



# Annual Report **2011**

**Real Estate Institute of New Zealand Inc**



**REAL ESTATE  
INSTITUTE OF  
NEW ZEALAND**



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# REINZ Annual General Meeting 2011

Notice is hereby given that the Annual General Meeting of members will be on Tuesday 22 November 2011 at 2.30pm at Guineas 3 Room, Level 3 of the Ellerslie Stand, Ellerslie Event Centre, Auckland.

## Order of Business:

1. Apologies
2. Confirm minutes of the Annual General Meeting held at the Stamford Plaza, Auckland on 15 September 2010
3. Receive and consider the annual accounts and auditor's report
4. Receive and consider the report of the Chairman of REINZ
5. Receive and consider the report of the CEO of REINZ
6. Declaration of re-appointment / election / re-election of Directors and / or Chairman
7. Notice of changes to the Codes during FY11
8. General business
9. Membership honours

At the conclusion of the meeting the REINZ Board invites members to join them for afternoon tea which will be served at the back of the Guineas 3 room.

## Voting Rights:

The rights to attend and vote at a general meeting of members are set out in the Rules of the Association Section 3.4b. Agency Members and Property Management Agencies have two votes each exercised by the named officer of the company; Associate, Fellow and Life Members have one vote each; Salespeople have one vote each (at AGMs, though they do not have the right vote in ballots). All other categories of members may attend member meetings and may address those meetings but may not vote. Please note: salesperson members who wish to vote at the meeting need to register with the REINZ Office; please ensure that you do so by 15th November by phoning 0800 4 REINZ.



**Helen O'Sullivan**  
Chief Executive Officer

# Chairman's Report

What a year!

The year ended 30 June 2011 has been a year of extreme challenges for NZ, the real estate profession and the Real Estate Institute of NZ alike. The economic climate has resulted in dramatically reduced market activity, with the lowest ever level of monthly transactions being recorded in January 2011. The two tragic earthquakes in Christchurch, in September 2010 and February 2011, caused both catastrophic loss of life and unprecedented destruction of property, and brought an almost complete halt to all normal trade, including that of many of our members. Add to this, the progressive implementation of the new Real Estate Agents Act which has continued to require significant work to analyse and assist members in changing the way our members practice real estate.

Responding to the events of the period has required huge effort from everyone associated with REINZ. These efforts have been provided in many cases on a volunteer basis, such as our District Forum Leaders who have worked hard to establish groups in their local areas and run interesting and informative events that serve local needs, and our Sector Group committees who have driven the activities of each of these groups. As a Board we have been working to our capacity at both national and at local level to stimulate what we believe are the necessary steps to bring about the changes needed in the new operating environment. I want to thank my fellow directors and our team at REINZ for their support and commitment.

Changes in the ITO sector, including the removal of funding from the Salesperson's course, impacted significantly on the financial performance and future viability of our ITO. Turning REINZ from a compulsory body with a licensing and discipline focus to a customer focused voluntary members' organisation providing both leadership to our profession plus products and services that enable our members to perform at their very best has been challenging, but exciting. Individually, each of these events would be significant; collectively, they have combined to test the mettle of the organisation and its Board, management and its team. That REINZ is still here, still serving its membership, and forging a course towards the future is a testament to the commitment that the Board and management have brought to the task over the past fifteen months, and to the depth of industry support which we have been pleased to enjoy across all its sectors.

As part of your Board's function, we have introduced a range of disciplines including an Audit Committee and performance reviews to ensure that REINZ works in accordance with good corporate governance principles.

I want to say as a relative new comer to this industry, I continue to be impressed by the hard work ethic and professionalism of our profession. Like all sectors of the community we have some poor performers, but I continue believe we get more than our fair share of attention when things go wrong. We must accept that this is our operating environment under the REAA

and today's broader regulatory environment and I applaud the rigour that this brings to the NZ investment market. We as a Board would like to acknowledge the work done by the Real Estate Agents Authority ("REAA") particularly under Keith Manch's tenure as CEO, in such initiatives as the "triage" process for handling complaints, the REAA's bi-annual Regulator's Forum and the impending introduction of Continuing Education. A pleasing aspect of the year has been the development of a constructive working relationship with the REAA. While our approach and views may often be different given our different functions, we share with the REAA the goal of increasing consumer confidence in the real estate sector through increasing professionalism, and there are many ways we can work together to advance this goal.



Over the year we have sought to engage with the different sectors and segments within our membership, including recognizing the different needs that the different segments have of our services. The need to tailor our service offering and pricing structure to ensure buy in from the major brands as well as the independent providers is crucial to the future of the Institute and will remain a key factor in years to come.

Conditions in the industry remain difficult. While the volume of transactions is showing steady but not spectacular improvement and values are holding relatively constant, the number of new recruits coming into the industry is at an all time low. Demographic analysis of licensees currently in the profession shows that 90% of people in the industry are over the age of 35. As an industry we need to work through the implications of this, and work with the REAA and others to reduce the barriers to entry whilst maintaining standards. This will be a core focus for the coming year.

We are grateful for the support we have received from the real estate profession as we have worked through this extremely challenging year. Our renewal rate of almost 97% of last year's membership was pleasing, but was only achieved with the energetic support of a number of key people, too numerous to list here and not forgetting the support of our members,. We appreciate the backing of all involved as we continue working to complete our transition to serving as the chart & compass of the quality players of the real estate profession.

A handwritten signature in black ink that reads "Rosanne Meo".

**Rosanne Meo**  
Chairman  
On behalf of the REINZ Board

# CEO Report

The change process for REINZ over the period of this report has been significant, and has required both cultural and organisational change. I have appreciated the generous support of the Board, the profession and my management team in this undertaking; we quite genuinely could not have made it to the end of a challenging year in a position to continue to provide our services and support to the real estate profession without the efforts of each and every one of you.

## Key initiatives delivered over the period include:

- Establishing the District Forum Leader network and conducting elections for these positions and the Sector Groups.
- Introducing the REINZ Dispute Resolution process for member to member disputes.
- Development of the eforms platform to include all of the REINZ suite of forms, with API links allowing most industry software providers to link with the REINZ eforms platform. REINZ also provides unlimited use of the forms as a core benefit of membership, rather than a 'pay per form' model.
- Release of new Auction and Tender forms aligned with the requirements of the new Real Estate Agents Act.
- Greatly enhanced communication programme with members, including website upgrades, publication of the HUB as an e-book, weekly email updates, the BNZ / REINZ monthly surveys and Residential Market Overview and regular attendance at brand and REINZ meetings by REINZ CEO, Chair and / or Directors.
- Enhancing the Advisory Services function providing on the spot assistance to members with 'day to day' enquiries, providing 'handshakes' to experienced legal practitioners with more difficult questions and turning frequently asked questions into weekly best practice update tips and webinars.
- Introducing the delivery of training over the REINZ webinar platform (including a recording facility which allows the webinars to be replayed at your leisure), allowing us to bring cost effective training to all members throughout New Zealand.
- Co-ordinating the change of the entire suite of REINZ forms in line with the new Unit Titles Act, with roll out of the new forms within a 20 working day window plus training on the changes delivered to 500 offices by webinar.

## Financial Performance

Financially this has been a very difficult year for the sector and for the Real Estate Institute. The Institute's revenue fell from almost \$8M for the 12 months to 31 March 2010, to \$3.4M for the 15 months to 30 June 2011. Membership levies represented just \$1.6M of that revenue. The Institute

faced significant transition costs, including absorbing fifteen months of operating costs on a 12 month membership revenue flow, redundancy costs for a number of long serving staff, the legal costs of developing and implementing the change in our governance structures and the costs of exiting commitments entered into for a much larger entity. Combined with this, the ITO faced declining trainee numbers and pressure from the Government funding body, the Tertiary Education Commission, to rationalize the number of Industry Training Organisations from 39 to around 8. Realestate.co.nz, the entity in which REINZ has a 50% shareholding, also produced a net loss for the year to 31 March 2011 which is accounted for in the Group's position. In total the financial impact resulted in a deficit of \$1.7M for the core Institute and a combined deficit of \$2.3M for the Group in the first year of oversight by the new Board.



Clearly such a result could not be repeated. There have been two major strands to our response – first and foremost, of course, to reduce the cost base of the operation as far as possible. Key initiatives here included the transfer of the business of the ITO, reduced head count in the Parnell administration team and the closure of three regional offices. The second strand is increasing revenue – a challenge in itself when the advent of eforms is greatly reducing the revenue generated from the sale of hard copy forms. While we have set ourselves some relatively challenging targets in terms of the additional revenue streams to be generated from advertising and other external sources, the increase in subscription charges were a necessary factor in generating sufficient revenue. We have been able to bring the budget for our second year up to a break even position. Increasing revenue generated by other activities so as to reduce our reliance on membership levies is a core goal for REINZ over the coming years.

## Fidelity Guarantee Fund

The Real Estate Agents Act 2008 provided for the Fidelity Guarantee Fund ("the Fund") to be wound up, subject to the requirements of the Act. At the time of writing, we are awaiting a recommendation to the Governor-General to wind up the Fund. At the time that the Fund is wound up, the assets (approximately \$1.7M) will vest in the Real Estate Institute of NZ.

The Board intends to continue to hold the residual balance of the Fund as a Professional Development and Integrity Fund. The purpose of the Professional Development and Integrity Fund will be to support initiatives or services for the benefit of REINZ members that contribute to increasing and maintaining the professional standards of the industry or to protecting the integrity of the industry.

## CEO Report continued

Decisions on initiatives to be supported will be made by a management committee consisting of the independent Chair of REINZ, the Chair of the Audit Committee of REINZ, and an Industry Director from REINZ and chaired by an appointee who is independent of the Board of REINZ. It is envisaged that Arthur Young, who has served as the Chair of the Management Committee of the Fidelity Guarantee Fund, will be appointed to this role.

One of the first initiatives to be considered by this committee will be the development of continuing education programmes enabling REINZ members to meet the requirements being introduced by the Real Estate Agents Authority from January 2012.

### Future Outlook

The Board and management have set a number of three year objectives for REINZ. These include:

- Being financially strong – not for profit, but not for loss. A key part of this will be developing a plan to ensure that all assets of REINZ – particularly the Parnell site – are generating revenue for the benefit of members.
- Building recognition of the REINZ mark as a symbol of high quality service providers.
- Speak for and on behalf of the profession – continue and develop our strong media presence as a commentator and advocate for quality in the real estate profession to further build the quality perception of the REINZ mark.
- Provide members with quality advice on industry issues via a range of channels, including the website, FAQ webinars, and the Advisory Services help desk.
- Become a trusted, collaborative provider of real estate education.
- Develop a data business generating positive earnings to reduce member fees, while protecting the core business of our members.
- Continue to develop and support the REINZ eforms platform.
- Maintain part ownership of realestate.co.nz, the industry owned leading property marketing portal generating modestly positive returns.

The Board, management team, volunteers and supporters of REINZ have worked hard over the last year to ensure that the organisation has a solid platform from which to capture the opportunities of tomorrow. We have a lot of people to thank for the hard work that has gone into getting this far, and we look forward to continuing to work with you to complete the journey. Our industry will continue to change and face new challenges; our profession will need to change and adapt to respond to those changes, and it is our role at REINZ to be your chart and compass as we work together for the development of our great industry.



**Helen O'Sullivan**  
Chief Executive Officer

# REAL ITO Report

As is discussed elsewhere in these pages, the financial period ended 30 June 2011 has been a challenging one for the profession and for REINZ. Those matters unsurprisingly also impacted on REINZ Industry Training Organisation Ltd (now Parnell Education Services Ltd), with numbers of trainees dropping, as the year progressed, to unsustainable levels.

In the financial year ended 31 March 2010 REINZ contributed \$500K to the ITO as part funding of the industry contribution required under the Industry Training Act. The new Board of REINZ considered the level of funding required from REINZ in light of its new financial constraints and reached the view that it was inappropriate for member contributions to be used to subsidise training for industry entrants, and began working with the ITO Board to identify ways in which the ITO operation could be self sustaining without the REINZ subsidy.

In addition to the issues facing the wider real estate profession, the industry training sector came under greater scrutiny from a reform minded Government. A clear message was sent at the beginning of this financial year that the Tertiary Education Commission ("TEC", the funding entity for Industry Training Organisations) viewed the total number (39) of Industry Training Organisations ("ITOs") as less than optimal. The TEC also saw a place for no more than approximately eight ITOs in a future model. TEC also reviewed the parameters for funding of qualifications and identified qualifications that addressed just regulatory or compliance based requirements, and gave notice that from 1 January 2012 it intends to stop funding those qualifications. The National Certificate in Real Estate – the ITO's main product line – was one of the qualifications identified as not attracting funding from 01 January 2012.

Government agencies such as the TEC are understandably concerned to ensure that the entities to whom they provide public funding are meeting appropriate requirements. Accordingly there are a range of requirements from independent Board structure, through external audit by financial and other auditors, and a range of other compliance points – all of which come at a cost. The rising compliance costs, combined with falling trainee numbers and the removal of the subsidy made the future viability of the ITO as a stand alone entity most precarious.

In this environment the only practical solution was to find a financially sound ITO with the experience of dealing with multiple industries who was prepared to assume coverage for the real estate sector. This was done effective from September 2011 (after the closing date of this set of accounts) with the transfer of the ITO business to the ETITO. A loss of \$400K has been recorded in the accounts of the ITO for the year to 30 June 2011, reflecting both the trading result and the write down of non recoverable software assets. A further loss will be incurred in the current financial year, once the final effect of the wind down of the entity has been completed.

The ETITO was identified as the appropriate partner for the real estate industry for a range of reasons, including their previous experience in dealing with multiple industries. A further attraction was the ETITO's Vocational Pathways programme, which has representatives in schools talking about alternative career options which will in future include real estate. Their experience and depth in development of qualifications was also attractive. REINZ and ETITO are currently developing the working pathways between our organisations, as REINZ is committed to remaining involved in the maintenance and development of qualifications for our profession. We see this as a change in the delivery mechanism for one entry route option to the sector, and a new guardian for the qualifications, and a guardian with whom REINZ will remain closely involved. Our commitment to education remains in the wake of the transfer to the ETITO, and we look forward to continuing to ensure that educational opportunities are made available to our membership.



**David Rankin**  
Chairman  
*Parnell Education Services Ltd*

# REINZ Board



**From left:** Liz Nidd, Bryan Thomson, Helen O'Sullivan, Richard Janes, Philip Searle, Rosanne Meo, Euan Murrell, David Rankin, Jean Smith, Tony McPherson. *Photo by Sharon Lovie, REINZ*

## The REINZ board of nine members is comprised of:

- Two Independents, one of who must be the Chair.
- Two Industry Representatives; and
- Five Regional Directors;

The current 2010-2012 board is made up of the following members plus our five regional directors.

### Rosanne Meo (Chair) Independent

Auckland-based Rosanne Meo has worked as a company director for almost 20 year, being amongst the first professional women directors in New Zealand. Her directorships have obviously principally in New Zealand but also in Australia, and cover both public and private companies, SOEs as well as extensive work in the voluntary sector, particularly in the arts and community support. She is currently Chair of Briscoes Group, the Auckland Philharmonia and AMPNZ Services Ltd; a director of Overland Footwear; and a trustee of the Kelliher Trust and South Auckland Health Foundation.

### Dr Richard Janes, Independent

Dr Richard Janes of Wellington is a professional company director whose considerable experience includes wide involvement in the agricultural and export industries. As well as various company directorships, he is currently a director of the NZ Lotteries Commission and Chair of the Electricity & Gas Complaints Commission.



## REINZ Board continued

### **Bryan Thomson AREINZ, Industry Representative**

Bryan Thomson has achieved an impressive track record during almost 20 years in the real estate industry working in positions throughout New Zealand ranging from sales consultant to senior management. An experienced director based in Auckland, Bryan was Chief Executive for Harcourts New Zealand for eight years before being appointed to the new role of Head of Real Estate Operations for Harcourts Australasia in April 2010. Bryan oversees the Auctioneer's Sector Group.

### **David Rankin, FREINZ, Industry Representative**

Managing Director of Livingstone Realty Ltd in Canterbury, David Rankin is chair of the Real Estate Network Ltd, a co-operative company comprising most of the residential real estate firms active in Christchurch. David is also a member of the Institute of Directors in New Zealand.

### **Jean Smith, FREINZ, Regional Director, Northland, Auckland**

In real estate since 1981, Jean has enjoyed a long association with the Institute. She has served as Auckland's District President and was elected Councillor for Region 1 in 2007. Being actively involved in the day to day running of an office provides Jean a clear picture of what services the Institute needs to provide and is committed to ensuring those services are of great value and benefit to members at the coal face.

Jean feels she has something to offer the new board, by way of experience with the district committees and council. She works in the industry so is able to bring to the table the practical business needs required from the Institute.

### **Philip Searle FREINZ, Regional Director, Waikato / Bay of Plenty / Gisborne**

Born and bred in Gisborne, Philip has served on the Institute's Waikato/Bay of Plenty/Gisborne district committee for close to a decade with three years as District President.

Philip believes the experience he has gained from his involvement with the Institute and community organisations, running an agency, involvement in the horticultural industry, and marketing and selling wine (which is not the easiest thing to do at the moment) puts me in a good position to work with the other members of the Board in working to make sure we achieve the objectives and purposes of the Institute.

Philip oversees the Commercial & Industrial Sector Group.

### **Euon Murrell, AREINZ, Regional Director, Hawkes Bay, Manawatu / Wanganui, Taranaki, Wellington**

Euon has been involved in the real estate industry for 26 years. An Associate of the Institute, Euon has been Wellington's District President since 2004 and was elected to Region 3 Councillor in 2009. He is a Justice of the Peace, Porirua City Councillor, board member of the Porirua Chamber of Commerce and past president of the Rotary Club of Hutt Valley.

He is strongly committed to ensure that the new Institute is very much member focused and able to deliver services and products to assist its members in the day to day running of their business.

### **Tony McPherson, AREINZ, Regional Director, Nelson / Marlborough, Canterbury / Westland**

A fourth generation Central Otagoite, Tony came to Real Estate with a background in farming and horticulture. He commenced his real estate career in 1989. During the next 8 years Tony worked for Harding Real Estate as a salesperson, sales manager and branch manager with involvement in residential and commercial property development.

In 1997 an opportunity to purchase the Church Corner office was taken up by Tony and two other colleagues, licensed as AJ McPherson and Associates Ltd, the company joined the Ray White brand early in 1998. 2004 saw expansion with the acquisition of a second business and during the next seven years the McPherson Group grew to eight offices through joint ventures, one property management and seven sales offices engaging over 100 salespeople, administrators/support and property managers.

Tony is also REINZ spokesperson for the greater Christchurch real estate area. He has four adult children and six grandchildren. His interests outside of these are reading, travel, food, wine and rugby.

### **Liz Nidd, AREINZ, Regional Director, Otago, Southland, Central Otago Lakes**

With over 20 years experience in the real estate industry, Liz retains a passion for real estate. Liz's association with the Institute dates back to 1994 when she first joined the Otago District Committee. Since then, Liz has continued to hold positions on the District Committee being elected as Vice President from 2002 to 2005, and President 2005 to 2008. She was elected to the Institute's Council to represent Region 5 in 2009.

Liz believes standing for the Board of REINZ is a natural progression and relishes the opportunity to continue to continue to represent Region 5 and make sure the 'southern voice' is heard.

Liz oversees the Residential Property Managers Sector Group.

# Independent Auditor's Report

## To the Members of The Real Estate Institute of New Zealand Incorporated

### Report on the Financial Statements

We have audited the financial statements of The Real Estate Institute of New Zealand Incorporated and its subsidiaries on pages 11 to 21, which comprise the statement of financial position of The Real Estate Institute of New Zealand Incorporated and the group as at 30 June 2011, and the statement of financial performance and statement of movements in equity for the period then ended of the Institute and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Institute's members, as a body, in accordance with the Rules of the Institute. Our audit has been undertaken so that we might state to the Institute's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Director's Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the Institute's preparation and fair presentation of the financial statements 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 Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Ernst & Young provides taxation services to the Institute and group.

Partners and employees of our firm may deal with the Institute and group on normal terms within the ordinary course of trading activities of the business of the Institute and group.

### Opinion

In our opinion, the financial statements on pages 11 to 21:

- comply with generally accepted accounting practice in New Zealand; and
- fairly present, in all material respects, the financial position of The Real Estate Institute of New Zealand Incorporated and the group as at 30 June 2011 and the financial performance of the Institute and group for the period then ended.



4 November 2011  
Auckland

## Financial Statements

### Statement of Financial Position as at 30 June 2011

|  | NOTE | GROUP<br>30 June 2011 | GROUP<br>31 March 2010 | INSTITUTE<br>30 June 2011 | INSTITUTE<br>31 March 2010 |
|--|------|-----------------------|------------------------|---------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                  |      |                       |                        |                           |                            |
| Cash at bank                           | 8    | 1,020,735             | 1,556,772              | 612,843                   | 1,274,731                  |
| Accounts receivable                    |      | 477,138               | 345,581                | 465,977                   | 274,745                    |
| Receivables from associate             |      | 248,817               | 200,300                | 248,817                   | 200,300                    |
| Related party receivable               |      | -                     | 2,807                  | -                         | 36,838                     |
| Inventory                              |      | 9,159                 | 15,935                 | 9,159                     | 15,935                     |
| Goods and services tax                 |      | -                     | 51,368                 | -                         | 63,955                     |
| Tax refund due                         |      | 13,848                | 23,315                 | 7,404                     | 12,222                     |
| Prepayments                            |      | 41,163                | 84,374                 | 41,163                    | 79,733                     |
|  |      | <b>\$1,810,860</b>    | 2,280,452              | <b>\$1,385,363</b>        | 1,958,459                  |
| <b>NON CURRENT ASSETS</b>              |      |                       |                        |                           |                            |
| Investments                            | 6    | 354,099               | 631,916                | 355,099                   | 571,421                    |
| Property, plant and equipment          | 4    | 2,675,698             | 3,421,917              | 2,666,388                 | 3,414,649                  |
| <b>Total Assets</b>                    |      | <b>\$ 4,840,657</b>   | \$ 6,334,285           | <b>\$4,406,850</b>        | \$ 5,944,529               |
| <b>CURRENT LIABILITIES</b>             |      |                       |                        |                           |                            |
| Accounts payable and other liabilities | 17   | 1,174,605             | 964,433                | 588,237                   | 896,429                    |
| Goods and services tax                 |      | 55,605                | -                      | 53,990                    | -                          |
| Licence fees received in advance       |      | 659,600               | -                      | 659,600                   | -                          |
| Provision for holiday pay              |      | 83,319                | 118,256                | 66,651                    | 99,207                     |
|  |      | <b>1,973,129</b>      | 1,082,689              | <b>\$1,368,478</b>        | 995,636                    |
| <b>ACCUMULATED FUNDS</b>               |      |                       |                        |                           |                            |
|  |      | <b>2,867,528</b>      | 5,251,596              | <b>3,038,372</b>          | 4,948,893                  |
| <b>Total Funds and Liabilities</b>     |      | <b>\$4,840,657</b>    | \$ 6,334,285           | <b>\$ 4,406,850</b>       | \$ 5,944,529               |

On behalf of the Board who authorised these financial statements on 18 October 2011.



Rosanne Meo  
CHAIRMAN



Richard Janes  
DIRECTOR

The notes on pages 13 to 19 form part of these financial statements.

## Financial Statements

### Statement of Financial Performance for the 15 months ended 30 June 2011

|   | NOTE | GROUP<br>30 June 2011 | GROUP<br>31 March 2010 | INSTITUTE<br>30 June 2011 | INSTITUTE<br>31 March 2010 |
|---|------|-----------------------|------------------------|---------------------------|----------------------------|
| Operating revenue                           |      | 4,625,976             | 9,023,200              | 3,360,539                 | 7,757,497                  |
| Interest revenue                            |      | 32,521                | 94,879                 | 16,422                    | 92,685                     |
| <b>Total Revenue</b>                        | 2    | <b>4,658,497</b>      | 9,118,079              | <b>3,376,961</b>          | 7,850,182                  |
| Surplus / (Deficit)<br>before income tax    | 3    | <b>(2,384,068)</b>    | 1,418,003              | <b>(1,910,521)</b>        | 613,981                    |
| Income tax (credit) / expense               | 7    | -                     | (4,088)                | -                         | (4,088)                    |
| <b>Net Surplus / (Deficit) for the year</b> |      | <b>(\$2,384,068)</b>  | \$ 1,413,915           | <b>(\$1,910,521)</b>      | \$ 609,893                 |

### Statement of Movements in Equity for the 15 months ended 30 June 2011

|   | GROUP<br>30 June 2011 | GROUP<br>31 March 2010 | INSTITUTE<br>30 June 2011 | INSTITUTE<br>31 March 2010 |
|---|-----------------------|------------------------|---------------------------|----------------------------|
| Accumulated funds at beginning of year                        | \$ 5,251,596          | 3,837,681              | \$ 4,948,893              | 4,339,000                  |
| Net (Deficit)/Surplus after tax                               | <b>(\$2,384,068)</b>  | 1,413,915              | <b>(\$1,910,521)</b>      | 609,893                    |
| <b>Total recognised revenue and<br/>expenses for the year</b> | <b>(\$2,384,068)</b>  | 1,413,915              | <b>(\$1,910,521)</b>      | 609,893                    |
| <b>Accumulated funds at end of year</b>                       | <b>\$ 2,867,528</b>   | \$ 5,251,596           | <b>\$ 3,038,372</b>       | \$ 4,948,893               |

The notes on pages 13 to 19 form part of these financial statements.

# Notes to the Financial Statements *for the 15 months ended 30 June 2011*

## 1. Statement of Accounting Policies

### REPORTING ENTITY

The Real Estate Institute of New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. The Real Estate Institute of New Zealand Incorporated and its wholly owned subsidiaries, REINZ Members Services Limited, RealENZ Limited and REINZ Industry Training Organisation Limited, comprise the Real Estate Institute of New Zealand Group.

REINZ Member Services Limited has a 50% share in the equity of Realestate.co.nz Limited and Real Estate Insurance Services Limited. Realestate.co.nz has a 45% share in Zoodle Limited. Zoodle Ltd is not considered to be part of the Group.

These financial statements are a general purpose report which have been prepared in accordance with generally accepted accounting practice.

### MEASUREMENT BASE

The accounting policies recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed.

### DIFFERENTIAL REPORTING

The Institute and Group qualify for differential reporting as they are not publicly accountable and not large. The Group and the Institute has taken advantage of all differential reporting exceptions.

### GOING CONCERN

The Board has a reasonable expectation that the Institute has adequate resources to continue operations for the foreseeable future and as such is a going concern. The Institute is currently running its operations and cost structures in order to ensure that future cash operations are cash positive. For this reason the Board continues to adopt the going concern assumption in preparing the financial report for the accounting period ended 30 June 2011.

### SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

### COMPARATIVE FIGURES

As the Institute changed its balance date last year, these figures represent 15 months trading from 1 April, 2010 to 30 June, 2011. Comparative figures represent 12 months trading or are stated as at 31 March, 2010.

#### **Consolidation:**

- Subsidiaries are entities in which the Institute has the capacity to determine the financing and operating policies and from which it has an entitlement to significant ownership benefits. Although the balance dates of subsidiaries have not been changed the financial statements have been amended so that the financial statements for subsidiaries includes 15 months trading.
- The consolidated financial statements include the Institute and its subsidiaries, which are accounted for using the Purchase method. The effects of all significant inter-company transactions between entities that have been consolidated are eliminated on consolidation in the Institute's financial statements. Investments in subsidiaries are recognised at cost less provision for permanent impairment.
- The consolidated financial statements include the Institute, REINZ Member Services Ltd (an investment company), RealENZ Limited (a web-based marketing company, now non trading), and REINZ Industry Training Organisation Limited (an industry training organisation now (after balance date) not trading). All significant inter-company transactions are eliminated on consolidation. In the Institute's financial statements, the investment in REINZ Members Services Ltd is recognised at cost, less provision for diminution in value.
- The investment in Realestate.co.nz Limited is accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. During the year an investment in Real Estate Insurance Services Ltd was sold. Zoodle Ltd is not considered to be an associated company for consolidation purposes. Both realestate.co.nz Ltd and Zoodle Ltd have balance dates as at 31 March, 2011.

#### **Revenue:**

Membership fees are invoiced in advance and are recognised as a liability in the statement of financial position at the time the invoice is raised. Revenue is then recognised in the statement of financial performance over the period to which the membership fees relate.

## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### Receivables:

Accounts receivable are stated at estimated realisable value.

### Inventory:

Inventory held for resale is stated at the lower of cost, using a first-in-first-out basis, and net realisable value.

### Property, Plant and Equipment:

- All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition. When an item of property, plant and equipment is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of financial performance.
- Land is recorded at cost. Other fixed assets are stated at cost less accumulated depreciation.
- Depreciation is written off against property, plant and equipment on a straight line basis over the estimated useful lives, assessed as follows:

|                        |              |
|------------------------|--------------|
| Buildings              | 66 years     |
| Leasehold alterations  | 10 years     |
| Furniture and fittings | 8 - 10 years |
| Computer hardware      | 3 - 5 years  |
| Computer software      | 2 - 3 years  |

### Taxation:

Income tax is recorded in accordance with the taxes payable method. Therefore, the income tax expense charged to the Statement of Financial Performance is the estimated liability for tax in relation to current period operations. Deferred tax is not accounted for.

### Leases:

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

### Goods and Services Tax (GST):

The income statement has been prepared on a GST exclusive basis. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST.

### Employee Entitlements:

A liability for annual leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

### Trade and Other Payables:

Trade and other payables are carried at cost and due to their short term nature they are not discounted.

### District Term Deposits:

District term deposits are subject to an insignificant risk of change and are held on a long term basis.

## CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

All policies have been applied in a manner consistent with those used in previous years. Comparative figures represent 12 months trading.

## 2. Revenue

|                                      | GROUP<br>30 June 2011<br>\$ | GROUP<br>31 March 2010<br>\$ | INSTITUTE<br>30 June 2011<br>\$ | INSTITUTE<br>31 March 2010<br>\$ |
|--------------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|
| Membership fees                      | 1,617,994                   | 4,307,037                    | 1,617,994                       | 4,307,037                        |
| Services provided to members         | 2,726,327                   | 3,121,809                    | 1,345,890                       | 2,081,556                        |
| Licencing and regulatory revenue     | -                           | 1,238,307                    | -                               | 1,238,307                        |
| Share of net surpluses of Associates | -                           | 225,450                      | -                               | -                                |
| Dividend revenue                     | -                           | -                            | -                               | -                                |
| Interest revenue                     | 32,521                      | 94,879                       | 16,422                          | 92,685                           |
| Other revenue                        | 281,655                     | 130,597                      | 396,655                         | 130,597                          |
| <b>Total Operating Revenue</b>       | <b>\$4,658,497</b>          | <b>9,118,079</b>             | <b>\$3,376,961</b>              | <b>7,850,182</b>                 |

## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### 3. Operating Surplus / (Deficit) before Taxation After charging / (crediting)

|  | GROUP<br>30 June 2011<br>\$ | GROUP<br>31 March 2010<br>\$ | INSTITUTE<br>30 June 2011<br>\$ | INSTITUTE<br>31 March 2010<br>\$ |
|--|-----------------------------|------------------------------|---------------------------------|----------------------------------|
| Audit fees                                   | 62,721                      | 42,578                       | 41,990                          | 28,701                           |
| Other fees paid to auditors                  | 113,661                     | 50,277                       | 113,661                         | 50,277                           |
| Rental and operating lease costs             | 3,158                       | 136,128                      | 3,158                           | 136,128                          |
| Depreciation                                 | 187,421                     | 299,046                      | 126,424                         | 298,931                          |
| Interest expense                             | -                           | 890                          | -                               | 890                              |
| Bad debts                                    | 26,422                      | -                            | 26,422                          | -                                |
| Gain on disposal of assets                   | (101,282)                   | -                            | (377,635)                       | -                                |
| Plain English Forms write off                | -                           | 152,293                      | -                               | 152,293                          |
| Provision against related party balance      | -                           | -                            | -                               | 157,437                          |
| Equity accounted profit or gain on disposal: |                             |                              |                                 |                                  |
| Realestate.co.nz Limited                     | 273,532                     | (222,273)                    | -                               | -                                |
| Real Estate Insurance Services Ltd           | (5,526)                     | (3,177)                      | (5,526)                         | -                                |

### 4. Property, Plant and Equipment

| GROUP 2011               | COST<br>2011 | ACCUMULATED<br>DEPRECIATION<br>2011 | BOOK VALUE<br>2011 |
|--------------------------|--------------|-------------------------------------|--------------------|
| Land                     | 1,474,140    | -                                   | 1,474,140          |
| Buildings                | 1,637,830    | (592,574)                           | 1,045,256          |
| Furniture and fittings   | 352,600      | (308,739)                           | 43,861             |
| Computer hardware        | 348,380      | (335,257)                           | 13,123             |
| Computer software        | 418,562      | (319,244)                           | 99,318             |
| Capital work in progress | -            | -                                   | -                  |
|                          | 4,231,512    | (1,555,814)                         | 2,675,698          |

| GROUP 2010               | COST<br>2010 | ACCUMULATED<br>DEPRECIATION<br>2010 | BOOK VALUE<br>2010 |
|--------------------------|--------------|-------------------------------------|--------------------|
| Land                     | 1,683,923    | -                                   | 1,683,923          |
| Buildings                | 1,955,955    | (633,159)                           | 1,322,796          |
| Leasehold alterations    | 295,337      | (192,946)                           | 102,391            |
| Furniture and fittings   | 927,492      | (800,711)                           | 126,781            |
| Computer hardware        | 901,088      | (874,015)                           | 27,072             |
| Computer software        | 1,243,086    | (1,088,633)                         | 154,454            |
| Capital work in progress | 4,500        | -                                   | 4,500              |
|                          | 7,011,381    | (3,589,464)                         | 3,421,917          |

## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### 4. Property, Plant and Equipment (Cont)

| INSTITUTE 2011           | COST<br>2011     | ACCUMULATED<br>DEPRECIATION<br>2011 | BOOK VALUE<br>2011 |
|--------------------------|------------------|-------------------------------------|--------------------|
| Land                     | 1,474,140        | -                                   | 1,474,140          |
| Buildings                | 1,637,830        | (592,574)                           | 1,045,256          |
| Furniture and fittings   | 350,500          | (308,604)                           | 41,896             |
| Computer hardware        | 330,040          | (324,078)                           | 5,962              |
| Computer software        | 418,183          | (319,049)                           | 99,134             |
| Capital work in progress | -                | -                                   | -                  |
|                          | <b>4,210,693</b> | <b>(1,544,305)</b>                  | <b>2,666,388</b>   |

| INSTITUTE 2010           | COST<br>2010     | ACCUMULATED<br>DEPRECIATION<br>2010 | BOOK VALUE<br>2010 |
|--------------------------|------------------|-------------------------------------|--------------------|
| Land                     | 1,683,923        | -                                   | 1,683,923          |
| Buildings                | 1,955,955        | (633,159)                           | 1,322,796          |
| Leasehold alterations    | 295,337          | (192,946)                           | 102,391            |
| Furniture and fittings   | 927,492          | (800,711)                           | 126,781            |
| Computer hardware        | 898,578          | (873,914)                           | 24,663             |
| Computer software        | 1,242,712        | (1,088,618)                         | 154,095            |
| Capital work in progress | -                | -                                   | -                  |
|                          | <b>7,003,997</b> | <b>(3,589,348)</b>                  | <b>3,414,649</b>   |

### 5. Related Party Transactions

The Board receive fees in respect of attending Board Meetings and to attending to Institute affairs. These fees are paid during the year. As a result of the change in the governance of the Institute, payments were previously made by daily allowance to Councillor's and the President.

After the end of the year P Hedwig resigned as a Director due to ill health and was replaced by T McPherson. The Inaugural Board therefore consists of R Meo (Chairman), R Janes, T McPherson, E Murrell, L Nidd, D Rankin, P Searle, J Smith, and B Thomson.

The Table below details payments made for Director's duties during the year, and include additional payments for work beyond the scope of the Chairman's role during the period that the entity did not have a permanent Chief Executive.

|                | INSTITUTE<br>2011 | INSTITUTE<br>2010 |
|----------------|-------------------|-------------------|
| Meo, R (Chair) | \$70,000          | -                 |
| Hedwig, P      | \$25,000          | -                 |
| Janes, R       | \$25,000          | -                 |
| Murrell, E     | \$25,000          | -                 |
| Nidd, L        | \$25,000          | -                 |
| Rankin, D      | \$25,000          | -                 |
| Searle, P      | \$25,000          | -                 |
| Smith, J       | \$25,000          | -                 |
| Thomson, B     | \$25,000          | -                 |
|                | <b>\$270,000</b>  | <b>-</b>          |



## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### 5. Related Party Transactions (Cont)

A separate board is responsible for the activities of REINZ Industry Training Organisation Ltd. As Chairman of this Board, Mr Rankin received \$3,000 for his responsibilities as a Director. Mr Janes also receives a fee as being the Institute's representative director on the Board of realestate.co.nz Ltd.

Prior to the appointment of the Board the Institute was governed by a Council. Council payments for the period of this report totalled \$89,684. The allowances paid during the year to the Council, which included the presidential retainer were as follows:

|             | INSTITUTE<br>2011 | INSTITUTE<br>2010 |
|-------------|-------------------|-------------------|
| Cleland, M  | -                 | \$11,022          |
| Cooney, W   | -                 | \$4,200           |
| Elford, M   | \$5,000           | \$77,025          |
| Falconer, N | \$7,667           | \$13,200          |
| McDonald, P | \$46,350          | \$75,925          |
| Murrell, E  | \$4,000           | \$6,000           |
| Neylon, P   | \$4,000           | \$12,300          |
| Nidd, E     | \$4,000           | \$6,000           |
| Pinkney, M  | \$7,667           | \$15,900          |
| Ross, J     | \$3,000           | \$3,150           |
| Smith, J    | \$4,000           | \$11,400          |
| Winter, M   | \$4,000           | \$6,000           |
|             | <b>\$89,684</b>   | <b>\$242,122</b>  |

The Institute charged the Real Estate Agents Fidelity Guarantee Fund an administration fee of \$37,500 (2010: \$30,000) and an education subsidy of \$nil (2010: \$45,392). As at 30 June 2011, an amount of \$54,062 was receivable from the Real Estate Agents Fidelity Guarantee Fund (2010: \$2,807).

During the year the Institute charged REINZ Industry Training Organisation \$62,500 (2010: \$66,000) for administration services rendered. The Institute made a payment of \$156,250 (2010: \$500,000) to the ITO as an industry contribution.

All charges were made at commercial rates or to recover costs actually incurred.

During the year the Institute charged Realestate.co.nz Limited \$Nil (2010: \$40,000) for contracting services rendered. These services related to rent, and an administration charge. In addition, the Institute charged Realestate.co.nz Limited \$39,135 (2010 \$39,135) of interest and \$10,000 (2010: \$10,000) of software license fee during the year.

## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### 6. Investments

|  | GROUP<br>2011     | GROUP<br>2010 | INSTITUTE<br>2011 | INSTITUTE<br>2010 |
|--|-------------------|---------------|-------------------|-------------------|
| <b>INVESTMENT IN SUBSIDIARY</b>                    |                   |               |                   |                   |
| REINZ Member Services Ltd<br>1,000 ordinary shares | -                 | -             | <b>1,000</b>      | 1,000             |
| <b>OTHER INVESTMENTS AND LOANS</b>                 |                   |               |                   |                   |
| REINZ Member Services Limited                      | -                 | -             | -                 | 1,599,255         |
| Less: provision                                    | -                 | -             | -                 | (1,599,255)       |
| Realestate.co.nz Limited - loan                    | -                 | 214,500       | -                 | 214,500           |
| Add: share of retained surplus                     | -                 | 59,032        | -                 | -                 |
| Real Estate Insurance Services Limited<br>- loan   | -                 | -             | -                 | -                 |
| Add: share of retained surplus                     | -                 | 2,463         | -                 | -                 |
|  | -                 | 275,995       | <b>1,000</b>      | 215,500           |
| <b>District Term Deposits</b>                      | <b>354,099</b>    | 355,921       | <b>354,099</b>    | 355,921           |
| <b>Equity Investments</b>                          | -                 | -             | -                 | -                 |
|  | <b>\$ 354,099</b> | \$ 631,916    | <b>\$ 355,099</b> | \$ 571,421        |

RealENZ Limited and REINZ Industry Training Organisation Limited are wholly owned subsidiaries of REINZ Member Services Limited. The value of investments and loans in related entities have been reviewed taking into account the net asset positions and business of those entities. Where appropriate, provision has been recognised to reflect likely impairment. The Board has considered the net carrying value of investments and believe they are recoverable.

The Group has a 50% interest in Realestate.co.nz Limited, which is a web listing portal for residential property sales. The 50% interest in Real Estate Insurance Services Limited, which is an insurance broker was sold during the period of these financial statements. Realestate.co.nz Limited has a 45% interest in Zoodle Limited which is an on-line property information company. Both realestate.co.nz Ltd and Zoodle Ltd have balance dates as at 31 March, 2011.

The various districts around the Country have bank deposits totalling \$354,099(2010: \$355,921).

### 7. Taxation

|                                      | GROUP<br>2011      | GROUP<br>2010 | INSTITUTE<br>2011  | INSTITUTE<br>2010 |
|--------------------------------------|--------------------|---------------|--------------------|-------------------|
| Surplus/(Deficit) before tax         | <b>(2,384,069)</b> | 1,418,003     | <b>(1,696,023)</b> | 613,981           |
| Taxation charge (30%)                | <b>(715,221)</b>   | 425,401       | <b>(508,807)</b>   | 184,194           |
| Tax losses not recognised/(utilised) | <b>715,221</b>     | (421,313)     | <b>508,807</b>     | (180,106)         |
| <b>Tax Expense</b>                   | -                  | 4,088         | -                  | 4,088             |

There are estimated group tax losses of \$7,000,000 approx (2010: \$5,815,800) available to be carried forward at balance date. These are subject to statutory requirements continuing to be met and the Group earning sufficient assessable income.

## Notes to the Financial Statements *for the 15 months ended 30 June 2011*

### 8. Cash at Bank

The cash at bank is in part restricted against a liability for unclaimed bond monies to the value of \$93,047 (2010: \$93,047).

### 9. Segment Information

The Institute provides professional services to members of the real estate industry. All operations are carried out within New Zealand.

### 10. Contingent Liabilities

There were no contingent liabilities at balance date (2010: \$Nil).

### 11. Capital Commitments

There were no capital commitments at balance date (2010: \$Nil).

### 12. Financial Instruments

#### Credit Risk

Financial instruments which potentially subject the group to credit risk principally consist of bank balances, accounts receivable, and term deposits. There are no significant concentrations of credit risk within the Group. No collateral is required as the Group transacts with reputable institutions.

#### Interest Rate Risk

The interest rate on both cash at bank and term deposit investments is variable in nature. None of the balances subject to interest rate risk are fixed in maturity.

#### Fair Value

The fair value of all financial instruments is reflected by the carrying value as recorded on the Statement of Financial Position.

### 13. Guarantees

The Institute has provided guarantees to third parties to a total value of \$50,000 (2010 \$75,000). This is for a payroll letter of credit issued by BNZ to secure staff salaries.

### 14. Operating Leases

The future operating lease commitments as at 30 June 2011 were as follows:

|             | \$<br>2011 | \$<br>2010 |
|-------------|------------|------------|
| 0 – 1 year  | Nil        | 107,349    |
| 1 – 2 years | Nil        | 82,000     |
| 3 – 5 years | Nil        | 246,000    |
| 5+ years    | Nil        | 45,500     |

### 15. Contingent Assets

Under the Real Estate Agents Act 2008 the Real Estate Fidelity Guarantee Fund is in the process of being wound up. Application to wind the fund up as at 10 June, 2011 being the day on which no further claims could be received is currently before the Minister responsible. On the date specified in the Order in Council made under section 163(7) on which the Real Estate Agents Fidelity Guarantee Fund is wound up, any remaining assets of the fund will become the property of REINZ and cease to be held in trust for the purposes stated in section 81 of the Real Estate Agents Act 1976. As at 10 June 2011 the net assets of the Fund were \$1,884,307 (2010: \$1,884,307).

### 16. Events Subsequent to Balance Date

The business of REINZ Industry Training Organisation Ltd was transferred to the Electro Technology Industry Training Organisation Ltd (ETITO) in September, 2011. The Company has changed its name following the transfer to Parnell Education Services Ltd.

For the 15 month period ended 30 June, 2011, revenue from the REINZ Industry Training Organisation Ltd was \$1,489,736 on which the deficit was \$406,362. The Company ceased trading in September, 2011.

## Supplementary Information - Unaudited for the 15 months ended 30 June 2011

### Statement of Financial Performance (Institute only)

|   | REVENUE<br>2011<br>15 MONTHS | EXPENSE<br>2011<br>15 MONTHS | REVENUE<br>2010<br>12 MONTHS | EXPENSE<br>2010<br>12 MONTHS |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>SERVICES TO MEMBERS</b>                |                              |                              |                              |                              |
| Education                                 | 261,622                      | 468,509                      | 104,595                      | 543,061                      |
| Publications                              | 565,653                      | 420,789                      | 835,281                      | 509,032                      |
| Journal                                   | 163,879                      | 203,336                      | 145,045                      | 341,616                      |
| Statistics                                | 210,168                      | 48,386                       | 407,612                      | 88,193                       |
| Member services                           | 5,229                        | 240,832                      | 356,946                      | 170,032                      |
| Special interest groups                   | 139,339                      | 84,520                       | 232,075                      | 339,397                      |
|   | <b>1,345,890</b>             | <b>1,466,372</b>             | 2,081,554                    | 1,991,331                    |
| <b>LICENSING &amp; REGULATORY MATTERS</b> |                              |                              |                              |                              |
| REALB                                     | -                            | -                            | 1,140,856                    | 938,485                      |
| Trust Audit                               | -                            | -                            | -                            | 26,664                       |
| Legal                                     | -                            | -                            | 97,452                       | 334,115                      |
| Premises - Gillies Ave                    | 12,003                       | 24,775                       | -                            | (65,346)                     |
|   | <b>12,003</b>                | <b>24,775</b>                | 1,238,308                    | 1,233,918                    |
| <b>ADMINISTRATION</b>                     |                              |                              |                              |                              |
| Administration fees                       | 125,000                      | -                            | 30,000                       | -                            |
| Premises - 202 Parnell Rd                 | 52,500                       | 89,221                       | -                            | 123,928                      |
| National AGM                              | -                            | 56,482                       | 5,711                        | 10,888                       |
| General administration                    | -                            | 2,697,139                    | -                            | 2,578,033                    |
| Districts administration                  | -                            | 565,813                      | 86,599                       | 988,466                      |
| Interest                                  | 16,422                       | -                            | 92,685                       | 890                          |
| Other                                     | 207,154                      | 173,182                      | 8,288                        | 90,779                       |
|   | <b>401,076</b>               | <b>3,581,837</b>             | 223,283                      | 3,792,984                    |
| External Relations                        | -                            | -                            | -                            | 60,531                       |
| Subscriptions                             | 1,617,994                    | -                            | 4,307,037                    | -                            |
|   | <b>3,376,963</b>             | <b>5,072,984</b>             | 7,850,182                    | 7,078,764                    |
| <b>OPERATING SURPLUS/(DEFICIT)</b>        | <b>(1,696,021)</b>           |                              | 771,418                      |                              |
| Provision for write down in Investment    | (214,500)                    |                              | (157,437)                    |                              |
| Operating Surplus/(Deficit) before tax    | <b>(\$1,910,521)</b>         |                              | \$ 613,981                   |                              |

## Supplementary Information - Unaudited for the 15 months ended 30 June 2011

### External Relations - Expenses

|  | INSTITUTE<br>2011<br>15 MONTHS | INSTITUTE<br>2010<br>12 MONTHS |
|--|--------------------------------|--------------------------------|
| Travel   | 27,684                         | 53,269                         |
| Government, Public Relations, Strategy and Promotional | 124,605                        | 49,047                         |
|  | <b>\$ 152,289</b>              | <b>\$102,316</b>               |

### General Administration

|                                    | INSTITUTE<br>2011   | INSTITUTE<br>2010   |
|------------------------------------|---------------------|---------------------|
| Accounting                         | 113,661             | 50,277              |
| Audit                              | 41,990              | 28,701              |
| Communications                     | 12,360              | 5,160               |
| Computer charges                   | 301,783             | 128,420             |
| Council expenses                   | 174,570             | 500,753             |
| Depreciation                       | 126,424             | 298,931             |
| Directors Fees                     | 270,000             | -                   |
| Board Meeting Costs (Incl Travel)  | 65,258              | -                   |
| General                            | 46,103              | 161,275             |
| Insurance                          | 32,570              | 25,166              |
| Postage                            | 18,545              | 17,664              |
| Printing and stationery            | 64,443              | 64,394              |
| Loss/(Gain) on disposal of assets  | (377,635)           | -                   |
| Salaries, Staff Costs and Benefits | 1,741,491           | 1,250,730           |
| Telephones                         | 65,576              | 46,562              |
|                                    | <b>\$ 2,697,139</b> | <b>\$ 2,578,033</b> |

# Life Member Nominations

Set out below are the profiles of the individuals nominated this year for Life Membership of REINZ.

Life membership is the highest honour that REINZ is able to bestow on members, and is reserved for those few who have provided an outstanding and meritorious contribution to REINZ and to the real estate industry.

In our nominations this year, we recognise individuals for their service to REINZ as Presidents of the organisation, who have helped guide REINZ through a very difficult transition period from a compulsory to voluntary organisation; and who have made huge input to the industry in their establishment of significant business. REINZ and the profession itself would be surely be poorer without the services of these four individuals.

The Rules of REINZ require that nominees for Life Membership are approved by a two thirds majority of the Board, and by two thirds of those present and voting at an Annual General Meeting ("AGM"). Your Board has unanimously approved the nomination of each of these individuals, and recommends their approval as Life Members to the AGM.

## LIFE MEMBER NOMINEES



### **Stephen Collins**

First entering the real estate business in 1968, Stephen Collins is the first of our nominees who has contributed greatly to the industry in his development of both Real Estate.co.nz and, significantly, Harcourts.

Stephen created Collins Real Estate in 1972, which he grew to be the biggest in its market before amalgamating with Harcourts in 1985. Stephen developed the technology, systems, training and education programmes that grew Harcourts from 14 offices to its present position as a market leader in New Zealand and Australia and now with more than 800 offices worldwide now represented in 9 countries conducting over 20 billion dollars in real estate sales every year.

Stephen also represented the Real Estate Institute as a director of Realestate.co.nz, New Zealand's major Internet provider to the real estate industry.

Stephen is a past member of the REINZ Council, was granted Associate status with REINZ in 1972 and honoured as a Fellow in 1997.

Outside of Real Estate Stephen carrying an impressive list of accolades – too many to mention in here. He was awarded Fellowship with the New Zealand Institute of Management; he is a Past President, Life Member, and presently sits on the board of the Canterbury Employers Chamber of Commerce and has represented them on the Canterbury Metropolitan Urban Development Strategy Committee and the Environment Canterbury Area Committee; he is a past President of the Business New Zealand Executive Board and its National Committee.

Stephen is also a private investor in technologies and a real estate developer and investor. Now retired from daily involvement, he remains on the Harcourts Board of Directors.



### **Michael Elford**

Mike Elford is the first of our nominees who served as President, in 2008, and who we acknowledge for his contribution to Real Estate.co.nz.

Mike joined the Otago District Committee in 1996, chaired the Education Sub-Committee from 1999 to 2002 and was elected District President in 2002, a position he held for three years. Mike was elected to the then REINZ Council in 2005, as Regional Director of Region 5, on which he served for five years. During this time, he was integral in helping to set up Real Estate.co.nz, and served as an inaugural director of that company. He received Associate status with REINZ in 1994, and was granted Fellow in 2008.

Mike has been involved in the real estate industry for 17 years. Based in Dunedin, he is principal officer of his own company of 55 staff, Edinburgh Realty Limited, which comprises three offices in Dunedin, Mosgiel and Wanaka.

Mike is fiercely parochial about Otago, a keen fisherman with a love of restoring old motorcycles. He is married to Sharon and together they have a 15 year old daughter.



**Peter McDonald**

Peter McDonald is the second of our nominees who served as President of REINZ, in 2009, and we acknowledge him for helping to steer REINZ through the often difficult transition to a voluntary organisation.

Peter began his real estate career in 1976 when he joined his father in the family Real Estate firm, McDonald Real Estate Ltd, which had been started in 1912 by his grandfather. At the age of 23, Peter was among the youngest ever to hold an AREINZ and from the father and son team in 1976; Peter has grown the business to its present level of eight modern offices with a team of over 60 people. The company has strong market shares in both rural and residential sales and Peter is a “hands on” principal who is involved in all aspects of his business.

Peter was been a member of the Taranaki District Committee for almost 30 years during which time the committee initiated the first collection of sales statistics. After negotiation with the then REINZ Council, the scheme was adopted nationally and has developed into the present day REINZ Statistics. Peter was made a fellow of the Institute in 1998.

Peter is the immediate Past President of New Zealand Realtors Ltd, New Zealand’s largest network of independent Real Estate Companies. He is very strong in his belief that service is the key to success and also that elected people are there to serve the membership. Peter and his family have always been extremely committed to their communities and he is the current chairman of Hospice Taranaki. This follows on from a strong commitment to various other community organisations.

Outside of Real Estate, Peter has a passion for breeding Hereford cattle and thoroughbred horses. He has served as a councilor on the NZ Hereford Association and is a current All Breeds senior cattle judge. Peter bred and trained former champion galloper, All In Fun. A committed family man, Peter has been married to Min for 32 years and they have five children.



**Peter Thompson**

The nomination of Peter Thompson as a Life Member is in recognition of his considerable contribution to the re-structuring of REINZ following the REAA legislation changes in 2008. Peter exhibited outstanding leadership in creating and appointing the new REINZ Board which enables REINZ to now look forward to a successful and meaningful future. Peter was made an Associate member of REINZ in 1985, and was awarded Fellowship status in 2008.

Peter is the grandson of Maurice Thompson - the original Thompson in the Barfoot & Thompson team which started out in the early 1920s. Eighty years on, those family links are still important to the company and Peter ensures a steady focus is maintained on its core values of honesty, integrity and service.

Barfoot & Thompson is much more than a business to Peter; it’s quite literally part of his family. He started out almost 25 years ago in the rental division at the Otahuhu branch and continued to move through a number of positions in the firm including sales, administration and management. Eventually he was made a Director in 1997.

Peter takes care to balance all aspects of his life - time with his wife Fiona and daughters Paula and Lisa, his commitment to the family firm and his passion for sport.

Peter’s ability to drive the business forward with new initiatives is evident with his implementation of computerised listing systems and digital technology. An intensely loyal person, Peter leads a very supportive culture within Barfoot & Thompson while continuing to achieve impressive growth.



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