



# **2021 BUSINESS PLAN**

**RESILIENCY  
MODERNIZATION  
ADAPTABILITY  
INNOVATION**





## RECO Business Plan 2021

### Mandate

The Real Estate Council of Ontario (RECO) is a not-for-profit corporation established in 1997, responsible for administering the *Real Estate and Business Brokers Act, 2002* (REBBA) on behalf of the Government of Ontario. Key to its mandate is protection of the public interest through a fair, safe and informed marketplace.

RECO protects the public interest through:

- Enforcing the standards required to obtain and maintain registration as a brokerage, broker or salesperson
- Establishing registrant education requirements, including pre-registration, articling, broker and continuing education
- Conducting inspections of brokerages to ensure compliance with REBBA and to support brokerage compliance by educating brokers
- Addressing inquiries, concerns and complaints about the conduct of registrants and taking appropriate action to protect the public interest
- Establishing and administering insurance requirements, with a focus on protection for consumer deposits
- Promoting ongoing education for — and competent, knowledgeable and professional service by — RECO staff

RECO has an exclusive contract (the “Administrative Agreement”) with the Government of Ontario to administer and enforce REBBA. It must meet its responsibilities in a manner consistent with 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](http://www.reco.on.ca)

### RECO’s core commitments

RECO’s mission and vision were revised and re-stated in its 2019-2023 Strategic Plan, titled *Modern Regulation for a Dynamic Marketplace*.



**Mission:** To promote 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.

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

In 2020, RECO began a reconsideration and restatement of its core values through an organization-wide consultation process. As this process is ongoing, the following statement of values represents the traditional values that have informed RECO's work through the years.

**Our values:**

Fairness – Acting impartially and equitably

Accountability – Administering REBBA in accordance with the law

Integrity – Truthfulness and trustworthiness

Respect – Treating everyone with courtesy

**Context for the Business Plan 2021**

A five-year strategic plan, titled *Modern Regulation for a Dynamic Marketplace*, was established by RECO's Board of Directors in October 2018 and guides RECO's work from 2019 to 2023. Annual business plans, including the current business plan for 2021, will reflect the strategic plan and its goals and objectives.

Each year, in its annual report, RECO highlights its progress against the objectives established in its business plan. RECO's annual reports, including its most recent 2019 report, are available on RECO's website at [www.reco.on.ca/about/plans-publications/annual-reports/](http://www.reco.on.ca/about/plans-publications/annual-reports/). The 2020 annual report to be compiled and presented during RECO's annual general meeting in Spring 2021 will report on progress against the objectives established in the business plan for 2020.

The strategic plan includes the following three strategic goals, along with an explanation of each. These goals form the basis for the annual planning undertaken by RECO, with each business plan developed serving as the annual implementation plan for the strategic plan.



### **Strategic Goal 1: Deliver Innovative, Progressive Regulation**

By this strategic goal, RECO means:

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

### **Strategic Goal 2: Support an Informed Real Estate Market in Ontario**

By this strategic goal, RECO means:

- Enhancing RECO's 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 to allow RECO to adapt to changing conditions and keep our stakeholders informed.

### **Strategic Goal 3: Create a Resilient Organization**

By this strategic goal, RECO means:

- Ensuring organizational sustainability, particularly in terms of staffing, facilities and capital
- Inspiring staff to embrace RECO's vision, execute RECO's mission, and uphold a set of shared values
- Modernizing RECO's system of governance



- Adapting to change in all aspects of the real estate market and leading regulatory practices
- Ensuring RECO has the appropriate organizational structure, systems and technology to anticipate and respond to change.

## 2021 Business Plan: Objectives and activities

In the table to follow, we have summarized the projects and initiatives to be undertaken in 2021, the third year of our five-year strategic plan. In the left-hand column, the strategic planning objective is described as it appears in the strategic plan, with some minor editing. In the column on the right, we have provided a list of projects and initiatives to be undertaken in 2021, relative to each objective.

After describing the projects and initiatives for each of the three strategic goals and related objectives, we have included a summary of the metrics we will use to measure progress toward that goal.

To follow the table is information on RECO’s financial resources, budget for 2021 and financial forecasts for 2022 and 2023, including an assessment of the adequacy of those resources to achieve RECO’s 2021 business planning initiatives.

Strategic Goal 1: Deliver Innovative, Progressive Regulation	
Objective	Project/Initiative 2021
Establish relevant data sets necessary to meet regulatory responsibilities, and design practices, including the necessary analytical capability, to mine and learn from those data.	<ul style="list-style-type: none"> <li>• Continue to mature the organizational data strategy and associated policies to improve collection and analysis of data in order to increase compliance and mitigate risks. For example, complaint, inspection, registration and hearings data categories.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Implement new standardized form for registrant response to complaints.</li> </ul>
	<ul style="list-style-type: none"> <li>• Develop and implement strategy to raise compliance of trust reconciliations.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• Implement legislative reforms, including updates to website, MCE courses, etc.</li> </ul>
Design and make available to registrants enhanced information and guidance on professional standards, delivered in various formats and media.	<ul style="list-style-type: none"> <li>• Develop long-term solution for MCE, inclusive of a program delivery platform and delivery methods.</li> </ul>
	<ul style="list-style-type: none"> <li>• Support development of registrant competency profile</li> </ul>
	<ul style="list-style-type: none"> <li>• Support publication of the registrant competency profile and begin assessment of existing registrant training against profile.</li> </ul>



Strategic Goal 1: Deliver Innovative, Progressive Regulation	
Objective	Project/Initiative 2021
	<ul style="list-style-type: none"> <li>Improve registrant outreach by development of a communication strategy to refine and relaunch the Registrant Toolkit.</li> </ul>
Implement a new Registration Education Program as the first step towards an open marketplace, greater choice in education and an independent certification exam.	<ul style="list-style-type: none"> <li>Launch final phases of the Reg Ed Program, launch next phases of Reg Ed review (diploma and independent certification exam) and begin planning for future of multiple vendor delivery of Reg Ed.</li> </ul>

## Strategic Goal 1: Deliver Innovative, Progressive Regulation

### ADDITIONAL DETAIL

With respect to strategic objectives related to increasing data access to be a more modern and effective regulator:

- Increase access to data of all types, including data generated and collected by RECO directly and by other organizations, including government.
- Analyze the data and make data-driven decisions to support its approach to being a modern regulator.

With respect to strategic objectives related to strategic capacity:

- Expand RECO’s strategic capacity to ensure the efficacy of its regulatory practices, with particular focus on its inspection, compliance, registration and education programs.
- Identify key compliance risks and establish strategies to increase compliance and mitigate the key risks.
- Focus on key identified risks and harms to consumers by the inspection program to strategically reduce the occurrence and the prospective harm.

With respect to the strategic objective relating to REBBA reform:

- Review and assess REBBA and compare to leading practices in real estate regulation.
- Provide strategic advice to the Minister on potential or proposed legislative/regulatory changes.

With respect to the strategic objective relating to registrant competence:

- Provide guidance for registrants around professional standards to promote professionalism and consumer protection.



- Support the development of a national competency profile for a real estate salesperson, which will assist in identifying training gaps and opportunities for registrants.
- Launch the Knowledge Management System for all registrants and support training around REBBA reforms.

With respect to the strategic objective relating to the new registration education program:

- Provide guidance for registrants around professional standards to promote professionalism and consumer protection.
- Promote more practice-ready registrants upon entry to the profession.
- Launch the new Registration Education Program for post-registration and brokers.
- RECO will introduce an independent certification exam and move to an open market for diploma and degree programs, and longer term for direct entry programs

#### **MEASURING OUR SUCCESS**

During 2021, RECO will continue to develop new sets of metrics to be used in assessing its progress towards realizing Strategic Goal 1: Deliver Innovative, Progressive Regulation. This work will continue in 2021, to the following ends:

1. We will establish relevant data sets necessary to meet regulatory responsibilities, and design practices, including the necessary analytical capability, to mine and learn from those data.
2. We will 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.
3. We will monitor new targets:
  - Complaints – Fairness of Process (to be improved by 3%), complaint processing target to improve from 120 days to 110 days.
  - Registration – Improved service standard targets for application processing for new, renewal and reinstatement applications for personal registrations. New and reinstatement applications from 10 to eight days and renewals from eight to seven days.
  - Inspections – Brokerage inspections requiring follow up or escalation (3.19 % in 2020). Mining data for future Broker Compliance KPI.



Strategic Goal 2: Support an Informed Real Estate Market in Ontario	
Objective	Project/Initiative 2021
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.	<ul style="list-style-type: none"> <li>Continuation of consumer campaign initiatives, including consumer guides, website updates, etc.</li> </ul>
Establish new ways of engaging with the sector to build a shared accountability for consumer protection.	<ul style="list-style-type: none"> <li>Communicate with local boards to address issues they and their members are facing.</li> </ul>

## Strategic Goal 2: Support an Informed Real Estate Market in Ontario

### ADDITIONAL DETAIL

With respect to consumer awareness:

- Strategic approach, goals, key performance indicators and specific measures to be deployed in 2021 as part of the marketing and communications plan.
- Establish targeted consumer campaigns related to the “Registrant Leading the Way” program, based on strategic approach.

With respect to social media:

- Establish a social media strategy for 2021. Campaigns to increase engagement and promote awareness will be considered in 2021 following the strategic objectives within the strategy.
- Continue monitoring shifts in engagement and click-through rates, maintaining analytics to drive decisions.

With respect to enhanced external RECO website:

- Drive traffic to the site and increase engagement with consumers and registrants through various multi-media tools.
- Ensure the website has easy to follow navigation and advanced search functionality.
- Ensure positive consumer and registrant feedback.

With respect to enhanced engagement of local boards:

- Foster greater collaboration and engagement through regular meetings to share information and discuss issues facing the profession and industry.
- Align communication efforts with local boards for greater cooperation and amplification of messages to drive engagement.





**MEASURING OUR SUCCESS**

RECO takes an evidence-based, data-driven approach to brand, communications and engagement. RECO is refining measurements to gauge the impact of our activities under Strategic Goal #2. These measurements will include consumer/registrant awareness, social media and media effectiveness. Digital engagement through web-based channels will be a key focus in 2021.

Strategic Goal 3: Create a Resilient Organization	
Objective	Project/Initiative 2021
Execute an organization-wide initiative to identify and ingrain a set of shared values in alignment with this Strategic Plan.	<ul style="list-style-type: none"> <li>Build upon corporate values work from 2020.</li> </ul>
Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements.	<ul style="list-style-type: none"> <li>Continue to automate processes to enhance service delivery and communication with users. For example, reminder emails from hearings, insurance, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Assess long-term strategy for office space.</li> </ul>
	<ul style="list-style-type: none"> <li>Update IT infrastructure with focus to move to the cloud, increasing scalability and security.</li> </ul>

**Strategic Goal 3: Create a Resilient Organization**

**ADDITIONAL DETAIL AND MEASURING OUR SUCCESS**

Resilience and sustainability remain at the forefront of RECO’s business planning. As such, the following metrics focusing on fiscal needs, human resources, and value for money will be measured.

- With respect to RECO’s operating reserve, RECO will continue to monitor, with a target minimum of three months expenses in reserve.
- With respect to investments, RECO will track its investment income to the benchmarks recently approved in RECO’s Statement of Investment Policy.
- With respect to people and culture, RECO will target a voluntary turnover ratio of less than 8%.
- With respect to operating costs per registrant, RECO will target a reduction in year-over-year operating costs per registrant.

While RECO was able to adapt and modernize to continue delivering on its mandate, making considerable progress in 2020, ongoing uncertainty with the COVID-19 pandemic and potential consequences mean that the delivery of some initiatives may be affected in 2021.



## **Resources and budgeting**

RECO has a responsibility to ensure the highest level of stewardship and accountability to its stakeholders. Ensuring the appropriate human, financial and information technology resources is essential to delivering its mandate and this business plan.

In the development of the current business plan, and through development of the Strategic Plan, RECO has paid consistent attention to this responsibility, focusing on a disciplined and transparent approach, working towards best practices in all areas of the business.

### **Financial resources**

Through 2021 and in the balance of the period covered by the Strategic Plan, RECO's financial priorities will be:

1. The responsible allocation of funds to support strategic and operational objectives to strive toward long-term financial stability.

On an annual basis, RECO's Board of Directors meets to consider strategic and business planning goals and objectives, and the related resource implications. The Board's deliberations inform the budget planning for the ensuing year's objectives, and the development of the next business plan. In undertaking this planning, care is taken to ensure that RECO's core responsibilities are not adversely affected and that activities for the ensuing year are adequately resourced.

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.

RECO reports its financials in two key areas – insurance and general operations.

### **Registrant insurance program**

Insurance revenues in 2021 are expected to be lower as compared to 2020. This reflects the amortization of lower Stability and Administration contribution rates from 2020, which provided relief to registrants from higher premiums charged by the insurer.

### **Operations**

Revenues are expected to be lower in 2021 as compared to 2020, due largely to the continued transition to a new revenue model resulting from the change in delivery of the Registration Education program from OREA to Humber. This decrease is expected to be partially offset by higher registration-related revenues.



Expenses in 2021 are expected to be higher as investments related to the business plan initiatives are made, partially offset with savings expected to be realized with continued automation of processes to enhance service delivery and communication with stakeholders.

Below is a financial summary, including actual budgeted amounts for 2021 and projections for 2022 and 2023.

### Summary financials fiscal 2021-2023

Operations fund	2021 Budget	2022 Plan	2023 Plan
	\$000s	\$000s	\$000s
Registration fees	18,812	18,988	19,190
Other registrant fees	2,759	2,769	2,780
Education	4,153	3,924	3,989
Other income	848	848	848
<b>Total revenue</b>	<b>26,572</b>	<b>26,529</b>	<b>26,807</b>
Salaries and benefits	14,110	14,226	14,420
Departmental costs	7,499	5,649	5,835
Office, occupancy and general	1,444	1,444	1,444
Board remuneration and expense	222	280	280
Amortization	964	523	363
Government oversight fees	327	401	480
Elections and annual general meeting	24	24	25
<b>Total expenses</b>	<b>24,590</b>	<b>22,547</b>	<b>22,847</b>
Excess of revenues over expenses before investment income	1,982	3,982	3,960
Investment income	544	544	544
<b>Excess of revenues over expenses</b>	<b>2,526</b>	<b>4,526</b>	<b>4,504</b>
Opening Net Assets	23,598	26,124	30,650
Closing Net Assets	26,124	30,650	35,154
Increase in Net Assets, 2021 to 2023			11,556



<b>Insurance program funds</b>	<b>2021 Budget</b>	<b>2022 Plan</b>	<b>2023 Plan</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Insurance fees	1,673	2,411	2,790
Other income	174	174	174
<b>Total revenue</b>	<b>1,847</b>	<b>2,585</b>	<b>2,964</b>
Insurance administration expenses	1,236	1,167	1,174
<b>Total expenses</b>	<b>1,236</b>	<b>1,167</b>	<b>1,174</b>
Excess of revenues over expenses before investment income	611	1,418	1,790
Investment income	435	435	435
<b>Excess of revenues over expenses</b>	<b>1,853</b>	<b>2,225</b>	<b>1,853</b>
Opening Net Assets	28,082	29,128	30,981
<b>Closing Net Assets</b>	<b>29,128</b>	<b>30,981</b>	<b>33,206</b>
Increase in Net Assets, 2021 to 2023			5,124

## **Human resources**

RECO's employees are the cornerstone of its success in delivering its mandate. The shift caused by COVID-19 has warranted a critical need for a flexible workforce and work environment that can quickly adapt to change, all while working cohesively in a common culture and values system. To deliver the initiatives identified in this business plan, efficiencies in workflows and processes will be focused on without the need for additional staff.

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 change management. Engaging staff to embrace the post-pandemic business environment will be a focus for this planning cycle. This includes the adaptation to a flexible and/or remote workplace, innovative technologies, creative business processes and understanding and reinforcing RECO's common culture and values system so that behavioral norms develop that are consistent with the organization's values.



## Information technology

With respect to information technology, investment continues to be made in modernizing RECO's technology platforms, particularly by moving to cloud-based Software-as-a-Service (SaaS) options where available.

In 2021 additional investments have been made to digitalize internal RECO paper-based processes, safeguard data and streamline IT processes. In addition, a review of cybersecurity will be completed to help ensure that RECO's systems are protected from external threats using leading practices and best in class cybersecurity tools.

## 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 managing complaints about the administration of REBBA, including processes for response and resolution. Elements of the process are available on RECO's website:  
[www.reco.on.ca/about/complaints-against-reco/](http://www.reco.on.ca/about/complaints-against-reco/)
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. RECO's new French-language website may be viewed here:  
[www.reco.on.ca/fr/](http://www.reco.on.ca/fr/)
3. RECO maintains a comprehensive Enterprise Risk & Innovation Management Program (ERIM). ERIM outlines a thorough risk register which is updated semi-annually and relates 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 our 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 state of risk identification and management goes to the Board in December of each year.

4. The following items are available on RECO's website:
  - (i) Membership of and the terms of reference for RECO's Consumer & Industry Advisory Group can be viewed here: [www.reco.on.ca/about/governance/other-committees-groups/consumer-industry-advisory-group/](http://www.reco.on.ca/about/governance/other-committees-groups/consumer-industry-advisory-group/). This group reports periodically to RECO's Board of Directors on issues of importance to consumers as required by ss. 8(5) of the Administrative Agreement.



- (ii) RECO publishes detailed data on its performance and service standards for registrants and members of the public more generally. A summary of relevant available data can be viewed here: [www.reco.on.ca/about/performance-measures/](http://www.reco.on.ca/about/performance-measures/) and here: [www.reco.on.ca/about/service-standards/](http://www.reco.on.ca/about/service-standards/)

## **Governance**

### **Board of Directors**

RECO is governed by a 12-person Board of Directors, comprising nine elected representatives registered under REBBA and three members appointed by the Ministry of Government and Consumer Services. Detailed information about RECO's Board of Directors is available here: [www.reco.on.ca/about/governance/board-directors/](http://www.reco.on.ca/about/governance/board-directors/)

### **Members of the Board of Directors, 2020-2021**

Tamer Fahmi, Chair Broker Keller Williams Edge Hearth & Home Realty Industry Director, Region 2	Steve Boxma, Vice-Chair Broker Royal LePage Team Realty Inc. Industry Director, Region 3
Rui Alves Broker iPro Realty Ltd. Industry Director, Region 1	Michael Appleton Salesperson International Realty Firm, Inc. Industry Director, Region 1
Glenda Brindle Broker Royal LePage Team Realty Inc. Industry Director, Region 3	Janet Cloud 3Cs Corporation Ministerial Director
Frank Dattilo Broker Dattilo Realty Inc. Industry Director, Region 2	Timothy Lee Broker Century 21 Explorer Realty Inc. Industry Director, Region 3
John McCharles Re/Max Sarnia Realty Inc. Ministerial Director	Phillip Richardson Black Opal Property Advisors Ministerial Director
David Schooley Broker Re/Max Twin City Realty Inc. Industry Director, Region 2	Katie Steinfeld Broker On The Block Realty Inc. Industry Director, Region 1



## Management

RECO's management team and staff cohort is led by a Chief Executive Officer and divided into three divisions.

Chief Executive Officer:

Michael Beard

Brian Buchan  
Director, External Relations (I)

George Drametu  
Director, Litigation

Ruth Garrett  
Director, Risk & Insurance Programs

Siân Williams  
Director, Corporate Law & Policy

Adam Hawkins  
Manager, Communications

Elizabeth Benson  
Administrator, Board Services

Regulatory Division:

Joseph Richer  
Registrar

Lisa Key  
Director, Education

Gail McGuire  
Manager, Registration Education

Brian Prendergast  
Manager, Inspections & Investigations

Glen Thomas  
Manager, Complaints, Compliance & Discipline

Angela Volpe  
Manager, Registration

Lisa Wall  
Manager, Education



Operations Division:

Brenda Buchanan  
Chief Operations Officer

Tim Bates  
Director, Finance & Accounting

Adam Freyseng  
Director, Client Services

Sylvia Mauti  
Director, Human Resources

Mike Prime  
Director, Information Technology

Vasko Markovski  
Manager, Application Development

Martin McKenzie  
Manager, Accounting

Raquel Smith  
Manager, Discipline & Appeals Hearings



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