



Real Estate
Council of Ontario

The background of the cover features a woman's face in the upper left, which is semi-transparent and overlaid with a grid pattern. Below her face is a large, multi-story brick building with modern glass balconies. The entire scene is set against a grey, textured background that looks like concrete. The title '2020 BUSINESS PLAN' is written in large, bold, yellow letters in the lower right quadrant.

2020 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 2002”) 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 2002 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 2002. 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'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."

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.

As a part of the 2020 Business 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.

Values

Fairness: Act impartially and equitably

Accountability: Administer the *Real Estate and Business Brokers Act, 2002* (REBBA 2002) competently in accordance with the law

Integrity: Be truthful and trustworthy

Respect: Treat all with courtesy



CONTEXT FOR THE BUSINESS PLAN 2020

A new five-year strategic plan, titled “Modern Regulation for a Dynamic Marketplace,” was established by RECO’s Board of Directors in October 2018 and will guide RECO’s work from 2019 to 2023. Annual business plans, including the current 2020 Business Plan, will be derived from that strategic plan over the course of its five-year lifetime. In the balance of this Business Plan, we will refer to the five-year strategic plan as the “Strategic 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 2018 report, are available on RECO’s website at www.reco.on.ca/about/plans-publications/annual-reports. The 2019 Annual Report to be compiled and presented at RECO’s next Annual General Meeting will report on progress against the objectives established in the business plan for 2019.

The Strategic Plan includes three strategic goals, along with an explanation of each. These goals form the basis for RECO’s annual planning process, with each business plan developed during the life of the Strategic Plan serving as the annual implementation plan.

Strategic Goal #1: Deliver Innovative, Progressive Regulation

This strategic goal encompasses:

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

This strategic goal encompasses:

- 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 stakeholders informed.

Strategic Goal #3: Create a Resilient Organization

This strategic goal encompasses:

- 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.

2020 BUSINESS PLAN: OBJECTIVES AND ACTIVITIES

In the table on the next page, we have summarized the projects and initiatives to be undertaken in 2020, the second 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 2020, 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 towards that goal.

The table provides information on RECO's financial resources, budget for 2020 and financial forecasts for 2021 and 2022, including an assessment of the adequacy of those resources to achieve RECO's 2020 business planning initiatives.



Strategic Goal #1: Deliver Innovative, Progressive Regulation

OBJECTIVE	PROJECT/INITIATIVE 2020
<ul style="list-style-type: none"> Establish relevant data sets necessary to meet regulatory responsibilities and design practices, including the necessary analytical capability to mine and learn from those data sets. 	<ul style="list-style-type: none"> Establish Key Performance Indicators (“KPIs”) for key areas of service in complaints, inspection and registration programs. Develop an internal IT data strategy and associated policies.
<ul style="list-style-type: none"> Expand our strategic capacity to allow us to monitor our operating environment, thereby ensuring efficacy of our regulatory practices and policies using current methodologies of data analysis. 	<ul style="list-style-type: none"> Develop long-term solution for Mandatory Continuing Education, inclusive of a program delivery platform. Modernize the discipline process to implement current leading practice, including revised rules of practice and deployment of technology to allow easier access to the process for registrants and others. Establish enhanced processes supporting digital processing across the organization. Continue to improve, enhance and add new functionality to RECO’s IT systems, including a registration database and self-serve portal.
<ul style="list-style-type: none"> 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"> Support REBBA reform.
<ul style="list-style-type: none"> Design and make available to registrants enhanced information and guidance on professional standards that will be delivered in various formats and media. 	<ul style="list-style-type: none"> Support development of a registrant competency profile.
<ul style="list-style-type: none"> Implement a new Registration Education Program as the first step towards an open marketplace with greater choice in education and an independent certification exam. 	<ul style="list-style-type: none"> Launch all aspects of the Registration Education Project.

Strategic Goal #1: Deliver Innovative, Progressive Regulation

Additional Detail

With respect to strategic objectives related to increasing data access, RECO will:

- seek to increase its access to data of all types, including data generated and collected by RECO directly as well as by other organizations, including the government, in order to be a more effective regulator;
- systematically assess RECO's data and identify other data that RECO could, within its authority, generate and collect;
- attempt to gain access to marketplace data currently outside of its control; and,
- analyze the data to find ways to support its approach to being a modern regulator.

With respect to strategic objectives related to strategic capacity, RECO will:

- seek to expand its strategic capacity to ensure the efficacy of its regulatory practices, with a focus on its inspection, complaint, registration and education programs in an effort to be a more effective regulator;
- systematically review how RECO assesses the efficacy of its practices and policies;
- review its practices and policies to compare with leading practices;
- continue to identify key compliance risks and establish strategies to increase compliance and mitigate key risks;
- enhance the focus of the inspection program on key identified risks and harms to consumers to strategically reduce the occurrence and the prospective harm; and,
- introduce an internal audit system for an independent assessment of RECO practices.

With respect to the strategic objective relating to REBBA reform, RECO will:

- systematically review and assess REBBA while also comparing to leading practices in the area of real estate regulation; and,
- based on review and analysis, provide strategic advice to the Minister on potential or proposed legislative/regulatory changes.

With respect to the strategic objective relating to registrant competence, RECO will:

- support registrant 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; and,
- 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, RECO will:

- support registrant 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 pre-registration, post-registration and brokers; and,
- 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 2020, 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. In 2019, RECO began to identify data and develop a plan to source that data (both internal and external) to support new initiatives under Strategic Goal #1. This work has many components and we expect it to continue to evolve over the life of the current Strategic Plan. Included in this work is an initiative to formalize risk-based inspections and do value-for-money analyses in registration, education and inspection programs. This work will continue in 2020, 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; and,
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.

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

OBJECTIVE	PROJECT/INITIATIVE 2020
<ul style="list-style-type: none"> 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 (for example, the registrant search tool, social media). Establish new ways of engaging with the sector to build a shared accountability for consumer protection. 	<ul style="list-style-type: none"> Consumer Campaign: Year 2. RECO will focus on concept testing, content development, and further refinement of the consumer guide. Registrant Town Hall Tour or webinar to address key issues facing the sector, such as REBBA reform. Enhance the external website to optimize user interface with RECO.

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

Additional Detail

With respect to the consumer awareness objective, RECO will:

- deploy the strategic approach, goals, KPIs and specific measures (finalized in 2019) in 2020 as part of the marketing and communications plan;
- establish additional KPI benchmarks, as applicable; and,
- establish targeted consumer campaigns related to the “Registrants Leading the Way” program, based on the strategic approach.

With respect to the registrant search tool, RECO will:

- monitor traffic and origins of traffic to RECO’s website;
- track use of the registrant search tool and origins of that traffic; and,
- track use of registrant search tool as a percentage of buyers/sellers using RECO’s site.

With respect to social media, RECO will:

- monitor shifts in engagement and click-through rates;
- consider opportunities to leverage and deploy paid targeting on some platforms, paid targeting can be more effective at obtaining a desired result of engagement or clicks than the cultivated organic audience; and,

- monitor engagement and identify strategies to account for the fact that reach on Twitter often depends upon engagement—specifically, sharing—by others.

With respect to the Town Hall Tour and REBBA reform, RECO will:

- develop and deliver the tour following legislative and regulatory changes;
- hold the events at key geographic locations across the province;
- leverage technology options to ensure broad coverage across the province;
- secure active participation by industry and consumers; and,
- garner and collect feedback from participants.

With respect to enhanced external RECO website, RECO will:

- increase traffic to the site;
- create easy-to-follow navigation and advanced search functionality;
- outline clear delineation between consumer protection messaging and registrant resources;
- increase engagement with consumers and registrants through various multi-media tools; and,
- garner and collect consumer and registrant feedback.

Measuring our Success

RECO has developed a dashboard to measure the impact of our activities under Strategic Goal #2. The dashboard measures five key areas: overall consumer awareness; use of the registrant search tool; social media engagement; overall registrant satisfaction; and, RECO's engagement with different ethnic communities. In 2020, targets will be set for each measure and programs will be adapted or enhanced based on results.

During 2019, much of the research to support this work was completed. RECO made extensive use of focus groups and consultations to identify the criteria to be used in developing collateral to support a proposed new outreach program for registrants and consumers. This program is expected to be piloted in mid- to late 2020 and rolled out fully by year end or early in 2021. Measurement and user feedback are key to the success of this initiative. Materials will be adapted and developed in response to the user experience and the measures tracked on the dashboard.



Strategic Goal #3: Create a Resilient Organization

OBJECTIVE	PROJECT/INITIATIVE 2020
<ul style="list-style-type: none"> 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"> Define and launch updated corporate values.
<ul style="list-style-type: none"> Create an organizational Sustainability Plan, focusing on fiscal needs, human resources, facilities and capital requirements. 	<ul style="list-style-type: none"> Develop a strategy for future office space for both medium- and long-term planning. Assess IT system security, performance and up time for adherence to security industry standards and performance and up time to meet established standard.
<ul style="list-style-type: none"> Design and implement a consistent organizational planning cycle, integrating strategic planning, business planning, budget planning and Enterprise Risk & Innovation Management (“ER&IM”). 	<ul style="list-style-type: none"> Develop and execute a strategy for accounting systems to improve controls and current capabilities.
<ul style="list-style-type: none"> Formalize our corporate compliance program, addressing legislative, contractual and policy compliance; and establish a process of regular policy reviews. 	<ul style="list-style-type: none"> Review and revise procurement and contract management processes for alignment with leading practices. Enhance RECO’s IT systems to ensure industry security standards best practices are in place.

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 metrics below focus on fiscal needs, human resources, and value for money.

With respect to RECO’s operating reserve: RECO will continue to monitor, with a target minimum of three months of expenses in reserve.

With respect to revenues and expenses: RECO will target an expense variance from budget of less than 10 per cent and a net income variance of 25 per cent.

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 per cent.

With respect to operating costs per registrant: RECO will target a reduction in year-over-year operating costs per registrant.

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 are 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 2020 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.

Insurance

Insurance revenues are expected to increase with a higher stability fund contribution rate and more registrants contributing. This is partially offset with lower administration revenues. Lower administration revenues reflect cost savings from moving insurance invoices and mailings online.

The financial summary reflects a change in accounting policy respecting the treatment of insurance premiums collected from registrants by RECO. In years past, these premiums were shown as RECO revenues and the payment to the insurer was shown as an expense. However, on the suggestion of RECO's auditors, as confirmed by RECO's Board of Directors, and in a manner consistent with the CPA Canada Handbook, RECO will henceforth consider its receipt and remittance of insurance premiums as if RECO were an agent, that is, not receiving the premiums in its own right. Therefore, as a mere flow-through these amounts will not be reported in RECO's budget documents or financial statements.

Operations

Revenues are expected to be higher from 2020 to 2022 with more enrolments in the pre-registration education program. This is expected to translate to more registrants joining RECO in 2020. This is partially offset with decreases to pre-registration revenues, as RECO transitions to a new pre-registration education model.

The decrease in expenses from 2020 to 2022 is due to a number of initiatives planned in 2020 that are expected to conclude between 2020 and 2022.

On the following page appears a financial summary, including actual budgeted amounts for 2020 and projections for 2021 and 2022.

Summary Financials Fiscal 2020-2022

Operating Fund

	2020 Budget	2021 Plan	2022 Plan
	\$'000s	\$'000s	\$'000s
Registration fees	21,481	21,862	22,532
Education revenues	5,047	4,084	4,242
Other revenues	2,683	2,591	2,591
Total revenues	29,211	28,537	29,365
Operating departments and facilities	25,692	24,249	24,446
Board, committees and task forces	372	373	448
Other operating costs	1,913	1,791	1,466
Total expenses	27,977	26,413	26,360
Income	1,234	2,124	3,005
Opening accumulated fund balance	18,549	19,783	21,907
Closing accumulated fund balance	19,783	21,907	24,912
Increase in accumulated fund 2020 to 2022			6,363

Insurance Funds

	2020 Budget	2021 Plan	2022 Plan
	\$'000s	\$'000s	\$'000s
Stability fund fees	1,450	1,822	2,101
Insurance administration fund fees	1,526	1,212	1,031
Other revenues	703	787	787
Total revenues	3,679	3,821	3,919
Insurance expenses			
Other expenses	1,206	1,067	1,128
Total expenses	1,206	1,067	1,128
Income	2,473	2,754	2,791
Opening accumulated fund balance	26,118	28,591	31,345
Closing accumulated fund balance	28,591	31,345	34,136
Increase in accumulated fund 2020 to 2022			8,018

Human Resources

RECO's employees are its most valuable asset in delivering the mandate of the organization. In order to deliver the initiatives identified in this business plan, additional staff will be added over the fiscal year.

In order to ensure continuity of service, transfer of knowledge amongst its employees and high levels of engagement, RECO will introduce a new performance management program, increase its training and professional development with focus on areas of planning, and business process documentation. Employee engagement and examining RECO's core values will continue to be areas of focus for this planning cycle.

Information Technology

With respect to information technology, investment continues to be made in modernizing our technology platforms with a view to making more information and services available to registrants through self-service tools and online offerings. Additional investments have been made to digitize internal RECO paper-based processes, safeguard data and streamline IT processes. In addition, a review of information security will be completed to 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.
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 represented a significant advance in our ability to offer services in French. The French language site provides key consumer information, and we will continue to enhance it over time to be as comprehensive as the English site. It will remain consistent with parallel sections of the English site as the latter is updated, and as RECO's public facing website is overhauled as a feature of this Business Plan 2020. RECO's new French-language website may be viewed here: www.reco.on.ca/fr.
3. RECO maintains a comprehensive Enterprise Risk & Innovation Management Program ("ER&IM"). ER&IM 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.

At the beginning of 2020, ER&IM is fully operational. It 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 at the following links:
 - (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. 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 here: www.reco.on.ca/about/performance-measures and here: www.reco.on.ca/about/service-standards.

GOVERNANCE

Board of Directors

RECO is governed by a twelve-person Board of Directors, including nine elected representatives registered under REBBA 2002 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.

Members of the Board of Directors, 2019-2020:

GLEND A BRINDLE, Chair
Broker
Royal LePage Team Realty Inc.
Industry Director, Region 3

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

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

TAMER FAHMI
Broker
Keller Williams Edge Hearth & Home Realty
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

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

Management

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

Chief Executive Officer

MICHAEL BEARD

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

Secretariat Division

LOGAN ATKINSON

General Counsel & Corporate Secretary

GEORGE DRAMETU

Director, Litigation

RUTH GARRETT

Director, Risk & Insurance Programs

CATHERINE JACKSON

Director, External Relations

SIÂN WILLIAMS

Director, Corporate Law & Policy

ADAM HAWKINS

Manager, Communications

RAQUEL SMITH

Manager, Discipline and Appeals Hearings

VACANT

Manager, Board Operations

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



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