May 16, 2019

Jody very ably explained how RECO’s new strategic plan will help us become a modern regulator.

And he’s correct: consumers are better informed about real estate than ever before, and they expect professionalism and transparency from a brokerage when they buy or sell a home.

So, let me take a few minutes to talk to you about how RECO and the industry need to work together to increase professionalism and protect consumers.

I’m pretty passionate about the need for RECO to become a modern regulator. It starts with professionalism and transparency.

RECO expects professionalism and transparency from our registrants. You, in turn, expect the same from us. And that’s a key reason why we are here today letting you know about what we’ve been doing, and where we are going.

One of our key areas of focus relates to ensuring that we are delivering services to you within the high standards that you expect of us.

That’s why RECO created the Service Standards Report Card back in 2017.

We update this information quarterly, but I would like to highlight our 2018 statistics.

2018 was a challenging year as we brought our new system on-line. This transition brought delays to some of our service responsibilities when it was implemented in April 2018.

I’m pleased to tell you the new system is functioning well, and it’s allowing us to provide better service to registrants and consumers. The new system is a platform for us to enhance our services, by moving more towards on-line interactions, and away from paper forms.

We’re just at the start of this journey, but you can see that the last quarter in 2018 saw significant improvements in the time that it took us to complete several key applications. I am pleased to report to you that all service indicators were at record level highs at year end, and are trending even better in 2019.
I have now met many registrants who take their ethical and legal compliance responsibilities very seriously, and it’s true that only a small fraction of real estate transactions result in complaints to RECO.

Registrants who break the rules should expect to be disciplined by RECO, but it’s better for everyone if we can prevent harmful behavior from occurring in the first place.

Prevention is our first priority – that’s what modern regulation is all about.

How do we focus on preventing problems? Well, modern regulation is data-driven. At RECO, we are stepping up our efforts to gather and analyze data more effectively.

Ultimately, this will inform our decision-making, and guide our activities to become more risk based.

While modern regulation depends upon the ability to collect, analyze and apply data, I believe the best way to understand what’s happening in the marketplace is through conversation and dialogue with consumers, and with the folks who make their living within that industry.

Modern regulation also depends upon engagement.

You can learn a lot by grabbing a coffee and really talking to somebody who knows what’s going on.

Following the success of RECO’s 2017 town hall tour across Ontario, my colleagues and I visited seven communities in the fall of 2018 for constructive town hall dialogues with industry leaders.

We discussed several issues, such as REBBA reform, the Mandatory Continuing Education review, the future of real estate regulation, and ways we can work together to raise the bar of professionalism.

RECO staff attended six real estate industry shows and delivered 15 informative “RECO Update” presentations to boards across the province. These outreach efforts generated 3,200 face-to-face interactions with registrants.

RECO also reached out to consumers in a big way in 2018, and that effort is every bit as important as registrant engagement.

Registrant outreach and consumer outreach work hand in hand.

RECO aims to help registrants stay on the right side of their responsibilities under REBBA, and use that to elevate their services, because when standards are raised, consumers are well-served. That reflects well on the industry’s reputation.
RECO also helps consumers understand their rights and responsibilities in a real estate transaction and provides valuable information about the buying and selling process.

When consumers are educated and aware, the industry benefits.

As a result, the consumer is more likely to have a positive experience, and that’s good for everyone.

There’s a great feature story on RECO’s extensive consumer outreach efforts in the latest Annual Report. I encourage you to read it.

That brings us back to the reason we’re here this morning – the formal presentation of the 2018 Annual Report and RECO’s financial statements.

If you have had a chance to read the Annual Report, you will have seen that there is considerable information available to you, and I would like to highlight some of the key points, including the financials.

The management discussion and analysis, and RECO’s financial statements for the fiscal period ending December 31, 2018, are presented in the Annual Report.

Here is a consolidated statement of income, comparing 2018 to 2017.

As you can see, RECO’s total operating revenues increased by nine-point-seven per cent.

RECO’s total operating expenses increased by fifteen-point-five per cent.

RECO’s total net income for 2018 was one million, three hundred and ninety-four thousand dollars.

This is a decrease from 2017 of nine hundred and forty-seven thousand dollars.

Now let’s look at some of these numbers in greater detail.

Let’s start with RECO’s revenues.

Revenue growth was driven by a net increase in registrants in 2017 and 2018, and from the flow-through effects of the fee structure changes implemented in 2017.

Increases in the prime rate in January, July and October resulted in higher interest income.

Now let’s look at a breakdown of the expenses.

As a service organization, salaries and benefits are RECO’s largest expense – they account for 56 per cent of total operating expenses.
Expenses related to salaries and benefits increased last year as follows:

1. RECO completed the task of implementing the recommendations of the Organizational Structure and Capacity Review report by filling new key roles and hiring additional staff to improve overall service standards, including training and development, and compensation;

2. RECO continued to invest in the important evolution of Registration Education for Real Estate registrants in Ontario.

3. RECO also saw a significant increase in government assessments – largely the result of Workers Safety Insurance Board, or WSIB program change implemented in 2018.

4. RECO completed several key studies using external resources, all of which are proving to be worthwhile investments to help us improve in the future.

We also enjoyed some savings in our communications activities as we planned our outreach campaigns into 2019, and we drove reduced Board expenses having transitioned over to a new CEO and a refreshed senior management team.

I will now speak briefly about the insurance program.

The insurance payment required for September 2018 was the same as for 2017 – there was no increase.

The total revenue and expense increases were due mainly to the increase in the number of registrants.

In the Annual Report, you will see that the Program Stability Fund increased by 37% due to an increase in the contribution and registrant growth, and the Insurance Administration Fund increased by 20%.

That concludes the financial highlights presentation.

I would like to remind attendees that we are happy to answer questions about the financials – and any other part of the Annual Report – during the Q&A period that will take place at the end of the meeting.

Please allow me to conclude my remarks on a personal note.

First of all, I want to sincerely thank RECO’s staff for all of their hard work over the past year, and for making me feel at home when I first started.

My colleagues are deeply committed to our mission of supporting a fair, safe and informed real estate marketplace through effective and innovative regulation. It’s an honour for me to work with them.
I would also like to thank the Board of Directors for their support and their insightful leadership.

Today I look at RECO and see a strong organization that is well on its way to becoming a modern regulator.

Let’s make that happen.

Thank you.