



Real Estate
Council of Ontario

Business Plan 2024

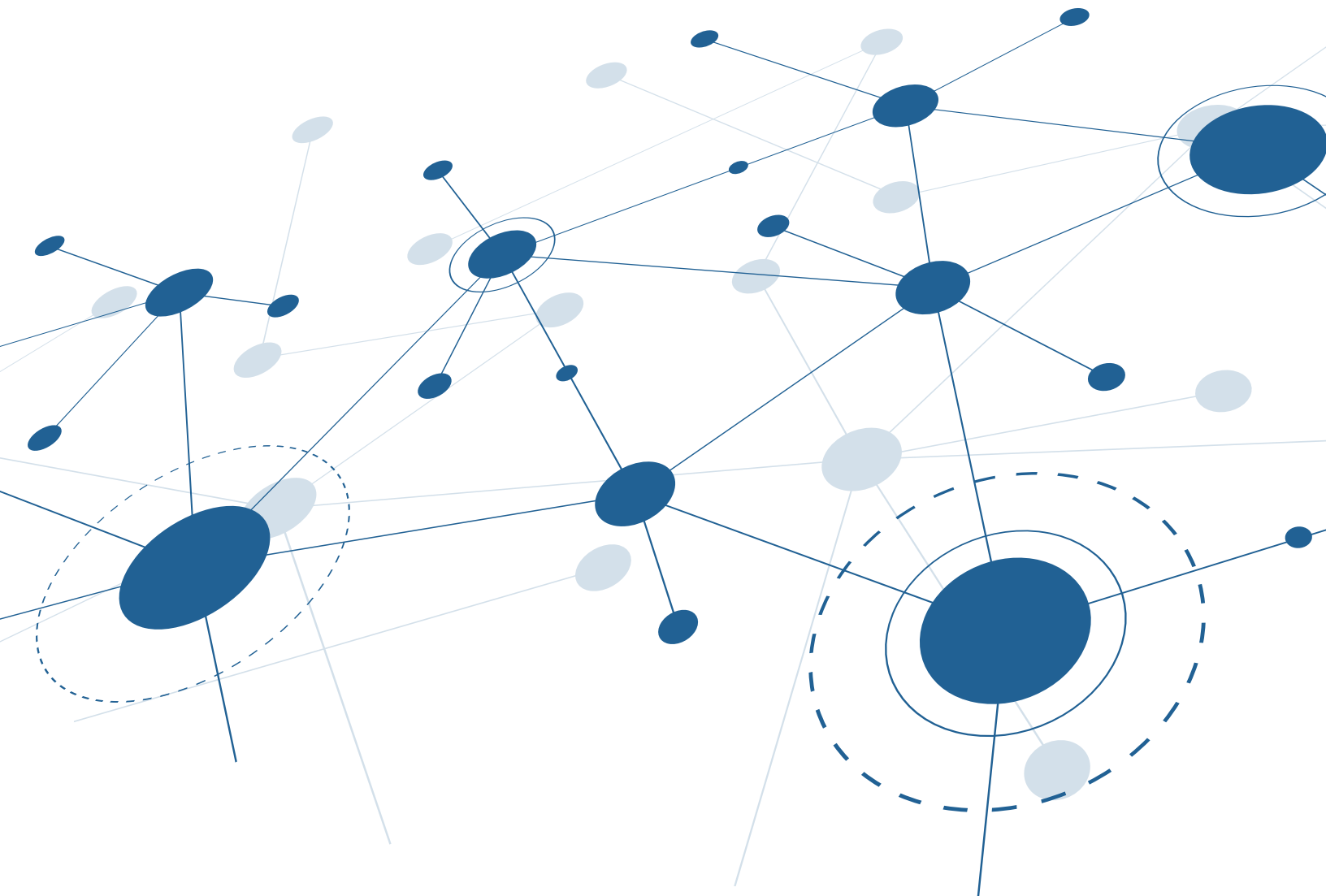




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Mandate

The Real Estate Council of Ontario (RECO) is a not-for-profit corporation, established in 1997, responsible for administering the law that regulates trading in real estate in Ontario. The *Real Estate and Business Brokers Act, 2002* (REBBA) has been renamed the *Trust in Real Estate Services Act, 2002* (TRESA). Phase 2 of the *Trust in Real Estate Services Act, 2020* came into effect December 1, 2023.

As an Administrative Authority (AA), RECO is overseen by the Ministry of Public and Business Service Delivery (the Ministry). Key to its mandate is the protection of the public interest through a safe and informed real estate marketplace.

RECO has a contract (the “Administrative Agreement”) with the Minister of Public and Business Service Delivery to administer and enforce TRESA (as of December 1, 2023). It must meet its responsibilities in a manner consistent with the government’s expectations as described in the Administrative Agreement.

For more information about RECO and the sector it regulates, please visit www.reco.on.ca.

RECO protects the public interest through several measures:

- **We enforce the standards** required to obtain and maintain registration as a brokerage, broker or salesperson;
- **The Registrar establishes educational requirements**, including pre-registration, articling, broker and continuing education;
- **We conduct inspections of brokerages** and support compliance with TRESA and to support brokerage compliance by educating brokers;
- **We address inquiries, concerns, and complaints** about the conduct of registrants and those who may be trading illegally, taking appropriate action to protect the public interest; and,
- **We arrange for and administer insurance** on behalf of registrants, with a focus on the protection of consumer deposits.

RECO's core commitments



Mission

To promote a 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.



Vision

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



Values

- Model empathy and choose inclusivity
- Be intentional in all actions
- Act with integrity
- Embrace curiosity
- Be strategically agile

Context for the Business Plan 2024

Strategic Plan

RECO is proud to present its Strategic Plan for the 2024-2025 period, titled *Innovative and Progressive*. The plan builds upon our successes and provides us with the roadmap to make further strides in the future. RECO's annual Business Plans, including the 2024 Business Plan, enable the organization to meet its strategic goals.

RECO's Strategic Plan defines three overarching goals. RECO undertakes annual planning to identify and formulate how it will achieve these goals in each Business Plan.

STRATEGIC GOAL

1 Deliver Innovative, Progressive Regulation

This strategic goal means:

- Gather and analyze greater amounts of data to better inform RECO's decision-making.
- Integrate risk-based analysis in everything RECO does.
- Proactively advise government on the state of real estate regulation and the need for continuous innovation in regulatory controls.
- Enhance the communication of RECO's professional standards.
- Reaffirm a clear identity and use that identity to assist in the accomplishment of RECO's mission.

STRATEGIC GOAL

2 Advance an Informed Real Estate Market in Ontario

This strategic goal means:

- Enhance RECO's initiatives to educate the Ontario consumer.
- Reinforce RECO's role as regulator.
- Engage registrants to promote consumer protection.
- Design a program of continual engagement with stakeholders and consumers to build knowledge and awareness.
- Ensure the public can easily access essential regulatory information.
- Actively monitor the market and adapt to changing conditions.

STRATEGIC GOAL

3 Enhance the Organization's Resilience and Agility

This strategic goal means:

- Maintain organizational sustainability, particularly in terms of staffing, facilities, and capital.
- Inspire staff to embrace RECO's vision, execute RECO's mission, and uphold a set of shared values.
- Modernize RECO's system of governance.
- Adapt to change in all aspects of the real estate market and leading regulatory practice.
- Leverage emerging technology to adapt to change and ensure systems are secure and modernized.

Other important reporting

As the regulator of brokerages, brokers, and salespersons in Ontario, RECO takes seriously its responsibilities to protect consumers in the public interest.

RECO reports on its progress through two important publications that are available on its website:

RECO Annual Report

The [RECO Annual Report](#) is posted each spring. The Annual Report summarizes its progress against the objectives established in its Business Plan. The 2023 Annual Report will be posted prior to RECO's annual general meeting (AGM), which follows shortly thereafter.

RECO Public Action Plan

The [RECO Public Action Plan](#), following the Auditor General's 2022 report, is posted quarterly. The Public Action Plan provides a summary of RECO's important progress in completing action items to address the recommendations from the Office of the Auditor General of Ontario, delivered in November 2022.



Objectives and activities

The tables below summarize the Business Plan initiatives to be undertaken in 2024, the first year of RECO's current three-year Strategic Plan. Each Business Plan initiative references the relevant strategic goal.

STRATEGIC GOAL #1

Deliver innovative, progressive regulation

Objective	Project/Initiative 2024	Success measure
Modernize the way RECO operates using data to drive decisions.	<ul style="list-style-type: none"> Develop strategy to collect more performance data across the organization and develop dashboards. Create advanced analytics program to leverage existing and new data. Identify new ways to interface with consumers and registrants to communicate effectively and to gain feedback. 	<ul style="list-style-type: none"> Identified criteria and data for tracking and reporting. Used data from the initial process for assessing applications for the expanded pre-registration education delivery project to establish benchmarks for processing (effort/time) for future applicants. Identified a minimum of one new data set per program that would assist in decision-making (effectiveness, timeliness or progressive regulation) along with related documentation of implementation plan.
Review and assess RECO's customer service standards.	<ul style="list-style-type: none"> Assess the relevance of existing measures and/or identify new or more effective measures, review performance standards to track and report. 	<ul style="list-style-type: none"> Confirmed or identified new service standards or Service Level Agreements and tracked progress against them.
Be bold in the regulation of industry, while respecting the boundaries of the administrative agreement and the law.	<ul style="list-style-type: none"> Seek opportunities to actively promote compliance within the industry. 	<ul style="list-style-type: none"> Produce bulletins to address emerging issues to promote compliance in the sector. Work with the sector to identify gaps in knowledge and to develop solutions to address these areas.

Objective	Project/Initiative 2024	Success measure
Have a more consultative approach with the government and make suggestions on how to better protect consumers.	<ul style="list-style-type: none"> Continue to actively advise government on trends to address consumer protection, in keeping with our values. 	<ul style="list-style-type: none"> Provide information and recommendations to government on trends.
Leverage the change in legislation to optimize RECO's new authority to gain access to data.	<ul style="list-style-type: none"> Develop a strategy around what additional information RECO will seek from registrants. 	<ul style="list-style-type: none"> Completion of strategy.

STRATEGIC GOAL #2

Advance an informed real estate market in Ontario

Objective	Project/Initiative 2024	Success measure
Enhance consumer outreach to build public confidence.	<ul style="list-style-type: none"> Develop and deploy content to consumer resource section of the website. 	<ul style="list-style-type: none"> Enhanced consumers' access to information that will assist them in making informed real estate choices.
Develop a communication strategy with organized real estate to increase confidence in RECO as a regulator.	<ul style="list-style-type: none"> Implement recommendation from first two phases of brand review. 	<ul style="list-style-type: none"> Completion of project implementation.
Improve transparency by increasing the information that is available on the public register so that consumers can search registrants and their information.	<ul style="list-style-type: none"> Modernize the public register. 	<ul style="list-style-type: none"> This is a multi-year initiative, beginning with completion of the overall strategy in 2024, with building and deployment to take place in 2025, and analysis and evaluation to be undertaken in 2026.

STRATEGIC GOAL #3

Enhance the organization's resilience and agility

Objective	Project/Initiative 2024	Success measure
Enhance RECO's performance measure dashboard to measure and track progress.	<ul style="list-style-type: none">• Develop enhanced internal reporting capabilities.	<ul style="list-style-type: none">• Established KPIs and associated monitoring.• Updated/built oversight controls of program delivery as required.• Successfully integrated technology for new designates and new Application Service Provider (ASP) with RECO systems.• Integrated registrant database with other platforms as appropriate.
Work with the Ministry to support the Office of the Auditor General of Ontario recommendation regarding Board of Director composition.	<ul style="list-style-type: none">• Support Ministry efforts to further Office of the Auditor General's recommendation regarding director composition.	<ul style="list-style-type: none">• Completion of process in line with Minister's orders.
Leverage technology to modernize systems, processes and enhance security posture.	<ul style="list-style-type: none">• Complete cloud migration projects.	<ul style="list-style-type: none">• Completion of ongoing cloud migration projects.
Foster a culture of innovation and continuous improvement.	<ul style="list-style-type: none">• Develop an integrated employee communications strategy, including elements of equity, diversity and inclusion (EDI).• Explore new and existing technologies to gain efficiencies in client services.	<ul style="list-style-type: none">• Completion of project, including establishing priorities for current year and beyond to support employees in their delivery of RECO's mandate.• Assessed viability of self-service channel for contact methods.

Resources and budgeting

Every year, RECO presents a set of initiatives in the Business Plan to the RECO Board of Directors that underpins its commitment to ensure that it can successfully advance in the achievement of its business objectives.

Ensuring sufficient and appropriate human, financial, and information technology resources is essential to RECO delivering its mandate and this Business Plan. Specifically, the annual headcount plan is a foundational part of the planning and budgeting exercise, and every manager has the responsibility to evaluate the need for more resources to fulfill each department's needs. This is supported by a financial analysis to validate the cost, and the opportunity exists to allow managers to add, with the appropriate approval, additional resources during the year if resource requirements change.

In 2023, RECO's Board oversaw the implementation of a fee reduction plan, which necessitated a review of resource requirements based on trends and future needs. Resources were allocated to include the necessary resources to address recommendations from the Auditor General's report along with resources to support the implementation of legislative changes under TRESA.

Looking ahead to 2024, RECO's budget includes resources allocated to achieve the Business Plan initiatives noted above, and RECO has reassessed its current operations to identify where additional resources are required to improve its administration and enforcement of TRESA. While additional resources were allocated in 2024 relative to 2023, the accumulation of reserves in recent months has meant that fees are expected to remain static until 2030, which is consistent with the fee reduction plan.

In 2024, RECO's financial priorities include:

1. The responsible allocation of funds to support strategic and operational objectives to ensure it has sufficient resources to deliver its mandate and achieve long-term financial stability.

On a quarterly basis, management presents updated actuals and forecasts to the Board.

About midway through the year, using a robust planning template, management presents to the RECO Board of Directors a draft Business Plan and budget for the upcoming year, which are approved by the end of the current year. In undertaking this planning, care is taken to ensure that RECO delivers on its core mandated responsibilities and that adequate resources are allocated to support the ensuing year's activities.

In 2023, management implemented a fee-reduction plan, effective March 1, 2023, while also assuring its ability to deliver on its mandate and to maintain or improve service levels. RECO will continue to monitor this through structured quarterly financial reporting as described above.

2. A focus on accountability and transparency in the allocation and use of resources.

RECO adheres to expense and procurement policies that meet the spirit and intent of government policies and practices.

Audited financial statements are prepared and presented each year. Three-year budget information is available in each Business Plan.

3. Allocating resources to respond to the Auditor General of Ontario's recommendations.

While the majority of its work to address the Auditor General of Ontario's recommendations was completed by the end of 2023, RECO will pursue the remaining action items in 2024 and 2025, with conclusion anticipated in early 2026. The 2024 budget was structured to provide the necessary resources to respond effectively to the recommendations while delivering RECO's 2024 Business Plan initiatives.¹

Moving forward, RECO remains committed to ensuring adequate resources are in place. Stakeholders expect the highest level of financial stewardship and accountability from RECO. Throughout its history, RECO has been diligent in ensuring that its operational and governance systems and processes related to financial stewardship meet the highest standards possible.

RECO reports its financial performance in two key areas — general operations and insurance.

Operations

The excess of revenues over expenses (or "surplus") for 2024 is expected to be \$913k.

The 2024 Business Plan and budget reflect fee reductions that became effective March 1, 2023. The reductions will not be fully reflected in revenues until March 1, 2025, as registration fees are amortized over the two-year registration period.

Education revenues will begin declining in 2025 and stabilize in 2026 following the implementation of an updated education model for third-party education providers to deliver RECO programs.

RECO will be in a planned deficit position by 2025, and the deficit is expected to peak at \$4.6 million by 2027. RECO's reserves are sufficient to fund deficits for the foreseeable future without raising fees. Reserves will continue to be monitored quarterly in accordance with RECO's policy on financial reserves.

Expenses are expected to be higher in 2024, reflecting increased resources for additional staffing, as well as \$3.2 million for Business Plan initiatives which includes continuing to implement the recommendations and action items from the Auditor General of Ontario's 2022 report.

Insurance

Insurance revenues in 2024 are expected to be higher than in 2023 due to higher contributions to the program stability fund and the insurance administration fund.

Insurance expenses over the budget and plan are in line with historical levels.

Insurance reserves are composed primarily of the program stability fund, which is intended to protect registrants against future significant increases in insurance premiums or other events that may affect registrants, such as changes in program coverage.

¹ The status of these action items is based on RECO's self-assessment; a final assessment will be completed by the Auditor General of Ontario.

Below is a financial summary, including budgeted amounts for 2024 and projections for 2025 and 2026.

Summary Financials Fiscal 2024-2026

Operations fund	2024 Budget \$000s	2025 Plan \$000s	2026 Plan \$000s
Registration fees	19,189	17,883	18,213
Other registrant fees	1,545	1,563	1,582
Education	6,738	4,606	3,451
Other income	1,460	1,460	1,460
Total revenue	28,932	25,512	24,706
Salaries and benefits	18,348	19,272	20,125
Departmental costs	10,186	8,093	7,868
Office, occupancy and general	763	774	785
Board remuneration and expense	345	255	255
Amortization	775	723	662
Government oversight fees ²	420	420	420
Elections and annual general meeting	203	205	208
Total expenses	31,040	29,742	30,323
Excess of revenues over expenses before investment income	(2,108)	(4,230)	(5,617)
Investment income	3,021	2,914	2,666
Excess of revenues over expenses	913	(1,316)	(2,951)
Opening reserves	40,300	41,213	39,897
Closing reserves	41,213	39,897	36,946
Decrease in reserves, 2024 to 2026			3,354
Insurance program funds	2024 Budget \$000s	2025 Plan \$000s	2026 Plan \$000s
Revenue	3,209	2,363	2,429
Administration expenses	1,419	1,353	1,405
Excess of revenues over expenses before investment income	1,790	1,010	1,024
Investment income	1,736	1,860	1,984
Excess of revenues over expenses	3,526	2,870	3,008
Opening reserves	24,636	28,162	31,032
Closing reserves	28,162	31,032	34,040
Increase in reserves, 2024 to 2026			9,404

² The 2024 budget was based on an estimate. Actual government oversight fees for 2024 will be \$432,540.15.

Human resources

RECO's employees are the cornerstone of its success in delivering on its mandate.

To respond quickly and adapt to change, RECO has developed a flexible workforce and work environment. Staff work cohesively in a common culture and values system. To deliver the initiatives identified in this Business Plan, efficiencies in workflows and processes will be an important focus, along with strong retention and succession planning. A strong labour market and improvement in its compensation approach have resulted in increased quality candidates competing to join RECO. At the same time, healthy turnover brings opportunity for internal career development and attraction of valuable external resources. We continue to focus on building innovative retention strategies and alternate solutions for resourcing in the ever-changing world of work.

To ensure continuity of service, knowledge transfer, and succession planning, RECO will continue to develop its performance management program and enhance employee professional development with a focus on innovation and change management. RECO heeded the warnings that the pandemic would prompt a surge of people leaving jobs and assessed its options to differentiate the organization in a competitive marketplace with a restricted labour pool. RECO was prepared for both a surge in post-pandemic labour mobility, as well as the economic challenges that prompted labour to remain loyal to a fair and flexible employer. Our generous hybrid remote work environment is one of the most flexible in the region and among other Administrative Authorities. This gives RECO an edge over other employers and ensures operations can sustain unknown future restrictions with minimal loss of service.

Retention and succession planning continue to be a key focus for this planning cycle. This includes continuing to support staff in adapting to a flexible and/or remote workplace, leveraging innovative technologies, deploying creative business processes, and understanding and reinforcing RECO's common culture and values system — all to develop behavioral norms consistent with the organization's values. In some areas of the organization, it is critical to retain knowledge and skills given the unique learning curve requiring years to build subject matter knowledge.

A comprehensive and robust talent management approach is critical to ensure our success in these times of renewal and change. We will continue to prioritize onboarding to integrate new employees into the RECO culture and introduce them to the values and information they need to become productive members of the team, while fostering loyalty and engagement.

Information technology

RECO continues to invest in modernizing its technology platforms, particularly by moving to cloud-based Software-as-a-Service (SaaS) options where available. A new project has been launched to migrate RECO's current primary business application, running on Microsoft's Dynamics 365, to the cloud version of this product by early 2024.

In 2024, additional investments will be made to enhance the CRM solution as well as complete a migration to the cloud for all on-premises services. We also will be implementing a zero-trust solution to allow for more secure and seamless access to the appropriate resources. This will allow for resilient, performant, and robust access to solutions with ease of access from any location.

Office of the Auditor General of Ontario recommendations

The Auditor General's report contains 25 recommendations with 70 action items, many of which are aimed at enhancing RECO's administration of the applicable legislation, in the public interest. Of the 58 action items attributed to RECO, 72 per cent were completed by December 31, 2023.³ RECO expects to complete its action items due in 2024 and will support the Ministry as they complete their action items. The remaining items are expected to be completed on schedule by January 2026.

RECO's quarterly Public Action Plan will continue to be posted on its website to demonstrate our progress.

Additional business planning elements

As required by the Administrative Agreement, RECO can confirm the following as elements of its business planning:

1. RECO maintains a clear and accessible process for the legislation it administers, including processes for response and resolution.
2. RECO is responding in French to all inquiries and communications received in French. RECO has a French language website that provides key consumer information and is consistent with parallel sections of the English site.
3. RECO maintains a comprehensive Enterprise Risk & Innovation Management program (ERIM). This program ensures semi-annual updates to a comprehensive risk register, which is linked directly to the goals and objectives contained in the Strategic Plan, and to the annual planning projects and initiatives outlined in each Business Plan, including the current Business Plan.

ERIM is integrated into RECO's strategic planning, business planning and budget planning, and informs discussions at every meeting of the Board and its committees. Reports on key risks are made at every board meeting and a full annual report on the status of risk identification and management goes to the Board of Directors each December.

4. The following items are available on RECO's website:
 - i. The terms of reference for RECO's Consumer & Industry Advisory Group. CIAG reports annually to RECO's Board of Directors on its activities and advice provided to RECO on issues of importance to consumers, as required by ss. 8(5) of the Administrative Agreement.
 - ii. A summary of relevant data on its performance measures and service standards for consumer protection, customer satisfaction, and consumer awareness.

³ The status of these action items is based on RECO's self-assessment; a final assessment will be completed by the Auditor General of Ontario.

Governance

Board of Directors

As of December 31, 2023, RECO was governed by a 12-position board comprising nine elected positions registered under the applicable legislation and three positions appointed by the Minister of Public and Business Service Delivery.

CHAIR

Katie Steinfeld, Broker of Record
On the Block Realty Inc., Brokerage
Woodbridge
End of Term: End of AGM 2025
Industry Director

VICE-CHAIR

John O'Sullivan, Broker
RE/MAX Hallmark Realty Group, Brokerage
Ottawa
End of Term: End of AGM 2024
Industry Director

Ovais Iqbal

End of Term: End of AGM 2024
Minister-appointed Director

Brent King, Broker of Record
Royal Oak Real Estate Ltd., Brokerage
Fort Erie
End of Term: End of AGM 2024
Industry Director

Tim Lee, Broker
Century 21 Synergy Realty Inc., Brokerage
Carleton Place
End of term: End of AGM 2025
Industry Director

John Lusink, Broker
Right at Home Realty, Brokerage
Toronto
End of Term: End of AGM 2024
Industry Director

Sandra Lee Marques, Broker
EXP Realty, Brokerage
Ottawa
End of Term: End of AGM 2024
Industry Director

Krystal Lee Moore, Broker
Royal LePage Triland Realty Ltd., Brokerage
London
End of term: End of AGM 2025
Industry Director

Phillip Richardson
End of Term: End of AGM 2025
Minister-appointed Director

Upcoming changes

RECO's Board received notification from the Minister of Public and Business Service Delivery of five Minister's orders, four of which related to the composition of and process for selecting members of the Board of Directors.

These orders include the following:

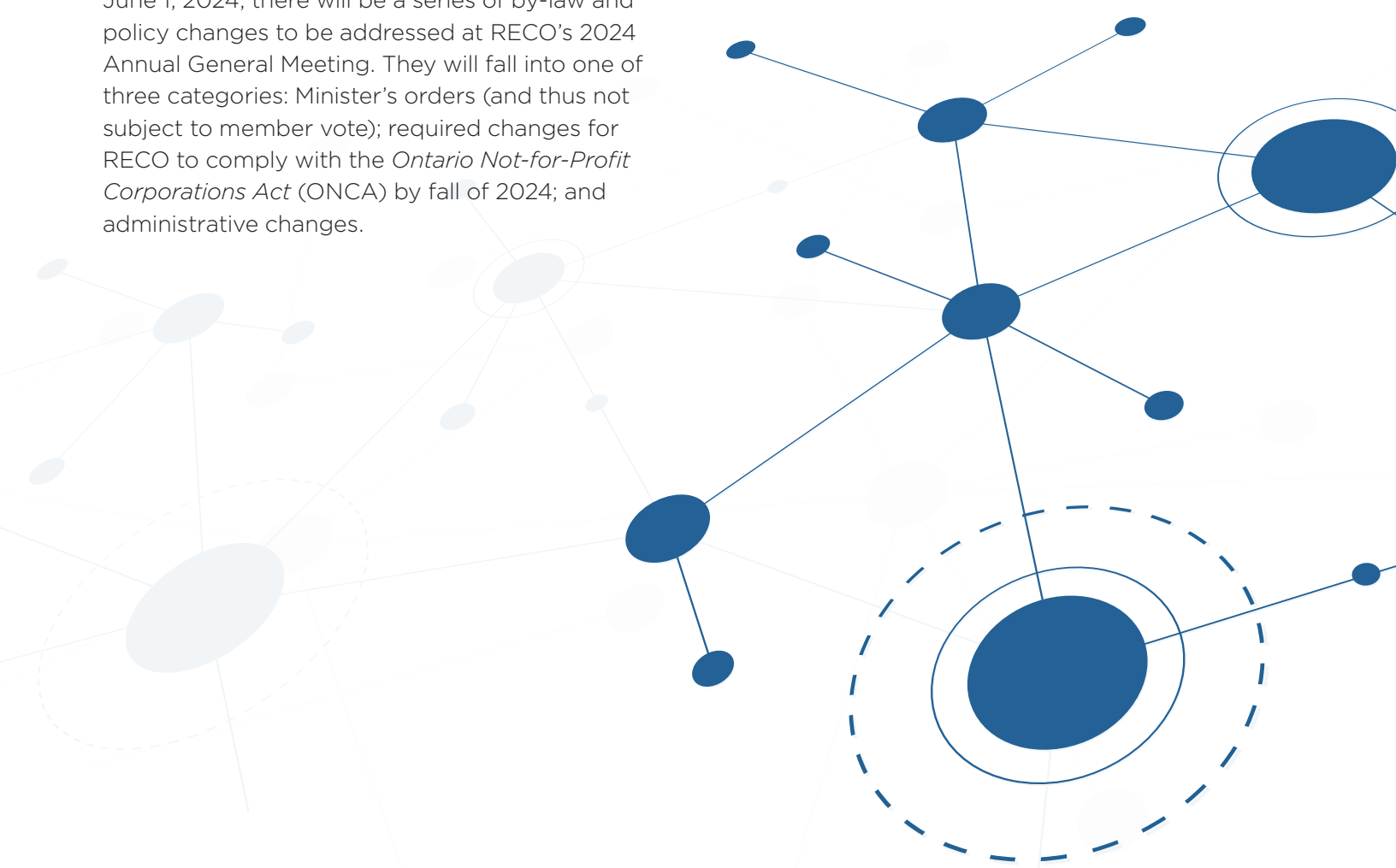
- Reduction of the size of Board from 12 to nine;
- Establishing the maximum percentage of Board members to be drawn from the real estate services sector at 34 per cent;
- The establishment of a Nominations Committee of the Board;
- Ensuring that all members of the Board possess a positive orientation for proactive consumer protection initiatives; and,
- The establishment of an Industry Advisory Council.

Due to these orders, which will be implemented by June 1, 2024, there will be a series of by-law and policy changes to be addressed at RECO's 2024 Annual General Meeting. They will fall into one of three categories: Minister's orders (and thus not subject to member vote); required changes for RECO to comply with the *Ontario Not-for-Profit Corporations Act* (ONCA) by fall of 2024; and administrative changes.

This includes the creation of three categories of directors: sector directors (defined as members of the real estate services sector), non-sector directors, and ministerial appointees.

As the Board of Directors transitions from its current form, the number of sector directors are limited to three under this structure. Currently, three industry directors have terms set to conclude at the end of the 2025 AGM, and three more with terms expiring at the end of the 2026 AGM. As a result, the Board determined that industry elections were not required to secure sector directors for RECO's 2024 AGM.

Further information will be shared with RECO members in advance of its AGM.



Management

RECO's management team and staff are led by a Chief Executive Officer, organized across three divisions.

Senior Administration

Michael Beard

Chief Executive Officer

George Drametu

Director, Litigation

Ruth Garrett

Director, Risk & Insurance Programs

Office of the Registrar

Joseph Richer

Registrar

Lisa Key

Deputy Registrar, Compliance

Gail McGuire

Deputy Registrar, Education

Glen Thomas

Director, Complaints

Angela Volpe

Director, Registration

Glen Furlong

Manager, Investigations

Sandra Gibney

Manager, Regulatory Policy

Paul Lush

Manager, Education Programs

Rosary Perez

Manager, Education Vision

Michelle Plucas

Manager, Audit & Inspections

Lisa Wall

Manager, Education Operations

Operations

Brenda Buchanan

Chief Operations Officer

Adam Freyseng

Director, Client Services

Sylvia Mauti

Director, Human Resources

Kym Robertson

Director, Stakeholder Relations

Bill Whyte

Director, Information Technology (interim)

Greg Zimnicki

Director, Finance (interim)

Heather MacDonald-Santiago

Manager, Stakeholder Relations

Martin McKenzie

Manager, Accounting

Vasko Markovski

Manager, Application Development

Raquel Smith

Manager, Discipline & Appeals Hearings



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