



Real Estate  
Council of Ontario

# 2019 BUSINESS PLAN

## 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) and associated regulations on behalf of the provincial government. 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 routine inspections of brokerage offices 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, including protection for consumer deposits; and
- + 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

As part of the process by which this 2019-2021 business plan was developed, RECO reflected carefully on its stated mission and vision, and focused on aligning its short-term business planning to those core commitments. RECO's mission and vision were re-stated in its 2019-2023 strategic plan, titled "Modern Regulation for a Dynamic Marketplace."

As an early objective in its new strategic plan, RECO will undertake a reconsideration and restatement of its core values through an organization-wide consultation process. The following statement of values represents the traditional values that have informed RECO's work through the years.

### Our Values

**Fairness:**

Act impartially and equitably

**Accountability:**

Administer REBBA competently  
in accordance with the law

**Integrity:**

Be truthful and trustworthy

**Respect:**

Treat all with courtesy

# 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.



# Context for the Business Plan 2019-2021

Strategic planning was undertaken in earnest in early 2018 under the direction of new leadership at RECO. A new five-year strategic plan, titled “Modern Regulation for a Dynamic Marketplace,” was established by the Board of Directors in October 2018 and will guide RECO’s work from 2019 to 2023. Annual business plans, including the current Business Plan 2019-2021, will be derived from that strategic plan over the life of that plan.

Each year, in its Annual Report, RECO reports on its progress against the objectives established in its business plan. The reports, including its most recent 2017 report, are available on RECO’s website. The 2018 Annual Report to be compiled and presented to RECO’s Annual General Meeting in Spring 2019 will report on progress against the objectives established in the business plan for 2018.

The strategic plan includes the following three strategic goals, along with an explanation of each.

## Strategic Goal 1: Deliver Innovative, Progressive Regulation

By this strategic goal, RECO means:

- + Gathering and analyzing greater amounts of data to better inform RECO 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; and
- + Reaffirming a clear identity, and using that identity to assist in the accomplishment of RECO’s mission.

## Strategic Priority 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; and
- + Actively monitoring the market to allow RECO to adapt to changing conditions and keep our stakeholders informed.

## Strategic Priority 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; and
- + Ensuring RECO has the appropriate organizational structure, systems and technology to anticipate and respond to change.

# 2019 Business Plan: Objectives and Activities

In the table to follow, we have summarized the projects and initiatives to be undertaken in 2019. These are provided in order, relative to the goals and objectives in the strategic plan. In the left-hand column, the goal and objective are identified (goal #1 objective #1, objective #2; goal #2 objective #1, objective #2, etc.). In the middle column, the strategic

planning objective is described as it appears in the strategic plan. In the column on the right, we have provided a list of projects and initiatives to be undertaken in 2019, 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 2019 and financial forecasts for 2020 and 2021, including an assessment of the adequacy of those resources to achieve RECO's 2019 strategic objectives.



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

Goal	Objective	Project/Initiative 2019
1.1	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>+ Mandatory Continuing Education (MCE): introduce technology updates as well as expanded ability to gather data and feedback. This lets us enhance the user experience and to target compliance issues where more compliance support may be necessary.</li> <li>+ Introduce registrant response time tracking to analyze correlations with other data to support compliance and timely enforcement.</li> <li>+ Formalize data analysis around regulatory areas to more accurately measure its efficiency, effectiveness and efficacy.</li> </ul>
1.2	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>+ Based on increased ability to collect and analyze data, identify key compliance risks and establish strategies to increase compliance and mitigate the key risks.</li> <li>+ Introduce a standardized format for registrant responses to complaints to encourage a more focused registrant response to expedite the process.</li> <li>+ Refine the focus of the inspection program on key identified risks and harms to consumers to strategically reduce the occurrence and the prospective harm.</li> <li>+ Review/reform registration application processes. All requirements will be vetted against the legislation with an aim to modernize the processes and increase efficiencies.</li> </ul>
1.3	Complete implementation of the enterprise risk and innovation management program, and integrate it into project management, environmental scans, and executive and Board decision-making.	<ul style="list-style-type: none"> <li>+ Plan to enhance MCE program platform to take advantage of new technology and address the technology related risks with an aging system.</li> <li>+ Complete implementation of the Enterprise Risk &amp; Innovation Management program.</li> </ul>
1.4	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>+ Actively participate in the Government's review of REBBA.</li> </ul>
1.5	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>+ Assess RECO's ability to provide enhanced guidance to registrants, through stakeholder outreach and communications strategy.</li> </ul>
1.6	Implement a new Registration Education Program as the first step towards an open market place, greater choice in education and an independent certification exam.	<ul style="list-style-type: none"> <li>+ Launch Real Estate Salesperson Program and Real Estate Broker Program.</li> </ul>

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

### **Measuring our Success**

During 2019, RECO will develop a new set of metrics to be used in assessing its progress towards realizing Strategic Goal 1: Deliver Innovative, Progressive Regulation.

- 1.** 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.** 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.** Complete implementation of the enterprise risk and innovation management program, and integrate it into project management, environmental scans, and executive and Board decision-making.

This work will follow these pathways and help to generate the following insights:

- 1.** RECO will begin this work by assembling historical data on the top three complaint types in terms of harm to consumers to establish total risk for consumers. It will use these data to determine root causes and put in place corrective actions to reduce the risk.

- 2.** A database will be established to track outcomes from brokerage inspections, identifying patterns of infraction and isolating more serious trends. Over time, these data will be used as the basis for targeted communications strategies and other outreach programs.
- 3.** We will begin observing recidivism among registrants in our compliance and disciplinary processes, first establishing sets of historical data and tracking patterns over time going forward. These data will isolate repeat offenders in the discipline process, and will help us determine the effectiveness of progressive discipline.
- 4.** The data referred to in the previous paragraph will help us with a more targeted inspections program for brokerages. When that data is combined with historical and current data about the number of complaints arising out of the work of a particular brokerage, the number of salespeople per broker of record, the value of transactions and the relative size of deposits in a particular brokerage, then RECO will be able to develop a more risk-based approach to its inspections program.

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

Goal	Objective	Project/Initiative 2019
2.1	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>+ Develop a consumer-focused guide to buying and selling residential real estate, with supporting videos.</li> <li>+ Build and maintain a knowledge base solution for all client services staff to improve consistency and speed of access to information.</li> <li>+ Implement a quality monitoring program for application processing and call/email responses.</li> <li>+ Complete a comprehensive consumer research and analytics initiative that will drive the development of a communications strategy and implementation plan (audience segments, channels/media, messages, tactics, metrics) with the goal of having an informed real estate market in Ontario.</li> </ul>
2.2	Establish new ways of engaging with the sector to build a shared accountability for consumer protection.	<ul style="list-style-type: none"> <li>+ The composition of the Education Advisory Committee will be reviewed to ensure diversity and representation necessary to advise effectively on education related matters.</li> <li>+ Complete a comprehensive registrant research and analytics initiative that will drive the development of a communications strategy and implementation plan (audience segments, channels/media, messages, tactics, metrics) with the goal of having an informed real estate market in Ontario.</li> <li>+ Focus registrant communications and presentations on specific areas of registrant non-compliance and clear direction to maintain compliance.</li> <li>+ Engage local boards and associations in a strategy to support registrants in dealing with specific industry issues and their solutions.</li> </ul>
2.3	Identify opportunities to engage with other organizations to deliver consumer protection initiatives.	<ul style="list-style-type: none"> <li>+ Continue to support and expand the current cross-training undertaken with Tarion, local boards and associations, the Financial Transactions and Reports Analysis Centre of Canada, Ontario Provincial Police, various police services and Ministry of Municipal Affairs and Housing.</li> </ul>



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

### **Measuring our Success**

To measure progress toward realizing Strategic Goal 2: Support an Informed Real Estate Market in Ontario, RECO will track the following data:

- 1.** Consumer awareness of RECO. RECO currently does an annual consumer survey, and tracks awareness of RECO year-over-year. The annual survey will continue, but will be enhanced by shorter, quick quarterly consumer surveys to generate more immediate data.
- 2.** RECO will monitor the number, duration, depth and source of hits to its online registrant search tool as a measure of consumer awareness of this valuable feature of our consumer protection program. RECO will add feedback mechanisms for website users as its website is enhanced in 2019-2020.
- 3.** A series of microsites have been established by RECO to attract defined segments of the consumer population. Awareness of these websites is being developed through a consumer outreach program launched in the fall 2018. As long as these microsites represent RECO's most useful tool for consumers, then RECO will track the success of this outreach program and the microsites by monitoring the number, duration, depth and source of hits to its microsites over time.
- 4.** RECO maintains a social media presence on various platforms. It will track the number of hits on each of these platforms as an indicator of greater consumer awareness of RECO as the professional real estate regulator.
- 5.** On a biennial basis, RECO surveys registrants and, in that survey, tests for registrant satisfaction with both RECO's delivery of consumer protection information and consumer education information. While the biennial survey will continue to be done, RECO will start doing quarterly short form surveys to generate more immediate data.
- 6.** RECO will make special efforts to reach out to Ontario's ethnic communities in 2019 to increase consumer awareness in those communities. Metrics are currently being developed to measure the impact of these efforts.

## Strategic Goal #3: Create a Resilient Organization

Goal	Objective	Project/Initiative 2019
3.1	Execute an organization-wide initiative to identify and ingrain a set of shared values in alignment with this strategic plan.	+ Complete first stage of this initiative.
3.2	Implement a strategy that gives employees input to guide changes and improvements to RECO.	<ul style="list-style-type: none"> <li>+ Staff will be directly involved in the reviews of registration application, complaint and inspection processes. Employees will participate in the shaping of their future work process.</li> <li>+ Organize quarterly meetings of representatives from all departments to generate ideas to take to SMG.</li> <li>+ HR to research and make recommendations on solutions to gather and act on employee input.</li> <li>+ Develop an internal communications strategy and operational plan that will provide the foundational and cross functional support to create a resilient organization.</li> </ul>
3.3	Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements.	<ul style="list-style-type: none"> <li>+ Develop a sustainability framework and a structured process for successful ongoing management.</li> <li>+ Conduct an audit of the HRIS/Payroll system.</li> <li>+ Conduct an audit of space and facilities to determine sustainability of current environment.</li> </ul>
3.4	Implement enhancements identified in the 2018 Governance Review.	+ Implement the first set of recommendations from the Governance Review.
3.5	Design and implement a consistent organizational planning cycle, integrating strategic planning, business planning, budget planning and Enterprise Risk & Innovation Management (ER&IM) program.	+ Implement the first year of our new organizational planning cycle.
3.6	Create and staff an organizational Project Management Office.	+ Plan, launch and staff a Project Management Office to introduce standardized reporting, methodology and consistency across all projects.
3.7	Formalize our corporate compliance program, addressing legislative, contractual and policy compliance; and establish a process of regular policy reviews.	+ Implement the corporate compliance program.

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

### **Measuring our Success**

The metrics RECO will use with respect to Strategic Goal 3: Create a Resilient Organization relate almost exclusively to objective 3.3: Create an Organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements. The other objectives to be accomplished in 2019 are project-based, and success will be marked by completion of the related project.

In 2019, RECO will concentrate on financial and human resources sustainability, and will track the following indicators (either in existence and tracked now, or to be developed and tracked):

1. RECO will regularly assess its operating reserve, with a goal of maintaining a reserve equivalent to three months' projected expenses.
2. Actual revenues compared to budgeted revenues will be monitored on a quarterly basis, with a target going forward of greater than 1:1.
3. Actual expenses compared to budgeted expenses will be monitored on a quarterly basis, with a target going forward of less than 1:1.
4. RECO will monitor its return on cash and investments to ensure consistency with its Statement of Investment Policy.
5. A quarterly staff turnover report will be generated. It will be monitored relative to the baseline established over 2017 and 2018, with the target to reduce turnover rates during the first two years of the new strategic plan.
6. RECO will develop a new report on average tenure of employees. It will be monitored relative to the baseline established over 2017 and 2018, with the target to increase the average among RECO's employees over the course of the strategic plan.
7. A new "people pulse" will be developed and deployed during 2019. It will allow a real time assessment of employee engagement at RECO, assessing factors that are currently in development. This metric will assist RECO in ensuring that it values its employees and their contribution to its success.
8. RECO will measure overtime expense on a quarterly basis, using the results as a measure of both efficiency and optimization of staffing levels.
9. RECO will begin tracking operating costs per registrant, beginning in 2019. Monitoring this ratio on a quarterly basis will provide insight into the value RECO provides relative to the size of the profession in Ontario, and will reveal our trends in efficiencies over time.

# Resources and Budgeting

Government, consumers and registrants expect the highest level of financial stewardship and accountability from RECO. Throughout its history, RECO has been diligent in striving to ensure that its operational and governance systems and processes related to financial stewardship meet the highest possible standards. 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, using leading practices in RECO's stewardship of financial resources, and finding efficiencies wherever possible.

Through 2019 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 ensure 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 as required. Three-year budget information is available in each business plan.

Below is the financial summary, including actual budgeted amounts for 2019 and projections for 2020 and 2021.

## Summary Financials Fiscal 2019-2021

### Operating Fund

	2019 Budget	2020 Plan	2021 Plan
	\$'000	\$'000	\$'000
Registration fees	18,731	18,760	18,962
Education revenues	4,041	4,455	3,529
Other revenues	1,788	1,809	1,830
<b>Total revenues</b>	<b>24,560</b>	<b>25,024</b>	<b>24,321</b>
Operating departments and facilities	24,248	22,333	21,838
Board, committees and task forces	281	281	281
Other operating costs	2,240	2,125	1,915
<b>Total expenses/expenditures</b>	<b>26,769</b>	<b>24,739</b>	<b>24,034</b>
<b>Income/(loss)</b>	<b>(2,209)</b>	<b>285</b>	<b>287</b>
Opening accumulated fund balance	14,842	12,633	12,918
Closing accumulated fund balance	12,633	12,918	13,205
<b>Increase/(reduction) in accumulated fund 2019 to 2021</b>			<b>(1,637)</b>



## Insurance Funds

	2019 Budget	2020 Plan	2021 Plan
	\$'000	\$'000	\$'000
Premium fund fees	30,624	33,662	35,998
Stability fund fees	1,529	1,912	2,047
Insurance administration fund fees	1,616	1,637	1,666
Other revenues	330	330	330
Total revenues	34,099	37,541	40,041
Insurance expenses			
Premium expense	30,624	33,662	35,998
Other expenses	1,396	1,494	1,480
Total expenses/expenditures	32,020	35,156	37,478
Income/(loss)	2,079	2,385	2,563
Opening accumulated fund balance	23,400	25,479	27,864
Closing accumulated fund balance	25,479	27,864	30,427
Increase/(reduction) in accumulated fund 2019 to 2021			7,027

## 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.
2. Continuing efforts to provide French language services to registrants and consumers has resulted in RECO responding in French to all inquiries and communications received in French.

RECO is very pleased to have launched a French language website on December 10, 2018. This step represents a significant advance in our ability to offer services in French. The French language website provides key consumer information, and we plan to enhance it over time to be comparatively comprehensive to the English website. Plans are already in place to ensure that it remains consistent with parallel sections of the English website as the latter is updated. 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 (ER&IM) program. ER&IM program outlines a thorough risk register, which is updated regularly 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.

At the time of writing, the Board of Directors and the Senior Management Group are in the process of settling risk appetite and risk tolerance for each risk in RECO's risk register, following which ER&IM program will be fully operational. It will be implemented through the efforts of an internal working group and an executive-level steering committee, with regular oversight by the Audit & Risk Committee of the Board of Directors, and the Board itself.

4. The following items are available on RECO's website:
  - (i) Membership of and the terms of reference for RECO's 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. A summary of relevant available data can be viewed in the Performance Measures and Service Standards sections of RECO's website.

# Governance

## Board of Directors

RECO is governed by a twelve-person Board of Directors, comprising nine elected representatives registered under REBBA and three non-registrants appointed by the Ministry of Government and Consumer Services. Detailed information about RECO's Board of Directors is available on the website.

There is currently one vacancy on the Board.

Members of the Board of Directors, 2018-2019:

**JODY LAVOIE**, Chair  
Broker  
RE/MAX Hallmark Realty Group  
Industry Director, Region 3

**BILL YETMAN**, Vice-Chair  
Yetman Consulting  
Ministerial Director

**MICHAEL APPLETON**  
Salesperson  
Royal LePage Real Estate Services Ltd.  
Industry Director, Region 1

**ASHWANI BHARDWAJ**  
Real Estate Conveyancer  
Ministerial Director

**STEVE BOXMA**  
Broker  
Royal LePage Team Realty Inc.  
Industry Director, Region 3

**GLENDA BRINDLE**  
Broker  
Royal LePage Team Realty Inc.  
Industry Director, Region 3

**FRANK DATTILO**  
Broker  
Dattilo Realty Inc.  
Industry Director, Region 2

**BETTIANNE HEDGES**  
Broker  
J. M. Edwards Associates Inc.  
Industry Director, Region 2

**LUCY IMPERA**  
Pera-Dia International Inc.  
Ministerial Director

**BILL JOHNSTON**  
Broker  
Bosley Real Estate Ltd.  
Industry Director, Region 1

**TONY MA**  
Broker  
Homelife Landmark Realty Inc.  
Industry Director, Region 1

## Management

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

**Chief Executive Officer**  
**MICHAEL BEARD**

**Regulatory Division**  
**JOSEPH RICHER**  
Registrar

**KELVIN KUCEY**  
Deputy Registrar, Regulatory Compliance

**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

**SECRETARIAT Division**

**LOGAN ATKINSON**

General Counsel & Corporate Secretary

**GEORGE DRAMETU**

Director, Litigation

**RUTH GARRETT**

Director, Insurance Programs

**CATHERINE JACKSON**

Director, External Relations

**SIÂN WILLIAMS**

Director, Corporate Law & Policy

**ANDRIA CORDOVEZ MULET**

Manager, Board Operations

**RAQUEL SMITH**

Manager, Discipline and Appeals Hearings

**KRISTINA WILSON**

Manager, Communications

**OPERATIONS DIVISION**

**CHARLIE YOUNGER**

Chief Operations Officer (Interim), until March 25, 2019

**BRENDA BUCHANAN**

Chief Operations Officer, from March 25, 2019

**GLORIA FOUGERE**

Director, Finance & Accounting

**ADAM FREYSENG**

Director, Client Services

**SYLVIA MAUTI**

Director, Human Resources

**MIKE PRIME**

Director, Information Technology

**TIM BATES**

Manager, Accounting

**VASKO MARKOVSKI**

Manager, Application Development



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