

Customer comes first for new real estate authority

Recent media coverage of the new register of licensees run by the Real Estate Agents Authority (REAA) has highlighted issues that led to the creation of the authority and the new register in the first place.

The Authority was launched on 17 November and heralds a new environment of accountability and transparency for the real estate industry.

The changes we are introducing will be helpful for consumers and the real estate industry as they will result in a new level of industry professionalism and excellence.

The new online register of real estate licensees is a step towards greater accountability. The register records disciplinary action taken against individual licensees (who include agents, branch managers and salespersons) as far back as three years.

However, there are inherent limitations in the information available because of the nature of the old complaints system.

Under the old regime, administered by the Real Estate Institute of New Zealand (REINZ), minor misconduct was dealt with by regional district subcommittees.

Because only agents (in general terms) were members of the institute and individual sales people were not, disciplinary action was taken against the member of the institute, who was often the employer rather than the salesperson responsible for the unsatisfactory conduct. As a result individual salespersons often escaped penalty or censure.

It was only when the conduct was considered to be serious that the matter was referred to the Real Estate Agents Licensing Board, and sanctions could be imposed on the individual.

Thus, if anyone searches in the new register for disciplinary action, an individual licensee may have a clean slate even though disciplinary action had been taken. This is because if the action related to minor misconduct, the licensee's employer would have been disciplined instead.

In the future however, all disciplinary action will be there for everyone to see for three years from the date of the action. And all agents, salespeople and branch managers will have to be individually licensed.

The need for this kind of transparency and accountability in the industry is one of the reasons the Real Estate Agents Authority was established under the Real Estate Agents Act 2008.

Our mandate is to protect consumers and lift confidence in the industry. The online register is a key component of that. The public can be confident that the current system will ensure rogue licensees are not only sanctioned and personally accountable, but that any disciplinary action will be made public.

Buying or selling a house is the biggest expense many of us will ever undertake and it is crucial that vendors and buyers have complete trust in the industry and the process.

We also provide other new measures to help engender trust in the industry. These include a transparent complaints process, a compulsory code of conduct, new consumer guides and exciting prospects for continuing education.

Consumers can be assured that if they are unhappy with the way a licensee has behaved or performed, there is an effective process that is easy to access.

We have newly established Complaints Assessment Committees (CAC), which will initially consider complaints. If a committee finds a licensee guilty of unsatisfactory conduct, they can impose conditions such as the re-education of the licensee and/or fines of up to \$10,000 for an individual or up to \$20,000 for a company.

For the more serious matters, a CAC will lay a charge before the Real Estate Agents Disciplinary Tribunal, and that charge will be prosecuted by the CAC.

The Authority has also developed a Code of Professional Conduct and Client Care, which all licensees adhere to. This is a compulsory code that has the force of law. It is the benchmark by which standards of conduct will be measured.

Furthermore, we have developed consumer guides to assist those buying and selling property. These guides must be given to consumers by their licensee (a licensed real estate agent, salesperson or branch manager) and will help them assess their options and make informed decisions.

Last but not least, the Act provides an opportunity to set appropriate standards for continuing education for licensees and updating current knowledge.

Continuing education is not about entry standards, but is about maintaining and improving standards of practice. We have yet to consider these issues fully, but there are exciting possibilities, and the Board will be working toward educationally sound solutions.

I believe the future is bright for the real estate industry. There is a willingness among licensees and agencies to work with the Authority to raise professional standards and improve public confidence.

Kristy McDonald QC
Chair
Real Estate Agents Authority

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