



Real Estate
Council of Ontario



BUSINESS PLAN

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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 *Real Estate and Business Brokers Act, 2002* (REBBA) on behalf of the Government of Ontario. As an Administrative Authority (AA), RECO is overseen by the Ministry of Public and Business Service Delivery (MPBSD). Key to its mandate is the protection of the public interest through a fair, 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 REBBA. 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:

- 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

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

Promoting 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.



Values

1. Model empathy and choose inclusivity
2. Be intentional in all actions
3. Act with integrity
4. Embrace curiosity
5. Be strategically agile

Context for the Business Plan 2023

Strategic plan

A five-year strategic plan, titled *Modern Regulation for a Dynamic Marketplace* was implemented in 2019 to set the strategic direction for RECO through 2023. RECO's annual business plans, including the current business plan for 2023, serve to achieve the strategic goals defined in that plan.

RECO has already started developing the strategic plan for the following three years (2024 to 2026), which it will share publicly later in 2023.

The current strategic plan defines three strategic goals, listed below along with an explanation of each. Establishing ways to achieve these goals forms the basis for the annual planning undertaken by RECO.

Strategic Goal 1: DELIVER INNOVATIVE, PROGRESSIVE REGULATION

1

This strategic goal 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

2

This strategic goal 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

3

This strategic goal 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.

Annual report

Each year in the annual report, RECO reports on its progress against the objectives established in its business plan for that year. RECO's annual reports are available on [RECO's website](#). The 2022 annual report will be made publicly available in spring 2023, ahead of the annual general meeting (AGM) which follows shortly thereafter.

Value-for-money audit

In December 2021, RECO was advised that it had been selected for a value-for-money audit by the Office of the Auditor General of Ontario (OAGO). Over the last few years, the OAGO has audited many of the AAs.

After a nearly year-long audit process, the OAGO published its 2022 annual report which included 15 value-for-money-audits of Ontario public-sector and broader public-sector programs, including RECO.

The report presents RECO with an opportunity to review the economy, efficiency and effectiveness in the delivery of its mandate. Being the regulator of brokerages, brokers, and salespersons in Ontario puts RECO in a position of great responsibility to protect consumers in the public interest. The implementation of the recommendations and action items in the report, some of which will be addressed in the 2023 fiscal year, will be reported on quarterly to the public.

Read the report and a statement from RECO.

The report contains 25 recommendations, many of which are aimed at enhancing RECO's administration of REBBA in the public interest.

Objectives and activities

The table below summarizes the business plan projects and initiatives to be undertaken in 2023, the final year of RECO's five-year strategic plan. Each business plan project and initiative references the relevant strategic goal objective, giving substance to its purpose.

Strategic Goal #1: Deliver innovative, progressive regulation

OBJECTIVE	PROJECT/INITIATIVE 2023
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"> Finalize organizational data strategy and associated policies. Identify new data sets required to improve collection and analysis in order to provide greater management reporting.
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"> Develop and implement a revised inspection model that takes a risk-based approach to the scheduling and scope of inspections.
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"> Implement and communicate legislative changes, including updated education programs, IT system changes and web content updates. Advocate for future legislative changes.
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"> Develop content management strategy for the Mandatory Continuing Education (MCE) program.
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"> Implement agreements with alternate service providers to allow an open marketplace for registration education program delivery.

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.
- Continue data-management efforts to enhance data-driven decision-making at RECO. To achieve this, we need to:
 - » Increase effective use of data with enhanced analytical capabilities.

- » Establish processes to monitor, maintain and improve data-management practices.

With respect to the strategic objective relating to registrant competence:

- Provide guidance for registrants on professional standards to promote professionalism and consumer protection through updates related to REBBA, and other issues that might arise that require support through bulletins or newsletter articles.
- Publish a newly developed national competency profile for real estate salespersons and brokers. Assess salesperson and broker education programs using the competency profiles to identify training gaps and opportunities for registrants.

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

- Assess and promote registrant practice readiness upon entry to the profession.
- Develop structure to support an open market for direct-entry programs for salesperson and broker registration which would involve entering agreements with alternate service providers.

MEASURING OUR SUCCESS

During 2023, RECO will continue to develop new sets of metrics to be used in assessing our progress towards realizing Strategic Goal 1: Deliver Innovative, Progressive Regulation. This work will continue in 2023, to the following ends:

1. Continue to assess the accuracy of a complaint-to-sale ratio/complaint-projection model that estimates anticipated complaints based on projected sales data from the Canadian Real Estate Association, as a means of forecasting resourcing needs.

2. Measure overall brokerage compliance and the extent to which our strategies are affecting compliance.
3. Measure registrant practice readiness upon entry to the profession.
4. Continue to measure and meet RECO’s service standard targets that will be reported monthly and published on RECO’s website quarterly.
 - » Calls to RECO’s main switchboard answered within two minutes
 - » New Salesperson, Salesperson/Broker renewal and reinstatement applications processed within eight business days
 - » Visitors to the RECO’s office greeted within five minutes
 - » New business applications processed within 15 business days
 - » Average time to close complaints 110 days
**Complaints that are not escalated are closed on average within the target time*

Strategic Goal #2: Support an informed real estate market in Ontario

OBJECTIVE	PROJECT/INITIATIVE 2023
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"> • Launch the information guide for consumers to be delivered by registrants as is the <u>regulatory requirement</u>.
Develop and deliver a focused brand-enhancement strategy to raise RECO’s profile among consumers.	<ul style="list-style-type: none"> • Review and define RECO’s branding strategy.

ADDITIONAL DETAIL

With respect to consumer and registrant awareness:

- Deploy strategic approach, goals, key performance indicators and specific measures as part of the marketing and communications plan.
- Develop the information guide for consumers that will be available in print and on a RECO-operated website. The website will feature a dedicated tool for sharing the guide, which will deliver the content in an easy-to-consume format and will provide accountability on registrant obligations to share and explain the contents of the guide itself.

- Inform public and registrants about the Auditor General report’s recommendations and progress, as appropriate.
- Educate the public and registrants about REBBA reform, as appropriate.
- In 2023, RECO will conduct a consumer survey and a registrant survey and provide results.

With respect to social media:

- Develop and execute the social media strategy.
- Shift social media paid campaigns from webpage content over to the consumer quiz, graphics, and video/mixed media content. Leverage evergreen content on paid social media for continuing impressions and engagements.

- Enhance social media community management (the process for building relevant audiences on social media) by revising targets to achieve quicker response times to relevant posts.
- Launch a RECO Instagram account to broaden the reach to consumers, incorporating engaging and informative visual content (reels, IG stories, interactive posts such as polls, short questions) that appeal to a younger audience.

With respect to the new external RECO website, we will:

- Complete the RECO website project to bring improved functionality and user experience.
- Increase site traffic and user engagement through improved content, search functionality, information architecture and resources for both consumers and registrants.

MEASURING OUR SUCCESS

RECO takes an evidence-based, data-driven approach to branding, communications, and engagement. RECO is moving to improved media monitoring and social media monitoring platforms that will allow for better gathering and use of metrics to gauge the impact of our activities under Strategic Goal #2. These measurements will include consumer/registrant awareness, social media and media effectiveness and issues management. Digital engagement through web-based channels will continue to be a key focus in 2023.

Strategic Goal #3: Create a resilient organization

OBJECTIVE

Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements.

PROJECT/INITIATIVE 2023

- Identify and implement further process automation processes, in order to continue to reduce burden on business, and become a more environmentally responsible organization.
- Continuous improvement to IT infrastructure, addressing current trends particularly with regard to security, efficiency and service.

ADDITIONAL DETAIL

Many of the initiatives under this objective have been achieved in the early years of the plan, building a solid foundation for the organization's sustainability, as evidenced by RECO's achievement to work through the considerable disruptions through the COVID pandemic and lockdowns over the last few years. The focus now turns to more maintenance and incremental improvements, while ensuring we remain resilient and adaptable to external changes.

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 six months expenses in reserve.
- With respect to investments, RECO will track its investment income to the benchmarks in RECO's Statement of Investment Policy.
- With respect to people and culture, RECO will target a voluntary turnover ratio of less than 15 per cent.

Additional objective

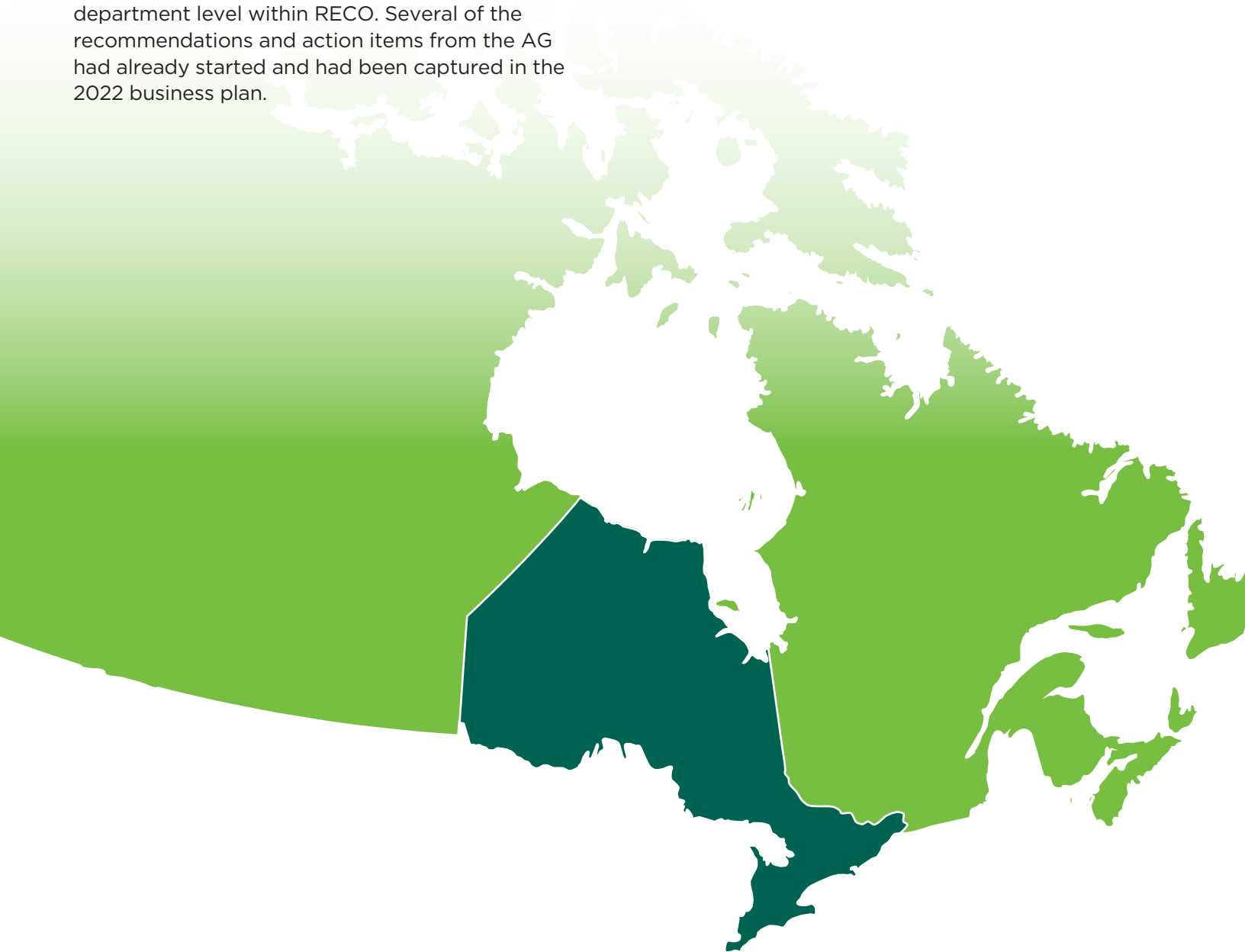
OBJECTIVE	PROJECT/INITIATIVE 2023
The recommendations from the OAGO audit of RECO tie into various aspects of all three goals in the current strategic plan.	<ul style="list-style-type: none"> Manage the implementation of recommendations and action items from Auditor General of Ontario audit of 2022.

ADDITIONAL DETAIL

The report contains 25 recommendations, many of which are aimed at enhancing RECO’s administration of REBBA in the public interest. The remaining recommendations are directed to the MBPSD, and others materialize at the operational planning/department level within RECO. Several of the recommendations and action items from the AG had already started and had been captured in the 2022 business plan.

MEASURING OUR SUCCESS

Our quarterly progress reports against the plan will demonstrate our success.



Resources and budgeting

Every year, RECO presents a set of initiatives in the business plan to the RECO Board 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 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 the department's needs. This is supported by a case study to validate the cost, and the opportunity exists to allow managers to add, with the appropriate approval, additional resources during the year in the event that resource requirements change. This is how RECO addresses the requirement of recommendation 22 of the AG Report. None of these resources come without consideration to financial impact, which is why the annual budget, also presented to the RECO Board, is critical to ensuring that the business plan can indeed be executed every year. The budgeting exercise is not limited to the profit/loss aspect only, but also captures balance sheet and cash flow projections.

In 2023, RECO's financial priorities include:

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

Throughout the year, management presents updated actuals and forecasts on a quarterly basis to the board.

About midway through the year, using a robust planning template, management presents a draft business plan and budget for the following year to the RECO Board, which are approved by the end of the current year. In undertaking this planning, care is taken to ensure that RECO's core mandated responsibilities are achieved and that activities for the ensuing year are adequately resourced.

In 2022, management presented a fee-reduction plan to the board, effective March 1, 2023, which was subsequently reviewed by MBSPD and approved by the board. In developing this fee-reduction strategy, RECO's commitment to deliver on its mandate and to maintain or improve service levels was ensured. This will be monitored through the structured financial reporting each quarter 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.

The 2023 budget includes the necessary resources to address the recommendations from the Auditor General of Ontario's audit of 2022, as contemplated for 2023. As the implementation project evolves, RECO will determine if additional resources may be required and will adjust its plan accordingly.

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

Operations

The excess of revenues over expenses (or "surplus") for 2023 is expected to be \$5.4 million.

The 2023 business plan and budget reflect fee reductions that will be 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.

From 2024 and in 2025 and beyond, education revenues will be lower following the revised education model for third-party education providers delivering RECO programs.

RECO will be in a planned deficit position by 2025. 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 the policy on financial reserves.

Expenses are expected to be higher in 2023. The budget includes resources for additional staffing and \$2.2 million for business plan initiatives, which include addressing recommendations from the Auditor General of Ontario's audit of 2022.

Insurance

Insurance revenues in 2023 are expected to be higher than in 2022 as the insurance subsidy offered to registrants in 2022 is not expected to continue.

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.

Below is a financial summary, including budgeted amounts for 2023 and projections for 2024 and 2025.

SUMMARY FINANCIALS FISCAL 2023-2025

Operations fund	2023 Budget \$000s	2024 Plan \$000s	2025 Plan \$000s
Registration fees	21,366	19,782	18,510
Other registrant fees	2,206	940	799
Education	5,300	4,084	2,880
Other income	1,730	1,730	1,730
Total revenue	30,602	26,536	23,919
Salaries and benefits	16,811	17,313	18,022
Departmental costs	7,869	7,257	7,114
Office, occupancy and general	735	745	755
Board remuneration and expense	253	253	253
Amortization	858	795	756
Government oversight fees*	528	528	528
Elections and annual general meeting	53	53	53
Total expenses	27,107	26,944	27,481
Excess of revenues over expenses before investment income	3,495	(408)	(3,562)
Investment income	1,938	1,938	1,938
Excess of revenues over expenses	5,433	1,530	(1,624)
Opening reserves	40,300	45,733	47,263
Closing reserves	45,733	47,263	45,639
Increase in reserves, 2023 to 2025			5,339

*The 2023 budget was based on an estimate. Actual Government oversight fees for 2023 will be \$419,453.

Insurance program funds	2023 Budget \$000s	2024 Plan \$000s	2025 Plan \$000s
Insurance fees	2,022	1,930	2,166
Other income	197	197	197
Total revenue	2,219	2,127	2,363
Insurance administration expenses	1,277	1,300	1,331
Total expenses	1,277	1,300	1,331
Excess of revenues over expenses before investment income	942	827	1,032
Investment income	950	950	950
Excess of revenues over expenses	1,892	1,777	1,982
Opening reserves	24,636	26,528	28,305
Closing reserves	26,528	28,305	30,287
Increase in reserves, 2023 to 2025			5,651

Human resources

RECO's employees are the cornerstone of its success in delivering on its mandate. The impact of 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, along with strong retention and succession planning. Shortages of labour supply in certain job markets, such as skilled IT (software development, cyber security), have resulted in increased competition for limited resources, escalating the need for innovative retention strategies and alternate solutions for resourcing.

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 looked at what we could do to differentiate ourselves in a competitive marketplace, with a restricted labour pool. RECO adopted a flexible and, by comparison to many employers, generous hybrid work environment. 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 will continue to be a key focus for this planning cycle. This includes continuing to support staff in 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. Retaining knowledge and skills is critical as there is a unique learning curve requiring years to build subject matter knowledge in some areas of the business.

A key element of our success in these times of renewal and change is prioritizing onboarding to integrate new employees into the RECO culture and introduce them to the values and information that they need to become productive members of the team, while fostering loyalty and engagement.

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. 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 to be completed early in 2023.

In 2023, additional investments will be made to enhance the security posture as well as streamline the overall user experience. The improved security will be completed by leveraging both new and existing tools in new ways to ensure that security is robust and resilient across the entire organization.

The improvement of the user experience will be accomplished by continuing to move all services to the cloud and simplifying the network infrastructure. This will allow for resilient, performant and robust solutions with ease of access from any location.

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.
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). 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 each year.

4. The following items are available on RECO's website:

- i. The terms of reference for RECO's Consumer & Industry Advisory Group.

This group 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 registrants and members of the public.

Governance

Board of Directors 2021-2022

RECO is governed by a 12-person board of directors comprising nine elected representatives registered under REBBA and three members appointed by the Minister of Public and Business Service Delivery.

CHAIR

Steve Boxma, Broker
Royal LePage Team Realty Inc.
Industry Director, Region 3

VICE-CHAIR

Katie Steinfeld, Broker
On The Block Realty Inc.
Industry Director, Region 1

Rui Alves, Broker
iPro Realty Ltd.
Industry Director, Region 1

Janet Cloud
3Cs Corporation
Ministerial Director

Frank Dattilo, Broker of Record
Dattilo Realty Inc.
Industry Director, Region 2

Rebecca Himelfarb, Broker
Forest Hill Real Estate Inc.
Industry Director, Region 1

Tim Lee, Broker
Century 21 Explorer Realty Inc.
Industry Director, Region 3

Krystal Lee Moore, Broker
Royal LePage Triland Realty Ltd.
Industry Director, Region 2

John O'Sullivan, Broker
RE/MAX Hallmark Realty Group
Industry Director, Region 3

Phillip Richardson
Black Opal Property Advisors
Ministerial Director

David Schooley, Broker
RE/MAX Twin City Realty Inc.
Industry Director, Region 2

Vacant
Ministerial Director

Management

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

SENIOR ADMINISTRATION

Michael Beard
Chief Executive Officer

George Drametu
Director, Litigation

Ruth Garrett
Director, Risk & Insurance Programs

Susan Elliot
Director, External Relations (interim)

REGULATORY DIVISION

Joseph Richer
Registrar

Lisa Key
Deputy Registrar, Compliance

Gail McGuire
Deputy Registrar, Education

Glen Furlong
Manager, Investigations

Paul Lush

Manager, Education Programs

Rosary Perez

Manager, Education Vision

Michelle Plucas

Manager, Audit & Inspection

Glen Thomas

Director, Complaints

Angela Volpe

Director, Registration

Lisa Wall

Manager, Education Operations

OPERATIONS DIVISION**Brenda Buchanan**

Chief Operations Officer

Tim Bates

Director, Finance & Accounting

Ben Draper

Director, Information Technology (interim)

Adam Freyseng

Director, Client Services

Sylvia Mauti

Director, Human Resources

Vasko Markovski

Manager, Application Development

Martin McKenzie

Manager, Accounting

Raquel Smith

Manager, Discipline & Appeals Hearings





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