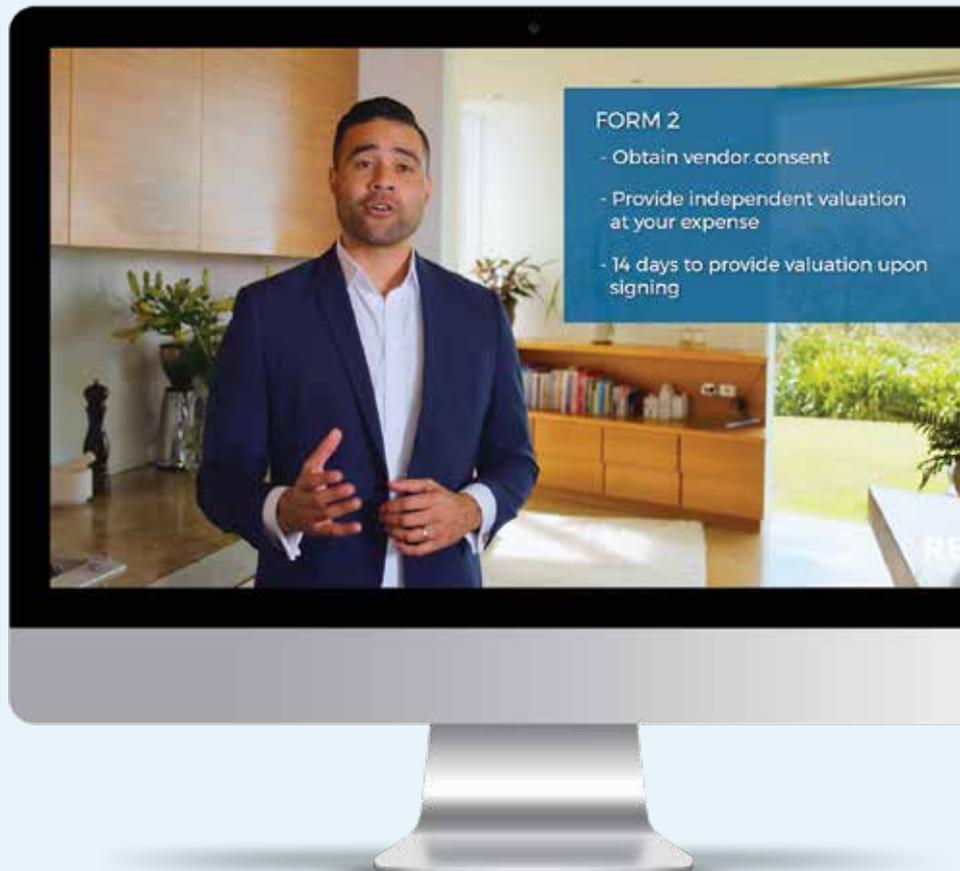
We worked with the Department of Internal Affairs (DIA) to develop industry guidelines and supporting material for the roll-out of anti-money laundering and countering financing of terrorism (AML) legislation for the real estate industry from 1 January 2019. In November, DIA held AML roadshows throughout the country to help real estate agencies prepare for the coming changes. We have also developed mandatory AML training content for inclusion in the 2019 continuing professional development programme. We continue to work with DIA and the industry to support ongoing compliance with the AML legislation, with regular updates on the subject in our industry newsletter.

Licensee videos

Our research indicated that licensees would value videos about conflict of interest and the principles of disclosure to complement existing guidance. We developed comprehensive videos on these two topics and have encouraged real estate agents to watch them in their team meetings.

Proactive intervention

We segment licensees according to the level of risk they represent to help us focus on those with the highest number of complaints and other risk-related factors.



REA licensee video regarding conflict of interest.



Impact 4:

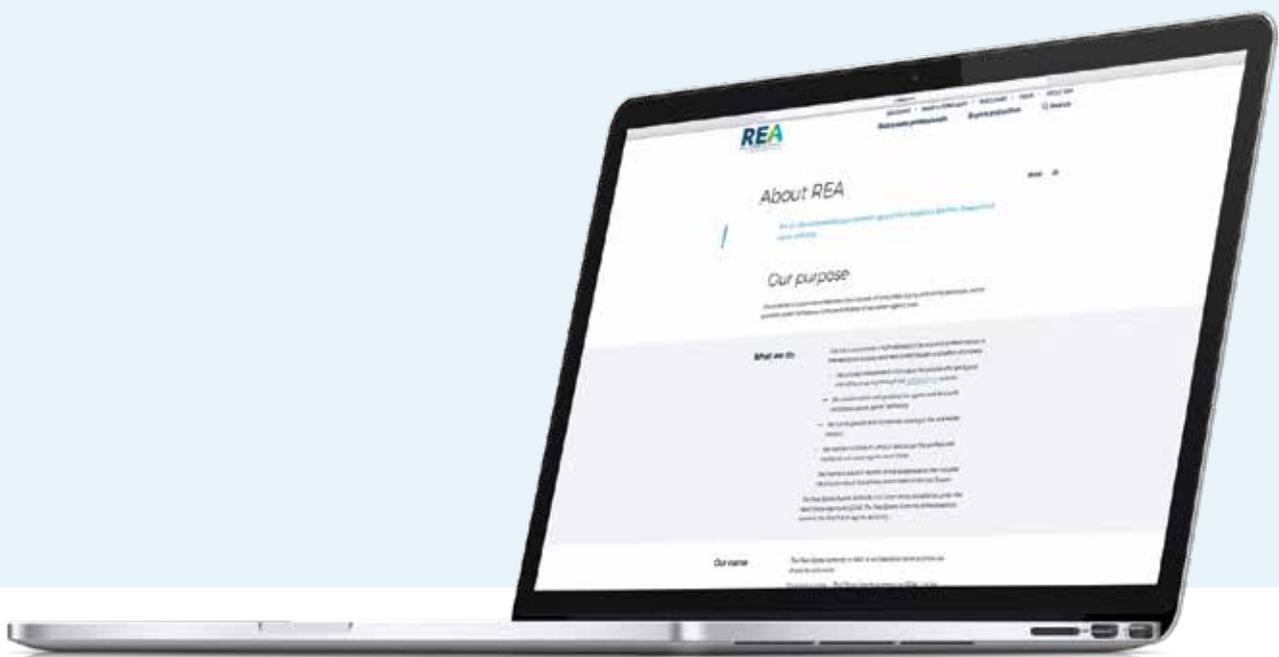
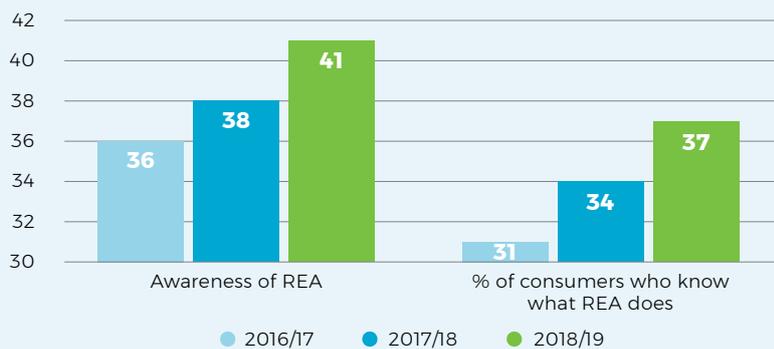
Increased awareness and understanding of REA

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

Relationship building

We are proactive about sharing our research and insights on consumer issues. In the past year, we have held presentations and workshops with a wide range of stakeholders from government and non-government agencies with a focus on consumer protection and with banks and other private sector organisations with interest in property. Many of these organisations promote settled.govt.nz. More than 450 websites have one or more links to settled.govt.nz, and many of these referring websites are also govt.nz domains.

% of consumers who are aware of REA and the % who know what REA does



Promoting settled.govt.nz

Just 16 months since it was launched,

23%

of real estate consumers are aware of the settled.govt.nz website.

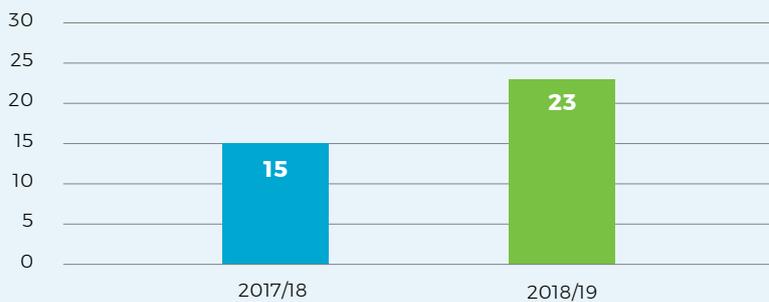
We continue to promote the settled.govt.nz website through advertising campaigns and search engine optimisation. We also advertise on property-related sites to ensure we are top of mind with our target audiences.

Proactive communications

We continually seek opportunities to educate consumers about the buying and selling process. In the past year, we wrote 26 columns, which were published fortnightly by a number of print and online media outlets. We also repurposed these columns and distributed them to regional papers throughout New Zealand. Topics have ranged from buying an investment property to what to do if your house won't sell.

We also regularly write and promote blogs on topical subjects in real estate.

% of consumers who are aware of settled.govt.nz





Measuring our impacts



Impact 1: Reduced consumer harm

We will measure success by measuring a reduction in the percentage of consumers who report that they experience problems during their real estate transaction and a reduction in the proportion of licensees that have either unsatisfactory conduct or serious misconduct decisions made against them.

Measure	Percentage of active licensees who receive decisions of unsatisfactory conduct or serious misconduct
Actual 2016/17	0.95%
Actual 2017/18	0.85%
Result 2018/19	0.75%
Target 2018/19	<1.0%
How we measure it	By assessing the number of decisions of unsatisfactory conduct (102) and serious misconduct (11) made against the number of active licences held at 30 June 2019 (15,153)

Measure	Percentage of consumers ⁴ who experienced issues or problems during their real estate transactions
Actual 2016/17	22%
Actual 2017/18	18%
Result 2018/19	16%
Target 2018/19	20%
How we measure it	By researching the percentage of consumers who have experienced a problem or issue during their real estate transactions ⁵

4 Respondents who have participated in a real estate transaction in the last 12 months.

5 Source: Annual Perceptions Research (June 2019) prepared by Nielsen.



Impact 2: Better educated and informed consumers

We will measure success by measuring the percentage of consumers who consider themselves to be knowledgeable about the real estate transaction process.

Measure	Percentage of consumers who consider they have high levels ⁶ of knowledge about the real estate transaction process
Actual 2016/17	45%
Actual 2017/18	45%
Result 2018/19	45%
Target 2018/19	48%
How we measure it	By researching the levels of knowledge consumers have with respect to the real estate transaction process ⁷

Although the percentage of consumers who say they are knowledgeable about the real estate transaction process remains stable, knowledge is improving for some groups – especially consumers who successfully bought or sold a property and consumers who know about settled.govt.nz. 48% of consumers who bought a home have high levels of knowledge. The equivalent measure for sellers is 58%. 58% of consumers who know about settled.govt.nz have high levels of knowledge.

6 Respondents who answered 'reasonable knowledge' or 'a lot of knowledge' with respect to the real estate transaction process.

7 Source: Annual Perceptions Research (June 2019) prepared by Nielsen.



Impact 3: Increased professionalism and public confidence

We will measure success by seeing an increase in the percentage of consumers who have confidence that the real estate industry is professional.

Measure	Percentage of consumers who have high levels ⁸ of confidence that the real estate industry is professional
Actual 2016/17	49%
Actual 2017/18	54%
Result 2018/19	53%
Target 2018/19	51%
How we measure it	By researching the levels of confidence consumers have with respect to the real estate industry ⁹

The reported measure (53%) is the percentage of consumers who have reasonable confidence or a lot of confidence that the real estate industry is professional. If we add those who have some confidence, the total is 84%.

We also report the percentage of consumers who rate the real estate agent very good or excellent in terms of being professional. In 2019 this was 58%. If we add the consumers who rated the real estate agent as good in terms of being professional, the result is 82%.

8 Respondents who answered 'reasonable confidence' or 'a lot of confidence' with respect to the real estate industry being professional.

9 Source: Annual Perceptions Research (June 2019) prepared by Nielsen.



Impact 4: Increased awareness and understanding of REA

We will measure success by seeing an increase in the percentage of consumers who consider REA and settled.govt.nz as a source of independent information and support.

Measure	Percentage of consumers who know what REA does ¹⁰
Actual 2016/17	31%
Actual 2017/18	34%
Result 2018/19	37%
Target 2018/19	34%
How we measure it	By researching the awareness consumers have of REA ¹¹

Measure	Percentage of consumers who are aware of settled.govt.nz
Actual 2016/17	Not applicable
Actual 2017/18	15%
Result 2018/19	23%
Target 2018/19	Establish a benchmark ¹²
How we measure it	By researching the awareness consumers have of settled.govt.nz ¹¹

¹⁰ Respondents who answered 'know a little' or 'a reasonable amount' about what REA does.

¹¹ Source: Annual Perceptions Research (June 2019) prepared by Nielsen.

¹² The settled.govt.nz website was launched in February 2018. The target in that year was to establish a benchmark of awareness by June 2018.

3

Organisational health and capability

This part of the Annual Report provides information on how we work.



Our values

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

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



We are professional

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



We are proactive

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



Our people matter

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

Improving capability with great people and quality systems

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

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

This year, we have continued to focus our capability improvement around two themes – people and systems and processes.

Theme	Progress for this year
People	<ul style="list-style-type: none">· REA continued to embed key tools derived from the leadership development programme and expanded the application of these tools organisation-wide for the benefit of all staff.· We continued mediation accreditation for all staff involved in dispute resolution.· REA invested in equipping REA people with the skills to foster psychological wellbeing at work.· We continued to streamline recruitment processes and invest in recruiting for emotional intelligence.
Systems and processes	<ul style="list-style-type: none">· REA developed and implemented an Information Systems Strategic Plan through to 2021 to guide the information technology and digital investments aligned to our strategic goals.· We continued to maintain and enhance REA's core business systems and platforms to improve operational effectiveness and efficiencies.· We continued to enhance REA's systems, technologies and processes to enable delivery of business functions following a disruptive incident.· REA continued to improve, review and enhance its cyber security controls and processes and developed a cyber security-aware culture to mitigate and minimise cyber security risks.· We relocated the REA office to a permanent space on Level 4, 95 Customhouse Quay, from temporary accommodation on Level 10.

Our people

We have many people with diverse backgrounds, skills, experiences and knowledge. This is critical to ensuring our continued success and progress towards our goals.

As at 30 June 2019, we had a permanent and fixed-term staff of 49 (28 female and 21 male). We are a multicultural organisation, and our staff come from New Zealand, the UK and Europe, North America and Asia. No employees have identified themselves as being disabled.

Promoting equal employment opportunities

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

The table below outlines our achievements in 2018/19 against the seven key elements of being a good employer, as set out by the New Zealand Human Rights Commission.

Element	Activities for the year
Safe and healthy environment	<ul style="list-style-type: none"> • Our health and safety policies and practices have been enhanced. • We have empowered the internal Culture Club to be responsible for organisational wellness and health and safety. • Staff were provided with support services, including an earthquake preparedness pack, employee assistance programme, workstation assessments and free flu vaccinations.
Leadership, accountability and culture	<ul style="list-style-type: none"> • We have continued the leadership development programme, which focuses on growing leadership capability for people leaders and key talent. • We held regular meetings with staff to promote learning opportunities and facilitate discussion about our priorities and developments.
Recruitment, selection and induction	<ul style="list-style-type: none"> • Core competencies for key roles were reviewed to strengthen recruitment practices. • We continued to include peer-to-peer interviews as part of our recruitment process.
Employee development, promotion and exit	<ul style="list-style-type: none"> • Development plans were completed for all staff. • Study assistance and professional development support were provided where required. • An exit interview was offered to all leaving employees.
Flexibility and work design	<ul style="list-style-type: none"> • We maintained our flexible working practice policy. • We have supported the work-life balance of staff with tailored options.
Remuneration, recognition and conditions	<ul style="list-style-type: none"> • Our job evaluation processes remain transparent and equitable. • We have offered enhanced benefits in relation to paid parental leave and sick leave.
Harassment and bullying prevention	<ul style="list-style-type: none"> • We have maintained our anti-harassment, anti-discrimination and anti-bullying policies and continue to have zero tolerance of harassment and bullying.

Directions issued by Ministers

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

4

Our performance

This part of the Annual Report summarises the performance of our functions. Forecast service performance is set out in our Statement of Performance Expectations 2018/19.



Statement of responsibility

In the year ended 30 June 2019, the Real Estate Authority¹³ Board and Senior Leadership Team were responsible for:

- the preparation of the annual 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 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 and Senior Leadership Team, the financial statements and the statement of performance for the year ended 30 June 2019 fairly reflect the financial position, result of operations and cash flows of the Real Estate Authority.

Signed on behalf of the Board.



John Auld
Board Chair
15 October 2019



Marion Cowden
Audit and Risk Subcommittee Chair
15 October 2019

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

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF REAL ESTATE AUTHORITY'S FINANCIAL STATEMENTS, AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2019.

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

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Authority on pages 42 to 64, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information; and
- the performance information of the Authority on pages 37 to 41.

In our opinion:

- the financial statements of the Authority on pages 42 to 64:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and
- the performance information on pages 37 to 41:
 - presents fairly, in all material respects, the Authority's performance for the year ended 30 June 2019, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 October 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements

are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 34.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Authority.



Henry McClintock
BDO Wellington Audit Limited
On behalf of the Auditor-General
Wellington, New Zealand

Statement of performance

REA provides outputs in two result areas:



Output 1:

Informing and educating consumers, licensees and other stakeholders



Output 2:

Licensing, enforcing and monitoring of the real estate industry

The following pages outline what we have achieved against the performance measures set out in our Statement of Performance Expectations 2018/19.

Statement of Performance

for the year ended 30 June 2019

	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Total revenue	10,879	11,306	11,142
Output expenditure			
Informing and educating consumers, licensees and other stakeholders	3,738	4,355	3,278
Licensing, enforcing and monitoring of the real estate industry	7,971	9,112	8,649
Total expenditure	11,709	13,467	11,927
Total comprehensive revenue and expense	(830)	(2,161)	(785)

Outputs



Output 1:

Informing and educating consumers, licensees and other stakeholders

Scope

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

- identification and understanding of the causes of consumer harm
- informing and advising consumers about their rights
- developing targeted campaigns to reduce or prevent the occurrence of consumer harm
- providing relevant and accessible information to help educate consumers
- informing and advising licensees about their responsibilities
- providing best-practice guidance for licensees
- managing the continuing professional development programme, overseeing the development of training material, monitoring licensee compliance with annual requirements and auditing training providers
- developing strategic partnerships with stakeholders
- raising awareness of REA.

This output primarily contributes towards the following impacts:



Impact 1:
Reduced consumer harm



Impact 2:
Better informed and educated consumers



Impact 4:
Increased awareness and understanding of REA

How well we delivered this output

The following table provides an assessment of our delivery against the performance measures set out against this output in our Statement of Performance Expectations 2018/19.

Measure	Actual 2018/19	Target 2018/19	Actual 2017/18
Quality			
Percentage of consumers ¹⁴ who consider the residential property guides (agency agreement guide and sale and purchase agreement guide) useful ¹⁵	86%	90%	88%
Percentage of consumers who found the information and guidance provided by REA useful ¹⁶	94%	95%	91%
Percentage of licensees who find REA's compliance guidance useful ¹⁷	93%	88%	92%
Percentage of licensees who agree the continuing education/ continuing professional development programme has improved their knowledge and understanding of the topic area ¹⁸	85%	87%	83%
Percentage of licensees who plan to make changes to their practice as a result of continuing education/continuing professional development ¹⁸	67%	80%	63%
Number of targeted campaigns for consumers ¹⁹	10	4	6
Number of targeted campaigns or interventions for licensees ¹⁹	3	3	2
Total number of website sessions ²⁰	980,662	700,000	601,237
Number of settled.govt.nz website sessions ²¹	691,704	300,000	157,150

14 Respondents to the annual survey who have participated in a real estate transaction in the last 12 months.

15 Source: Annual Perceptions Research (June 2019) prepared by Nielsen. This result is expressed as a combined percentage of positive responses where respondents rated guides as 'somewhat useful' to 'very useful' and excludes 'don't know' responses.

16 Source: Annual Perceptions Research (June 2019) prepared by Nielsen. This result is expressed as a combined percentage of positive responses where respondents rated REA information and guidance as 'somewhat useful' to 'very useful' and excludes 'don't know' responses. Warning: There is a small sample size in relation to this measure in the annual consumer survey. In 2019, the survey question was expanded to include articles from REA. In previous years, this question asked about REA's website, phone calls and emails.

17 Source: Licensee Survey (July 2019). This result is expressed as a combined percentage of positive responses where respondents rated REA compliance guidance as 'informative' to 'very informative'.

18 Source: Licensee Survey (July 2018). The continuing education programme was replaced by a continuing professional development programme in January 2019.

19 Revised measure for 2018/19.

20 Source: Google Analytics Report (July 2019).

21 New measure for 2018/19. Source: Google Analytics Report (July 2019).



Output 2:

Licensing, enforcing and monitoring of the real estate industry

Scope

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

- managing the licensing scheme to ensure that, at the time of approval, all active licensees are fit and proper and meet the required professional standards to work in the industry
- processing new applications, renewals and voluntary suspensions of licences
- maintaining a current register of all licensees
- managing the licensee portal
- responding to enquiries by providing information and advice
- auditing real estate agency trust accounts
- establishing and maintaining a framework for collecting, collating and analysing data
- comprehensive assessment of the key issues and risks in the real estate industry and shaping regulation, compliance and policy practices to address these risks
- receiving, assessing, managing and investigating complaints
- acting on non-compliance
- supporting the Complaints Assessment Committees, Tribunal and court activities.

This output primarily contributes towards the following impacts:



Impact 1:

Reduced consumer harm



Impact 3:

Increased professionalism and public confidence

How well we delivered this output

The following table provides an assessment of our delivery against the performance measures set out against this output in our Statement of Performance Expectations 2018/19.

Measure	Actual 2018/19	Target 2018/19	Actual 2017/18
Quality			
Percentage of applications approved where licensees at the time of approval are fit and proper and meet the required professional standards ²²	100%	100%	100%
Percentage of complainants and respondents who consider the complaints process independent, fair and transparent ²³	66%	45%	46%
Percentage of Complaints Assessment Committee decisions that meet quality standards ²⁴	89%	85%	85%
Timeliness²⁵			
Percentage of new licence applications processed within three weeks	89%	90%	88%
Percentage of licence renewal applications processed within two weeks	98%	98%	98%
Percentage of complaints completed within one month	23%	45%	16%
Percentage of complaints completed within six months	59%	75%	64%
Percentage of complaints completed within one year	88%	95%	86%

Timeliness of completing complaints

The percentage of complaints completed within one month was 23%, up on 16% the previous year but down on the target of 45%. There are several factors that influence our ability to resolve a complaint between parties within 30 days, including the complexity of issues, allowing parties time to prepare and share information before mediation, managing parties' availability to find a suitable time to hold a mediation or facilitation and allowing time for parties to consider and take advice on proposed resolution agreements. In 2018/19, we resolved 147 complaints in an average of 41 days through our early resolution process.

22 This result is obtained through an internal ongoing quality review of all approved applications. Professional standards consider any previous criminal convictions, relevant education and character of licensees.

23 Source: Complainants and Respondents Survey (March 2019, July 2019).

24 This result is obtained through an external review of a sample of Complaints Assessment Committee decisions. Each Complaints Assessment Committee decision is scored against three criteria: knowledge of the legislation and rules, analysis and procedural compliance.

25 The timeliness results are extracted from REA's data management system.

Financial Statements

Explanations of significant variances against budget are detailed in Note 22 on page 63. 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 2019

	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Revenue				
Operating levy received	1	9,292	9,729	9,562
Application and suspension fees	2	866	939	858
Other revenue	3	721	638	722
Total revenue		10,879	11,306	11,142
Expenditure				
Audit fee		56	60	64
Personnel costs	4	5,395	5,677	5,239
Depreciation	10	76	89	62
Amortisation	11	1,045	1,179	972
Specialist services	5	2,027	2,776	1,978
Legal fees		914	1,125	1,186
Board fees	4, 19	140	160	137
Complaints Assessment Committee fees		351	380	358
Miscellaneous expenses		60	24	37
Computer and telecommunications		877	1,241	1,100
Printing, stationery and postage		104	133	121
Travel, meetings and entertainment		232	327	241
Occupancy		432	296	432
Total expenditure		11,709	13,467	11,927
Total comprehensive revenue and expense		(830)	(2,161)	(785)

Statement of Financial Position

as at 30 June 2019

	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Current assets				
Cash and cash equivalents		6,152	370	3,764
Investments – short-term deposits		2,279	5,331	5,320
Debtors and other receivables	7	66	98	93
Prepayments	8	95	95	70
GST receivable		-	14	-
Approved guide stock	9	15	40	14
Total current assets		8,607	5,948	9,261
Non-current assets				
Property, plant and equipment	10	518	480	88
Intangible assets	11	1,502	2,319	2,259
Total non-current assets		2,020	2,799	2,347
Total assets		10,627	8,747	11,608
Current liabilities				
GST payable		1	-	9
Trade creditors and accruals	12	806	897	741
Employee entitlements	13	190	123	190
Deferred operating levy	14	5,380	5,176	5,588
Total current liabilities		6,377	6,196	6,528
Total liabilities		6,377	6,196	6,528
Net assets		4,250	2,551	5,080
Public equity				
Retained earnings		4,000	2,301	4,830
Litigation reserve		250	250	250
Total public equity		4,250	2,551	5,080

Statement of Changes in Equity

for the year ended 30 June 2019

	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Public equity as at 1 July	5,080	4,712	5,865
Total comprehensive revenue and expense	(830)	(2,161)	(785)
Total public equity as at 30 June	4,250	2,551	5,080
Comprised of the following funds:			
Retained earnings as at 1 July	4,830	4,462	5,615
Total comprehensive revenue and expense	(830)	(2,161)	(785)
Total retained earnings as at 30 June	4,000	2,301	4,830
Litigation reserve as at 1 July	250	250	250
Movement in litigation reserve	-	-	-
Total litigation reserve as at 30 June	250	250	250

Statement of Cash Flows

for the year ended 30 June 2019

	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Cash flows from operating activities			
Cash was provided from:			
Receipts from licensees	9,430	8,353	9,710
Receipts from sale of publications	191	199	217
Interest received	218	180	245
Receipts from suspension fees	519	564	505
Receipts from fines	294	259	315
Cash was applied to:			
Payments to suppliers	(5,272)	(6,869)	(6,389)
Payments to employees	(5,225)	(5,253)	(4,986)
Net GST received/(paid)	(14)	30	12
Net cash flows from operating activities	141	(2,537)	(371)
Cash flows from investing activities			
Cash was provided from:			
Receipt/(investment) in short-term deposits	3,041	2,000	2,892
Cash was applied to:			
Purchase of property, plant and equipment	(506)	(285)	(26)
Purchase of intangible assets	(288)	(1,039)	(309)
Net cash flows from investing activities	2,247	676	2,557
Net increase/(decrease) in cash and cash equivalents	2,388	(1,861)	2,186
Opening cash and cash equivalents	3,764	2,231	1,578
Closing cash and cash equivalents	6,152	370	3,764

Statement of Cash Flows (continued)

for the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Reconciliation of statement of comprehensive revenue and expense surplus/(deficit) to net cash flow from operating activities.		
Net surplus/(deficit)	(830)	(785)
Non-cash items		
Depreciation	76	62
Amortisation	1,045	972
Provision for doubtful debts	42	(28)
Movements in working capital items		
Trade debtors, other receivables and prepayments	(40)	214
Movements in inventory	(1)	4
GST receivable	(8)	83
Trade creditors, other payables and provisions	65	(695)
Deferred operating revenue	(208)	(206)
Employee entitlements	-	8
Net cash flows from operating activities	141	(371)

Statement of accounting policies

for the year ended 30 June 2019

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 2019 and were approved on 15 October 2019 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 \$2 million and \$30 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 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, management 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 management considered if there is a direct exchange of economic benefits or services to licensed members and whether the levy approximates a fair value of this exchange. Based on the benefits provided to members of REA including resources for agents, continuing education, industry regulation and research, management has determined the services provided are of approximate equal value to the operational levy charged. Therefore, the operational levy is accounted for as exchange revenue and PBE IPSAS 9 applies.

Operating levy revenue is recognised over a 12-month period from the date of renewal or application. Revenue not recognised in the financial year the operating levy is received is deferred to the following financial year.

Application fees, manual processing fees and suspension fees are recognised when due and received.

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 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 guide stock

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 – 3–4 years, 25–33% 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, which is expected to be settled within 12 months of balance date (or approval is gained to carry forward leave), 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.

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 Income 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 2018/19 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, management 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.

Management 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 2019

1. Operating levy received

	Actual 2019 \$000	Actual 2018 \$000
New applications	1,075	1,222
Renewals	8,217	8,340
Total operating levy received	9,292	9,562

During the year to 30 June 2019, REA processed 13,573 licence renewals and 1,772 new licence applications. Total active licences were 15,153 (2018: 15,547). This is an overall decrease of 394 licences from the previous year.

2. Application and suspension fees

	Actual 2019 \$000	Actual 2018 \$000
New application fees	331	345
Suspension fees	519	505
Manual processing fees	16	8
Total application and suspension fees	866	858

During the year to 30 June 2019, REA processed 1,772 new licence applications and 3,516 voluntary suspensions. From 1 January 2018, a fee for the manual processing of licensing transactions was introduced.

3. Other revenue

	Actual 2019 \$000	Actual 2018 \$000
Interest	207	222
Sale of publications	191	217
Fines imposed by Complaints Assessment Committee/Tribunal	323	283
Total other revenue	721	722

4. Personnel costs

	Actual 2019 \$000	Actual 2018 \$000
Salaries and wages	4,559	4,048
Other personnel costs	716	1,074
Employer contributions to KiwiSaver	120	104
Employee entitlements	-	13
Total personnel costs	5,395	5,239

Other personnel costs include temporary staff for permanent roles, additional resources for temporary roles, recruitment costs, employer ACC levies, allowances and training. Employee entitlements represent the movement in annual leave balances between 30 June 2018 and 30 June 2019.

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 2019 \$000	Actual 2018 \$000
\$100,000-\$109,999	3	3
\$110,000-\$119,999	2	1
\$120,000-\$129,999	2	3
\$130,000-\$139,999	1	-
\$150,000-\$159,999	1	-
\$160,000-\$169,999	1	-
\$180,000-\$189,999	-	1
\$190,000-\$199,999	1	-
\$240,000-\$249,999	1	1
Total employees	12	9

Board remuneration

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

	Actual 2019 \$000 Board fees	Actual 2018 \$000 Board fees
John Auld (Chair)	40	40
Denese Bates QC	20	20
Marion Cowden	20	20
Elizabeth Nidd	20	20
Anthony Stack	20	20
Jo Devine	20	-
Karin Thomas	-	2
Aaron Bhatnagar	-	15
Total Board remuneration	140	137

No Board members received compensation or other benefits in relation to cessation. Board members receive a set fee of \$20,000 per year, with the Chair receiving \$40,000. Jo Devine was appointed in June 2018, Karin Thomas resigned in July 2017 and Aaron Bhatnagar resigned in March 2018.

5. Specialist services

	Actual 2019 \$000	Actual 2018 \$000
Investigations support	4	35
Bank, merchant service and payroll processing fees	43	46
Advertising and publicity	1,178	703
Approved guide management	75	75
Accounting support services	-	4
Media and communications	184	192
Alternative dispute resolution (ADR) services	-	43
Identification validation	130	125
Other specialist services	413	755
Total specialist services	2,027	1,978

6. Operating lease commitments

	Actual 2019 \$000	Actual 2018 \$000
Less than one year	351	147
Later than one year and not later than five years	1,401	1,401
Later than five years	190	525
Total operating lease commitments	1,942	2,073

The operating lease is for 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. REA does not have the option to purchase the leased asset at the expiry of the lease period. Previously REA had a short-term temporary lease for level 10 of the Todd Building, which expired on the earlier of the commencement of the lease for Level 4, Todd Building or 31 March 2020.

7. Debtors and other receivables

	Actual 2019 \$000	Actual 2018 \$000
Trade debtors	136	111
Accrued interest	24	34
Provision for doubtful debts	(94)	(52)
Total debtors and other receivables	66	93

Trade debtors represent the value of unpaid fines. The carrying value of receivables approximates their fair value. As at 30 June 2019, all overdue receivables have been assessed for impairment, and \$94,000 (2018: \$52,000) were assessed as impaired.

8. Prepayments

	Actual 2019 \$000	Actual 2018 \$000
Prepaid salaries	14	17
Prepaid insurance	12	12
Prepaid software licences	42	25
Prepaid other	27	16
Total prepayments	95	70

9. Approved guide stock

	Actual 2019 \$000	Actual 2018 \$000
Approved guide stock at beginning of the year	14	18
Plus: Guide stock purchased during the year	51	60
Less: Guide stock cost of sales	(50)	(64)
Total approved guide stock	15	14

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
- New Zealand Residential Property Sale and Purchase Agreement Guide.

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

10. Property, plant and equipment

	Computer Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Total \$000
Cost or valuation				
Balance at 1 July 2017	411	217	-	628
Additions	26	-	-	26
Disposals	(277)	(19)	-	(296)
Balance at 30 June 2018	160	198	-	358
Additions	30	93	383	506
Disposals	(26)	(127)	-	(153)
Balance at 30 June 2019	164	164	383	711
Accumulated depreciation				
Balance at 1 July 2017	356	148	-	504
Depreciation expense	36	26	-	62
Disposals	(277)	(19)	-	(296)
Balance at 30 June 2018	115	155	-	270
Depreciation expense	33	27	16	76
Disposals	(26)	(127)	-	(153)
Balance at 30 June 2019	122	55	16	193
Net carrying amounts				
At 1 July 2017	55	69	-	124
At 30 June 2018	45	43	-	88
At 30 June 2019	42	109	367	518

Capital commitments

There are no capital commitments at 30 June 2019 (2018: nil).

11. Intangible assets

	Actual 2019 \$000	Actual 2018 \$000
Cost or valuation		
Opening balance	4,982	4,684
Additions	288	309
Disposals	-	(11)
Closing balance	5,270	4,982
Accumulated amortisation		
Opening balance	2,723	1,762
Amortisation expense	1,045	972
Impairment loss	-	-
Disposals	-	(11)
Closing balance	3,768	2,723
Net carrying amount		
At 1 July	2,259	2,922
At 30 June	1,502	2,259

Included within intangible assets is REA's core business systems upgrade, which as at 30 June 2019 had a carrying amount of \$900,000 (2018: \$1,805,000) and a remaining amortisation period of 1.0 years (2018: 2.0 years). Intangible assets also include website costs, which as at 30 June 2019 had a carrying value of \$312,000 (2018: \$231,000) and a remaining amortisation period between 1.75 and 3 years (2018: 2.75 years).

Included in the value of additions is work in progress on the document storage project \$214,000 (2018: \$109,000). The document storage project is expected to be operational by June 2020.

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 (2018: \$390,000).

12. Trade creditors and accruals

	Actual 2019 \$000	Actual 2018 \$000
Accrued expenses	353	242
Trade creditors	425	468
Disciplinary levy payable to Ministry of Justice	28	29
Other payables	-	2
Total trade creditors and accruals	806	741

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

13. Employee entitlements

	Actual 2019 \$000	Actual 2018 \$000
Annual leave (current portion)	190	190
Total employee entitlements	190	190

14. Deferred operating levy

	Actual 2019 \$000	Actual 2018 \$000
For licence renewals	4,921	5,107
For new applications	459	481
Total deferred operating levy	5,380	5,588

Operating levy revenue is recognised over a 12-month period from the date of renewal or application and has been calculated on a monthly basis. Revenue not recognised in the financial year the operating levy is received is deferred to the following financial year.

15. 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 2019 \$000	Actual 2018 \$000
Cash and cash equivalents	6,152	3,764
Investments - short-term deposits	2,279	5,320
Debtors and other receivables	66	93
Total	8,497	9,177

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

Liquidity risk

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

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

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

Contractual cash flows from financial liabilities

	Carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6-12 months \$000
2019				
Creditors and other payables	806	806	806	-
Total	806	806	806	-
2018				
Creditors and other payables	741	741	741	-
Total	741	741	741	-

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.

16. 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.

17. 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 \$505,131 (2018: \$528,067) 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.

18. Categories of financial assets and liabilities

	Loans and receivables \$000	Financial liabilities measured at amortised cost \$000	Total carrying amount \$000	Fair value \$000
2019				
Current financial assets				
Cash and cash equivalents	6,152	-	6,152	6,152
Investments – short-term deposits	2,279	-	2,279	2,279
Debtors and other receivables	66	-	66	66
Total current financial assets	8,497	-	8,497	8,497
Total financial assets	8,497	-	8,497	8,497
Current financial liabilities				
Trade creditors and accruals	-	806	806	806
Total current financial liabilities	-	806	806	806
Total term financial liabilities	-	-	-	-
Total financial liabilities	-	806	806	806
2018				
Current financial assets				
Cash and cash equivalents	3,764	-	3,764	3,764
Investments – short-term deposits	5,320	-	5,320	5,320
Debtors and other receivables	93	-	93	93
Total current financial assets	9,177	-	9,177	9,177
Total financial assets	9,177	-	9,177	9,177
Current financial liabilities				
Trade creditors and accruals	-	741	741	741
Total current financial liabilities	-	741	741	741
Total term financial liabilities	-	-	-	-
Total financial liabilities	-	741	741	741

19. Key management personnel compensation

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

	Actual 2019 \$000	Actual 2018 \$000
Fees, salaries and annual leave	387	380
Total key management personnel compensation	387	380

20. Contingent liabilities

There are no contingent liabilities at reporting date (2018: nil).

21. 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 2019.

22. Significant budget variances

Budget values are sourced from the forecast financial statements shown in REA's Statement of Performance Expectations 2018/19. Explanations of significant budget variances are provided on page 64.

Explanation of **significant variances**

Statement of Comprehensive Revenue and Expense

Revenue

Operating levy received

Revenue is below budget due to the lower number of licence renewals and applications.

Expenditure

Personnel costs

Personnel costs are lower than budget reflecting vacant positions not filled.

Specialist services

Specialist services are lower than budget due to a change in the timing of planned roll-outs of information technology project and marketing initiatives.

Legal fees

Legal fees are lower than budget as the assumed level of activity has not eventuated.

Computer and telecommunications

Computer and telecommunications are lower than budget due to the change in timing of planned roll-outs of information technology initiatives.

Statement of financial position

Cash and cash equivalents and short-term deposits

Cash and cash equivalents and short-term deposits are higher than budget as a result of both operating and capital expenditure being delayed.

Intangible assets

Intangible assets are lower than budget due to a change in timing of planned information technology projects.

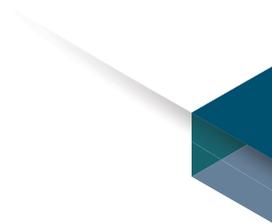
Statement of cash flows

Net cash flow from operating activities

Net cash flow from operating activities has improved due to a lower level of payments to suppliers resulting from the changing in timing of initiatives and projects.

Net cash flow from investing activities

Net cash flow from investing activities has improved due to maintaining a similar level of term investments and a lower than expected level of intangible asset expenditure.





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