

MODERN REGULATION FOR A DYNAMIC MARKETPLACE

STRATEGIC PLAN
2019-2023



Real Estate
Council of Ontario



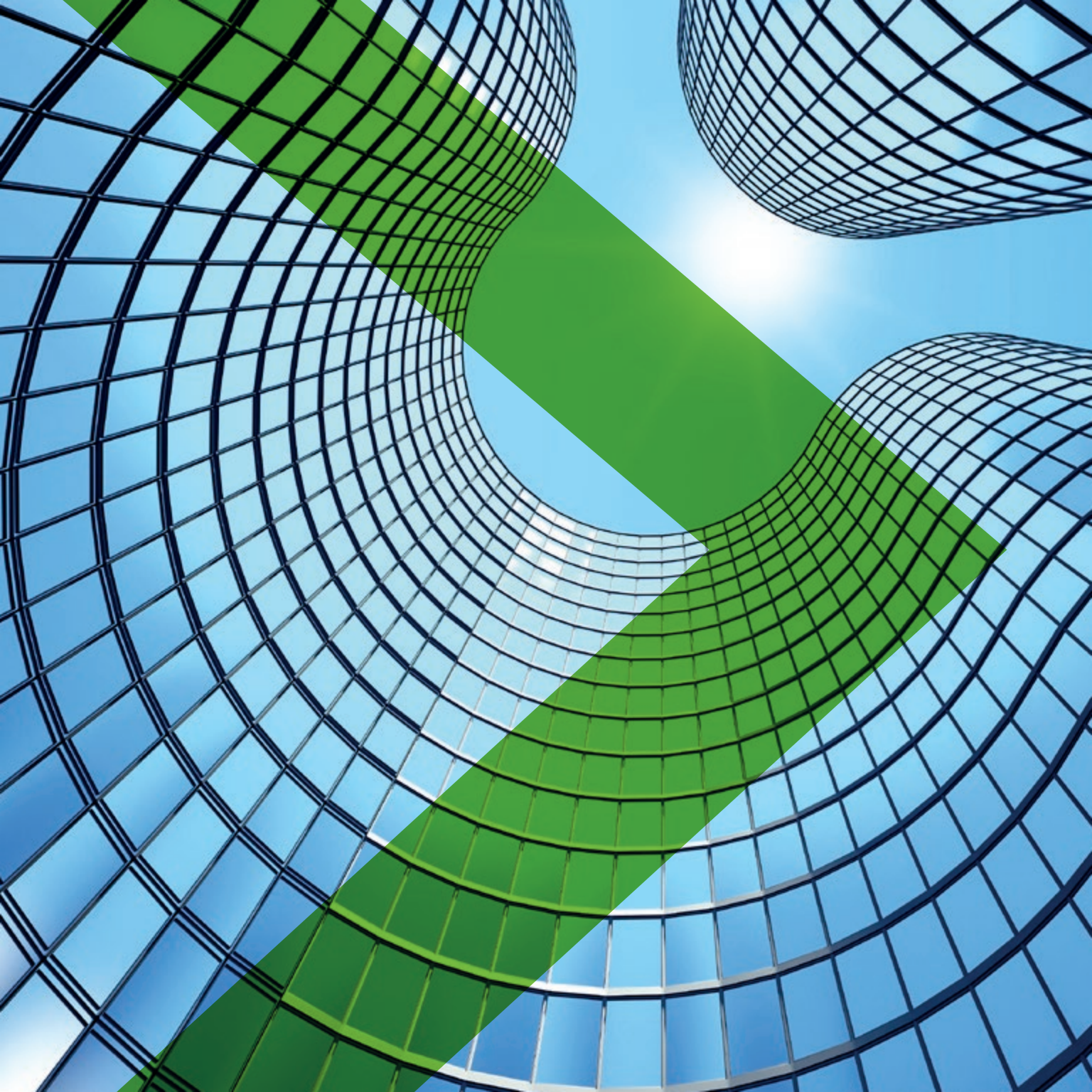


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CHAIR'S MESSAGE

IN APRIL 2018, RECO'S BOARD OF DIRECTORS AND MEMBERS OF SENIOR STAFF SPENT TWO DAYS DISCUSSING ONE SIMPLE BUT IMPORTANT QUESTION: **WHERE MUST REAL ESTATE REGULATION IN ONTARIO GO OVER THE NEXT FIVE YEARS?**



JODY LAVOIE
CHAIR, BOARD OF DIRECTORS
2018-2019

While we are committed to regular strategic planning, this time was a little different. The stakes were higher. Our industry is changing faster than it has before, driven by technological advances and evolving consumer expectations for greater transparency, accountability and levels of service. At the same time, scrutiny of real estate and real estate regulation by government, media and the public as a whole has never been higher. We needed to be bolder and to think longer term. In short, we needed an ambitious road map for modernizing real estate regulation in Ontario.

I'm pleased to present this Strategic Plan. It is bold in tone and bold in its commitments. It's about having the courage to do the right thing and not simply respond to change, but to anticipate it and, when appropriate, drive it. It's about staying ahead of changes in both real estate and regulatory trends and practices. It's about creating an organization that is focused,

proactive and empathetic towards both the consumers we protect and the industry we regulate. And it's about putting transparency and accountability at the heart of all we do.

The Board is very proud of this plan and the promises it contains, and we look forward to overseeing its execution in the years to come.



CEO'S MESSAGE

ON BEHALF OF THE ENTIRE RECO TEAM, I AM EXCITED ABOUT THE INTRODUCTION OF RECO'S 2019-2023 STRATEGIC PLAN.



MICHAEL BEARD
CHIEF EXECUTIVE OFFICER

RECO leadership has developed a bold plan for the organization, and we look forward to executing on the ambitious goals and objectives it contains.

Our government-directed mandate remains the same—to serve the public interest through a fair, safe and informed real estate marketplace. But as that marketplace rapidly evolves, it dictates the need for new ways of thinking about how we do our work—and this document serves as an exciting new roadmap for being a modern regulator.

What does it mean to be a more modern regulator? In addition to the ideas described in the Chair's message, it also means embracing technology and data—in terms of how they impact the marketplace and how we use them to improve our planning and decision making. It means empowering consumers with information. And it means raising the compliance and professional conduct of those

we regulate through education and outreach. We will continue to take firm disciplinary action when rules are broken, but it is better to avoid harm in the first place through preventative action.

This Strategic Plan is part of a longer-term vision that includes other initiatives beyond its five-year horizon, including moving to an open market for the registration education that aspiring registrants must complete. At the same time, the creation of our Sustainability Plan will allow us to effectively carry out day-to-day operations while implementing the transformative changes outlined in this Strategic Plan.

Bottom line: there is much to do, and much to look forward to in the years ahead. Fortunately, RECO is eager and well-equipped with the tools and people needed to embrace the challenges and opportunities in the foreseeable future, and beyond.

CONTEXT



THE EXCELLENT REGULATOR CANNOT STAY IN ONE PLACE, CONTENT TO HAVE MASTERED THE PAST OR THE PRESENT. THE WORLD CHANGES, ITS PROBLEMS CHANGE, ITS SCIENCE AND TECHNOLOGIES CHANGE, ITS ECONOMIC CONDITIONS CHANGE, AND ULTIMATELY ITS SOCIAL FABRIC CAN CHANGE TOO. IN SUCH A WORLD, REGULATORY EXCELLENCE DEMANDS FORWARD MOMENTUM, NOT STATIC ACHIEVEMENT.

Cary Coglianese

Listening, Learning, Leading: A Framework for Regulatory Excellence, 2015

Our Environment

Real estate, including how it's regulated, is a popular topic in Ontario. There is increased interest in the marketplace and RECO's role within it—interest from consumers, media, government, and industry stakeholders.

This is an excellent opportunity to showcase RECO's effectiveness and continued evolution, and to bring about change to the legislation that we administer. There is widespread agreement that the *Real Estate and Business Brokers Act, 2002* (REBBA) needs to be modernized and updated to keep up with a rapidly changing marketplace. Government has begun this process, and we look forward to continuing to work with them on that important effort.

Here are some of the factors driving change in Ontario real estate:



Economy

A period of economic strength and low interest rates has resulted in significant growth in property values and volatility in the number of transactions. During this time we have also seen significant growth in the number of registrants. Since 1997, the number of registered professionals has grown by 68% to 82,152.



Political Focus

There is ongoing attention on real estate and the accessibility of housing in Ontario. REBBA has also been under review, opening the possibility of broad reforms to modernize the rules that govern the sector.



Technology

Technology is changing everything we do, and this will continue to be true for real estate. Whether it is availability of information, new tools to buy and sell real estate or different ways to run a real estate business, technology will continue to change the business in Ontario. The regulation of the sector must reflect this reality.



Consumer Expectations

The attitudes of buyers and sellers are also changing. There is a demand for more information and that it be instantly and easily accessed—allowing buyers and sellers to do their own research and analysis. Generational and cultural differences mean there is a wide spectrum of how consumers wish to engage with the real estate market—and they must all be accommodated.



Evolution of Regulation

RECO must stay on top of not just trends in real estate in Ontario, but also trends in regulation. Regulators of all sectors, in Canada and around the world, are rethinking their models in terms of transparency, governance, communication, and overall effectiveness and impact. There is greater focus on risk-based regulation and multi-disciplinary regulation, where related professions are regulated under one roof. To be effective and ahead of the curve, we must remain on top of these trends.

Beyond seizing the opportunity to update REBBA, RECO needs a strategy that ensures we are proactive and alert enough to anticipate the many changes still to come, and nimble enough to adapt before they come. This plan lays out our evolution as a more modern and effective regulator over the next five years, and beyond.



A HISTORY OF CHANGE



The marketplace has changed dramatically since RECO's inception in 1997, and RECO has changed along with it. In keeping pace with a dynamic industry, we have grown and become increasingly sophisticated.

A Time of Growth

NUMBER OF REGISTRANTS

82,152

41,000



2017



IN THE LAST FIVE YEARS

26%

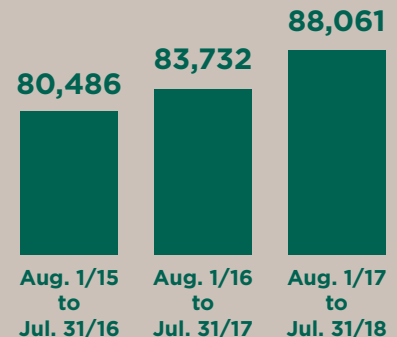


Total registrants

NEW ENTRANTS TO INDUSTRY IN LAST FIVE YEARS

38,894

NUMBER OF MCE COURSES COMPLETED



28%



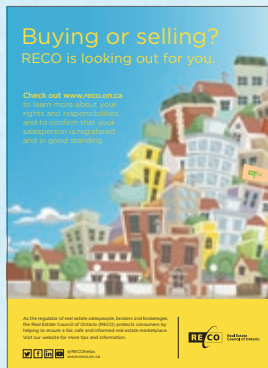
Number of
transactions
(renewals, applications,
inquiries, etc.)

Education and Outreach Through the Years

CONSUMER NEWSLETTER



ADVERTISING



REGISTRANT NEWSLETTER



Innovation Through the Years

2002 > Launched original "registrant search" feature on RECO's website

2003 > First IT department

2005 > MyWeb launched for registrants

2007 > New phone system introduced to support the insurance renewal period

2008 > Redesigned website that included a dedicated consumer section and an online version of REBBA 2002

2010 > Online registration renewals

2013 > Online mandatory CE program

2014 > MyRECO Certificate app

2017 > Launched the new MyWeb



While RECO's first 20 years have shown our ability to keep up with change, we must now put our emphasis on not just keeping pace with change, but getting ahead of it. The Strategic Plan that follows, including our revised vision and mission, calls for a regulator that anticipates change and is at the forefront of adapting.

STRATEGY VISION, MISSION, VALUES

““”

YOU HAVE TO BE FAST ON
YOUR FEET AND ADAPTIVE
OR ELSE A STRATEGY
IS USELESS.

Charles de Gaulle

A strong strategy begins with clear statements of purpose. RECO's mandate is established by legislation and commits us to administering REBBA on behalf of government and serving the public interest through a fair, safe and informed marketplace. This is the very reason RECO exists and we remain committed to that mandate in everything we do.

Our vision and mission statements further define our purpose and direct our work within the parameters of our mandate. Our previous vision and mission statements served us well since 2012, but a bold new Strategic Plan calls for updated descriptors of how we encapsulate what we do, how we do it and why we do it.

Our vision is our “North Star,” describing the future we strive to attain through the work we do. Our mission outlines what we will do every day to get there.

Vision

A real estate marketplace in Ontario where buyers and sellers are well-informed and protected, and where transactions are conducted fairly.

Mission

Supporting a fair, safe and informed real estate market for consumers in Ontario through effective and innovative regulation of the services offered by those who trade in real estate.

We know that to achieve the vision, to be an effective regulator, we must lead and be progressive in our approach. And we know that the primary consideration in all our decisions must be serving the public interest and aiming to increase the fairness, safety and knowledge of the marketplace.

And we must regularly ask ourselves three questions:

- + Do we change quickly and nimbly the way we work when we recognize that other approaches will better address our aims?
- + Are we innovative? Do we consider approaches to our work that have not been tried before?
- + Are we effective? Are we contributing to a fair, safe and informed marketplace in an important, meaningful way?

While measuring ourselves in this way is essential, the evaluation of our performance cannot be made exclusively internally. We will always seek feedback from all our stakeholders to help us assess the degree to which we are successfully executing our mission and moving toward our vision.

Values

Values are the building blocks on which an organization's culture is built. We have a strong culture, expressed by our existing values: fairness, accountability, integrity and respect. But setting a new strategic direction requires us to re-assess our values to ensure they are in keeping with our bold new vision and approach.

Because values drive the behaviours RECO employees exhibit daily, they must have a hand in developing them. We will undergo an organization-wide exercise—employees collaborating and engaging together—to develop not just the words that describe our values, but also the behaviours that demonstrate those values every day. We will also work together to determine a system by which we will measure and recognize our commitment to the values.

This objective is included in our third strategic goal, outlined on page 10. Once the exercise of defining our values is complete, they will be added to this Strategic Plan.

STRATEGY STRATEGIC GOALS

GUIDED BY THE VISION AND MISSION, RECO'S BOARD OF DIRECTORS HAS ESTABLISHED THREE STRATEGIC GOALS THAT ARE BOTH FOCUSED AND AMBITIOUS; GOALS THAT WILL STEER OUR EVOLUTION TO BEING A MORE MODERN REGULATOR.

These goals are, in effect, the high level "to do" list that the Board has given to RECO management and staff. How we will achieve these goals over the next five years will be determined by RECO's employees, and outlined in our annual business plan and operational work plans.

The chart on page 10 summarizes and defines the three strategic goals. Subsequent pages go into greater detail, including the objectives that need to be achieved under each goal.

One or more of these goals may transfer to our next Strategic Plan, while others may be achieved during the life of this plan. Many of the descriptors below each goal are about building capacity and capability which, once established, will become part of our day-to-day operations and will no longer need to be specified in the Strategic Plan.

While this Strategic Plan outlines the first five years of our evolution to being a more modern and proactive regulator, many of its promises, as well as the vision and mission statements, think well beyond 2023.



1 Deliver Innovative, Progressive Regulation

This means:

- + Gathering and analysing greater amounts of data to better inform our decision making
- + Integrating risk-based analysis in everything we do
- + Allocating resources grounded in evidence-based analysis
- + Proactively advising government on the state of real estate regulation and the need for continuous innovation to best serve the public interest
- + Enhancing the communication of our professional standards
- + Reaffirming a clear identity, and using that identity to assist in the accomplishment of our mission

2 Support an Informed Real Estate Market in Ontario

This means:

- + Enhancing our initiatives to educate Ontario consumers
- + Reinforcing RECO's role as regulator
- + Engaging registrants to promote consumer protection
- + Designing a program of continual engagement with stakeholders and consumers to build knowledge and awareness
- + Ensuring the public has ease of access to essential regulatory information
- + Actively monitoring the market so we can adapt to changing conditions and keep our stakeholders informed

3 Create a Resilient Organization

This means:

- + Ensuring organizational sustainability, particularly in terms of staffing, facilities and capital
- + Inspiring staff to embrace our vision, execute our mission, and uphold a set of shared values
- + Modernizing our system of governance
- + Adapting to change in all aspects of the real estate market and leading regulatory practices
- + Ensuring we have the appropriate organizational structure, systems and technology to anticipate and respond to change

STRATEGIC GOAL #1: DELIVER INNOVATIVE, PROGRESSIVE REGULATION

Through technological advancements and evolving business models, the real estate market in Ontario has changed significantly in recent years, and will continue to change at a rapid pace. These changes are driven, and embraced, by a registrant base that is accustomed to adapting and moving forward. At the same time, approaches to regulation, internationally and across sectors, are also evolving.

To be an effective and modern regulator in this environment, RECO must not merely respond to change—it must have the capacity to forecast and anticipate change, and be at the forefront of adapting. We will build systems, regulatory processes and a culture that enable us to do exactly that.

Goal #1 Objectives

- + Establish relevant data sets necessary to meet regulatory responsibilities, and design practices, including the necessary analytical capability, to mine and learn from those data
- + Expand our strategic capacity to allow us to monitor our operating environment to ensure efficacy of our regulatory practices and of our policies using current methodologies of data analysis
- + Complete implementation of the enterprise risk and innovation management program (“ER&IM”), and integrate it into project management, environmental scans, and executive and Board decision-making
- + Advocate for reform of REBBA to create more modern and flexible legislation that allows us to successfully achieve our mission even as our environment changes
- + Design and make available to registrants enhanced information and guidance on professional standards, delivered in various formats and media
- + Implement a new Registration Education Program as the first step towards an open marketplace, greater choice in education and an independent certification exam

STRATEGIC GOAL #2: SUPPORT AN INFORMED REAL ESTATE MARKET IN ONTARIO

An educated consumer is an empowered consumer. Creating a well-informed real estate market is a key lever for RECO's consumer protection efforts.

RECO's consumer and stakeholder outreach efforts must be focused on educating buyers and sellers about their rights and responsibilities, delivering consumer protection advice, and raising awareness of the regulator and the services we provide to protect the public interest. We will not do this in isolation, but will engage the support of key stakeholders.

Goal #2 Objectives

- + Develop and deliver enhanced consumer-focused programs, building on existing strengths in consumer engagement, including making it easier for the public to access critical regulatory information
- + Establish new ways of engaging with the sector to build a shared accountability for consumer protection
- + Identify opportunities to engage with other organizations to deliver consumer protection initiatives
- + Develop and deliver a focused brand-enhancement strategy to raise RECO's profile among consumers

STRATEGIC GOAL #3: CREATE A RESILIENT ORGANIZATION

The foundation of any organization is its people. All employees must be fully equipped to adapt to change so we can execute on our mission and fulfill this Strategic Plan. And we must do so while remaining abreast of changing regulatory trends, and within the ever-evolving landscape of Ontario's dynamic marketplace.

We must provide employees with the tools and structures to make that possible. Beyond that, we must establish a governance structure, planning cycle and the right policies and procedures to make us effective, innovative and agile.

Goal #3 Objectives

- + Execute an organization-wide initiative to identify and ingrain a set of shared values in alignment with this Strategic Plan
- + Implement a strategy that gives employees input to guide changes and improvements to RECO
- + Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements
- + Implement enhancements identified in the 2018 Governance Review
- + Design and implement a consistent organizational planning cycle, integrating strategic planning, business planning, budget planning and ER&IM
- + Create and staff an organizational Project Management Office
- + Formalize our corporate compliance program, addressing legislative, contractual and policy compliance; establish a process of regular policy reviews



THE LIFE OF THE PLAN

THIS STRATEGIC PLAN IS A DYNAMIC AND LIVING DOCUMENT—ONE THAT OVER ITS LIFE WILL BE REASSESSED, ADJUSTED AND UPDATED.

While this document serves as *the* primary tool in orienting the organization towards its vision, we must keep in mind that nothing is static. Our organization, consumer expectations, the industry and its stakeholders will all undergo changes in the years ahead, and our plan must be appropriately adaptable.

Therefore, there will be processes in place to ensure this document's direction and priorities are updated as needed, and remain current and relevant to our operating context.

Planning cycle

The Board provides strategic direction and the organization executes on that direction through day-to-day operations. The diagram below outlines the planning cycle we will engage in every year to assess and review progress and update the plan as required, including the respective roles of the Board and management in this process.

APRIL

Board Strategic Planning

- + Achievement of objectives to date
- + Input on changes that could affect the relevance of the plan
- + Initial planning for coming year

AUGUST

Management Review

- + Assess progress against strategy
- + Identify environmental changes that affect priorities
- + Finalize planning for coming year

SEPTEMBER

Management Update

- + Update strategy to better address any environmental changes

DECEMBER

Board Review

- + Present updated strategy and progress to date to the Board
- + Review and approve business plan

Dynamic Management

In keeping with our commitment to be effective and agile, RECO will not wait until the annual review cycle to consider adjustments to the direction and priorities laid out here.

Any time an event causes us to review the current operations or initiatives at RECO, consideration will be given to the implications to this Strategic Plan and its objectives. The last agenda item for each departmental meeting and every management meeting will be the question—how does today's discussion affect the Strategic Plan?

While any material changes will be presented to the Board, adjustments to priorities, and acceleration or delay of initiatives are among the tools available to RECO to help ensure we are an agile organization with an agile strategy.

Business Planning

As required in our Administrative Agreement and cascading down from this Strategic Plan, RECO will draft a business plan annually that identifies a coordinated set of activities to progress RECO's strategic goals in the coming year. The business plan will describe a set of initiatives that will be undertaken in the fiscal year, and identify resources required.

Additionally, the business plan will identify targeted metrics that will measure the progress of each of the initiatives and their impact on the achievement of the strategic goals.

Scheduling

The objectives identified within this Strategic Plan span the duration of the plan. Some have specific dependencies that will dictate when they can be started, some will take longer than one year to complete. Others still may be dependent on the activities of external stakeholders.

As such, we will develop the specific scheduling of the objectives through the business planning and budgeting processes.

Conclusion

The Board and staff of RECO are excited about this new Strategic Plan and about its long-term vision for the organization and real estate regulation in Ontario. While the plan is bold and ambitious, we are confident it can be achieved thanks to the hard work of the dedicated members of the RECO team. The commitment and passion that went into devising this plan will be matched by the commitment and passion that will be needed to execute it. Fuelled by our continued dedication to consumer protection and serving the public interest, we look forward to travelling this road to more modern regulation of a dynamic marketplace.

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