

Supplementary Guidance: Professional Standard on Supervision

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Supervision obligations

Under [Section 50 of the Real Estate Agents Act \(2008\)](#) ('the Act'), all licensees holding a salesperson's class of licence must be properly supervised by an agent or branch manager when carrying out real estate agency work. This obligation applies regardless of the length of time a salesperson may have been operating in the sector.

[Rule 8.3 of the Real Estate Agents Act \(Professional Conduct and Client Care\) Rules 2012](#) ("Code of Conduct") places an obligation on an agent operating as a business to ensure that all their salespeople are properly supervised and managed.

The Real Estate Authority's (REA) professional standard on supervision (the [Supervision Standard](#)) has been effective since 1 July 2017. The Supervision Standard is principles-based, outlines the general objectives to be achieved by supervision, and provides guidance to the sector on best practice for proper supervision.

The Supervision Standard and this Guidance

This document is issued by the Registrar of the Real Estate Authority and highlights and illustrates some of the key issues identified by REA in the understanding and practice of supervision within the sector, since the introduction of the Supervision Standard.

This document should be read alongside the Standard. It may also be used as an educational resource by agencies to support the proper understanding and practice of supervision, and compliance with the requirements of the Act.

The principles in this guidance are drawn from decisions of the Complaints Assessment Committees and Real Estate Agents Disciplinary Tribunal.

Frequently Asked Questions

What is the difference between line management and supervision?

"Supervision" under the Act and Code of Conduct is focused on ensuring that the salesperson is *performing real estate agency work competently* and that the *work meets the requirements of the Act*.

Line management relates to the type of general supervision common to an employment or business relationship. It's important that everyone in an agency understands that "supervision" under the Act and line management are not the same thing. A line manager may be responsible for oversight of agency procedures. Only a licensed agent or licensed branch manager may supervise a salesperson. A salesperson's line manager may also be their supervisor, or a salesperson may have a separate line manager (who may not be an agent or branch manager).

We have salespeople in locations across the country – can they be supervised remotely?

Yes. However, the Supervision Standard expects effective supervision which is *actual* and *tailored* to the salesperson being supervised. It is for a supervisor to determine and ensure the right level of direction, control and interaction that is sufficient to meet the needs of the salesperson and to ensure the work is performed competently and in compliance with the Act. This includes considering how to ensure regular check-ins for discussion and documents are reviewed. A supervisor and salesperson should agree how the supervisor will deal with day-to-day issues and urgent queries that may crop up during real estate agency work.

I have salespeople in my team that hold branch manager and agent licences. Do they need to be supervised?

The Act requires that someone that holds a salesperson licence must be properly supervised and managed by an agent or a branch manager. A licensed branch manager or agent is therefore not required to be supervised. However, as they are employed by an agency to carry out real estate agency work on behalf of the agency, the agent may choose to put a plan and policies in place to ensure all licensee work is performed competently and complies with the requirements of the Act.

Why do we need a written supervision plan?

A supervision plan provides a clear outline for the benefit of both the supervisor and salesperson of expectations and how the supervision relationship will work. The plan provides a useful reference point for the supervisor to check how often they review how the arrangement is working, and it will help the supervisor reflect on how best to tailor supervision to the individual salesperson.

Our agency has comprehensive ongoing training for salespeople, and clear policies and processes for approval of salespersons’ work by their branch manager. Does this cover us in terms of supervision?

These are a great start for ensuring compliance with supervision obligations. However, these cannot be a substitute for actual and effective supervision. Effective supervision incorporates actual ‘real-time’ direction and control that is tailored for the individual salesperson (relevant to their level of experience and the types of transactions they are involved in).

Some of our senior salespeople have been in the industry for decades – can they supervise new salespeople?

Only a licensed agent or licensed branch manager can be a supervisor under the Act. An experienced and competent salesperson can assist a supervisor with the oversight of day-to-day tasks of a less experienced salesperson. However, the ultimate responsibility for supervision sits with the designated supervisor who must be involved in the supervision activities.

How much supervision is required for very experienced salespeople?

Supervision must be actual and tailored to the individual circumstances. The supervisor must exercise their judgment to determine the nature and degree of supervision required and the level of experience and competency of the salesperson will be a factor determining it. A clear supervision plan will be invaluable to ensure that expectations about the nature, level and

frequency of supervision check-ins are recorded and understood by both parties. A question for the supervisor to ask is “what is sufficient supervision – taking into account the specific circumstances – to ensure that the work is performed competently and in compliance with the act?”

How many salespeople can one branch manager/agent supervise?

There is no set ratio or maximum number of salespersons that a supervisor may supervise. However, supervisors should consider carefully and routinely review their ‘supervision-load’ to ensure they are able to meet their obligations to provide effective supervision. This will involve a supervisor assessing factors such as the different levels of experience of their salespeople and the intensity of supervision required. It’s important for supervisors to consider whether they have sufficient knowledge of the areas in which their cohort of salespeople operate in, in order to know whether the salesperson is operating competently. The supervisor should also consider how they can ensure they are available to provide effective direction and control, including being available for urgent enquiries or on the spot ‘troubleshooting’.

Are we required to keep written records of supervision meetings and actions?

The Supervision Standard recommends that supervisors keep supervision records in addition to any supervision plan/agreement that may be used. Keeping records of up-to-date supervision plans and supervision engagement is also one way to demonstrate compliance, particularly if a complaint is received by REA about the adequacy of supervision.

Supervision and the Standard “in practice”

Since the Supervision Standard was published, there have been a number of Complaints Assessment Committee (**the Committee**) and Real Estate Agents Disciplinary Tribunal (**the Tribunal**) cases which have applied the principles in the Supervision Standard. These can provide real-world examples of the principles in practice and some areas where issues can arise. These cases may assist licensees in interpreting how to apply the supervision requirements of the Act.

Some of the common themes arising from cases relating to supervision include:

- **Overly “reactive” supervision** – Supervision obligations are proactive in nature and require direction and control to be effective. Overly “reactive” supervision happens when an agency only becomes involved in a transaction when an issue arises, rather than providing active supervision and oversight to licensees. This will not be sufficient to meet supervision obligations.
- **Agencies not following through with their supervision obligations for more experienced salespeople** – Under the Act every salesperson must be supervised. Although the level of supervision required will vary for each individual, just because a salesperson is experienced doesn’t mean that no supervision is required.
- **Reliance on policies and training as a substitute for supervision** – Having robust policies, plans and training are a great foundation for effective supervision. However, as noted in the previous section, while implementing systems, policies and processes in an agency is a helpful step, it will not in itself fulfil the agency’s supervision obligations. Supervision must be *actual* and *tailored* to individual circumstances.

This section sets out some examples of where licensees were found to have failed to meet their supervision obligations:

1. Relying on training and policies is not enough to meet obligations

[C28514 Determination.pdf \(dotnous.com\)](#)

In this case, the Committee referenced REA's Professional Standard on Supervision in assessing whether an agency had given adequate supervision to a salesperson who had been in the industry for 13 years. The Committee accepted that the agency provided appropriate training and policies but pointed out the distinction between "training" and "supervising". The Committee considered that although the licensee was experienced, they were largely left to their own devices in conducting the transaction and key documents were not checked. The Committee found the agency and the supervising agent both engaged in unsatisfactory conduct in failing to adequately supervise the salesperson, instead relying on the licensee to follow company policies instead of providing active oversight.

2. Tailoring supervision – English as a second language

[C30970 Determination.pdf \(dotnous.com\)](#)

The Committee concluded in this case, by direct reference to the Supervision Standard, that while the salesperson was not inexperienced, by her own admission her English was poor and she had struggled to explain the Confidentiality Agreement that she had required the complainant to sign. The supervision standard states that "As New Zealand's population becomes more ethnically diverse, supervision should include an assessment of the competence of a salesperson to draft an agreement in English. If necessary, additional oversight and assistance should be provided, including translation". The agency's failure to provide additional oversight to this licensee in this instance was in breach of rules 8.3, 8.4 and section 50 of the Act.

3. Actual evaluation of performance required to meet supervision requirements

[C30962 Appeal Decision.pdf \(dotnous.com\)](#)

The Tribunal considered this case on appeal from a Committee decision. The Tribunal found the discharge of the obligations under section 50 of the Act requires the branch manager to not only provide supervision and management but also to satisfy themselves that the supervision had the desired effect to ensure the work complies with the requirements of the Act.

The Tribunal went further to say that *"it is a necessary element of the required supervision and management that the supervisor actually evaluates the performance of each staff member to ensure that they are able to perform their work competently and that they are complying with the requirements of the Act"*.

The Tribunal upheld the Committee's decision.

4. Supervision is not reactive in nature

[C26852 Appeal Decision.pdf \(dotnous.com\)](#)

The Tribunal considered this case on appeal from a Committee decision. One of the issues

considered was whether the agency had properly supervised and managed the licensee in the conduct which was the subject of the complaint. The Tribunal commented that when determining whether adequate supervision had occurred it was relevant to consider whether the licensee requiring supervision had previously departed from the appropriate standards. If other instances had occurred, then the proper response from an agency might include providing further training and instruction, and following up subsequent dealings to ensure the problem has resolved.

The Tribunal went on further to say that even if there have not been any previous problems with a licensee, the agency should do more than just react to complaints that have been made. It will need to have processes in place which prevent any problems it could fairly and reasonably be expected to anticipate.

Additional resources

- [REA Professional Standard on Supervision](#)
- Verifiable CPD Topic: *Supervision* (available as verifiable training from [REA-approved training providers](#)) and non-verifiable training from [rea.govt.nz](#)
 - Nb. a new verifiable CPD topic entitled *Supervision for supervisors* will be available from 2024
- NZ Certificate in Real Estate (Level 5) – (minimum prescribed qualification to apply for a branch manager’s licence and supervise salespeople)
 - [Te Pūkenga - Open Polytechnic Kuratini Tuwhera](#)
 - [Real Estate Institute of NZ \(in collaboration with Ignite Colleges\)](#)