

Real Estate Council of British Columbia

2020/21 – 2022/23 SERVICE PLAN

February 2020



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Council Chair Accountability Statement



The 2020/21 – 2022/23 Real Estate Council of British Columbia (RECBC) Service Plan was prepared under the Council’s direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government’s strategic priorities and fiscal plan. The Council is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Council is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 2020 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, RECBC’s mandate and goals, and focus on aspects critical to the organization’s performance. The targets in this plan have been determined based on an assessment of RECBC’s operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in cursive script that reads "Elain Duvall".

Elain Duvall
Council Chair

Table of Contents

Council Chair Accountability Statement 3

Strategic Direction and Alignment with Government Priorities..... 5

Operating Environment..... 7

Performance Plan 8

Financial Plan..... 17

 Summary Financial Outlook..... 17

 Key Forecast Assumptions, Risks and Sensitivities 18

 Management’s Perspective on the Financial Outlook..... 19

Appendix A: Hyperlinks to Additional Information..... 20

 Corporate Governance 20

 Organizational Overview 20

 Related Organizations 20

Strategic Direction and Alignment with Government Priorities

The Government of British Columbia remains focused on its three strategic priorities: making life more affordable, delivering better services, and investing in a sustainable economy. Crowns are essential to achieving these priorities by providing quality, cost-effective services to British Columbia families and businesses.

Additionally, where appropriate, the operations of Crowns will contribute to:

- The objectives outlined in the government’s newly released A Framework for Improving British Columbians’ Standard of Living,
- Implementation of the *Declaration on the Rights of Indigenous Peoples Act* and the Truth and Reconciliation Commission Calls to Action, demonstrating support for true and lasting reconciliation, and
- Putting B.C. on the path to a cleaner, better future – with a low carbon economy that creates opportunities while protecting our clean air, land and water as described in the CleanBC plan.

By adopting the Gender-Based Analysis Plus (GBA+) lens to budgeting and policy development, Crowns will ensure that equity is reflected in their budgets, policies and programs.

The Real Estate Council of British Columbia (RECBC) is a regulatory agency established by the provincial government in 1958. Our mandate is to protect the public interest by enforcing the licensing and licensee conduct requirements of the *Real Estate Services Act*. RECBC is responsible for licensing individuals and brokerages engaged in real estate sales, rental and strata property management. RECBC also enforces entry qualifications, investigates complaints against real estate professionals and imposes disciplinary sanctions under the Act. RECBC does not receive taxpayer funding as our operations are funded through licensing assessment fees.

RECBC’s mission is to protect the public interest by promoting and enforcing professional standards to raise the competency and conduct of real estate professionals in British Columbia. In collaboration with the Office of the Superintendent of Real Estate (OSRE), RECBC works to achieve the shared goal of a fair, transparent and consistent regulatory system for real estate services in British Columbia.

We have set out a three-year plan with strategies, performance measures and targets, aligned with the objectives in the B.C. Government’s [Mandate Letter](#), to fulfill our mission on behalf of B.C. consumers and achieve our vision: *Public trust in ethical and competent real estate professionals*.

In November 2019, the Ministry of Finance announced its intention to create a single regulator for the financial services sector, including real estate, by amalgamating RECBC and OSRE within the British Columbia Financial Services Authority (BCFSA). This amalgamation will require legislative change and it is anticipated to be fully implemented in 2021. We are committed to working with the Ministry of Finance, OSRE and BCFSA to transition to a single regulator. The goals, strategies, performance measures and targets contained in this service plan will guide our work until the amalgamation is effective. This service plan includes performance measures and budget planning until 2022/23; however, these may be adapted for inclusion in future service plans by BCFSA.

RECBC supports Government’s commitment to reconciliation with Indigenous Peoples. We are taking steps to implement the *Declaration on the Rights of Indigenous Peoples Act* and the Calls to Action of the Truth and Reconciliation Commission within the context of our work to protect the

public interest through the regulation of real estate professionals. We will work to ensure that RECBC’s operations align with Government’s climate plan to move towards a low-carbon economy and we will be applying the GBA+ lens to promote equity in our operations and programs.

This service plan identifies three key goals that reflect successfully delivering on our vision and mission: fostering a culture of service excellence; providing consumers and real estate professionals with the information to participate effectively in real estate transactions; and ensuring public confidence in real estate regulation. As we prepare for the transition to a single regulator, we will continue to make the investments necessary to increase our efficiency and improve our services to real estate consumers and real estate professionals.

We will work to deliver on these goals by effectively and efficiently identifying and mitigating risks to real estate consumers; raising awareness among members of the public about real estate issues; and increasing professionalism in the real estate industry. By achieving these goals, we will help ensure that B.C. consumers can participate with confidence in real estate transactions, knowing they are working with competent and ethical real estate professionals.

RECBC is aligned with the Government’s key priorities:

Government Priorities	RECBC Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Working with OSRE and the Ministry of Finance to address market conduct of real estate professionals and ensure rules are appropriately implemented, including anti-money laundering requirements. (Strategy, Objective 3.2)
Delivering the services people count on	<ul style="list-style-type: none"> • Fostering a culture of service excellence. (Goal 1). • Working with OSRE, the Ministry of Finance, and BCFSA to establish a single, trusted regulator. (Strategy, Objective 3.2)
A strong, sustainable economy	<ul style="list-style-type: none"> • Helping consumers and real estate professionals to access the information and resources they need to participate effectively in real estate transactions. (Goal 2). • Working collaboratively with Government, OSRE, BCFSA and other agencies to ensure real estate professionals comply with anti-money laundering requirements. (Strategy, Objective 3.3)

Operating Environment

Real estate transactions are a significant economic driver in British Columbia. From year to year, many factors may affect the real estate market, the practices and regulation of licensed real estate professionals and the protection of real estate consumers.

In our external operating environment, one of the most significant challenges that RECBC continues to experience is the rise in complaint volumes, which have doubled since 2015. Recent leveling of sales in the province's real estate markets may be slowing the increase in new complaints and may also affect the numbers of new entrants into the profession.

In 2018, a decision by the Supreme Court of Canada upheld the position of the Competition Bureau that consumers deserve greater access to real estate data in Canada. In the years ahead, RECBC will be monitoring the impacts of this decision, and other innovations that may disrupt traditional real estate business practices, affecting the numbers of new entrants and the retention of experienced practitioners in the industry.

A range of factors influence RECBC's internal operating environment. The Minister of Finance announced her intention to create a single regulator for the financial services sector, including real estate, by amalgamating RECBC and OSRE within the British Columbia Financial Services Authority (BCFSA) in 2021. We are committed to working with the Ministry of Finance, OSRE and BCFSA to transition to a single regulator while continuing to deliver robust consumer protection. However, planning and activities required to implement the transition may impact RECBC's ability to complete planned internal modernization projects.

Developments that may positively impact performance results in 2020/21 include ongoing investment in building leadership capacity across RECBC's business areas. Further work to support employee engagement, recruitment and retention will be particularly critical during the transition to a single regulator within the BCFSA.

The transition of responsibility for the development and administration of regulatory education from the British Columbia Real Estate Association (BCREA) to RECBC may continue to impact us over the coming year as we adapt to this new business line. RECBC will introduce a new mandatory continuing education course for real estate professionals in 2020/21.

We will undertake further investment in data management and information technology to understand and manage business risks and maintain or improve service delivery levels. RECBC recognizes the fast pace of technological change and the need to adapt business-critical systems to provide effective and efficient services. Responding to the threats and opportunities of technological change will require ongoing innovation, collaboration and system-wide thinking. We will continue to focus on expanding online services to consumers and real estate professionals.

Performance Plan

This performance plan describes RECBC's goals, objectives and performance measures for 2020/21 to 2022/2023. The goals are similar to those in the 2019/20 Service Plan with updates to better reflect strategic priorities, alignment with Government's Mandate Letter and the organization's performance. These changes will be integrated into the organizational strategy and performance measures and will continue to evolve.

In developing this performance plan, RECBC evaluated results of its ongoing monitoring of the operating environment and considered direction from Government and its strategic priorities. We will regularly engage on both strategic and operational levels with the Ministry of Finance, OSRE and BCFSa. RECBC will work with OSRE and BCFSa to ensure that development and implementation of the strategies in this performance plan that will impact the single regulator is done collaboratively and with due consideration of the expanded role of the future amalgamated organization

Goal 1: RECBC fosters a culture of service excellence

This goal aligns with the Government priority to deliver the services that people count on.

Objective 1.1: Enhance the efficiency and timeliness of compliance and licensing processes

To ensure that RECBC continues to effectively manage complaints and investigations in a timely manner, and reduce its inventory of cases, we are committed to developing processes that enable the organization to respond effectively to a changing environment. One of the outcomes resulting from increasing levels of public awareness of RECBC's role as the regulator of licensed real estate professionals has been a sustained high volume of complaints: in fiscal year 2018/19 RECBC received 848 complaints. As RECBC continues to focus on consumer awareness activities, no decrease in complaint volumes is anticipated in the coming years. As a result, a key measure of success for RECBC will be the maintenance or reduction of the average time to complete an investigation. To achieve this outcome, RECBC's compliance and legal department will continue to implement measures to streamline investigative processes, prioritize and expedite critical investigations, increase the efficiency and transparency of disciplinary processes, and introduce alternatives to resolve complaints in advance of a hearing. RECBC will continue to focus on modernizing licensing processes, automating internal document management, and implementing practices to facilitate and encourage flexibility and problem-solving within our licensing department.

Key Strategies:

- Implement a new case management system to improve productivity and reporting.
- Further develop alternative measures of disciplinary action to promote timely resolution of certain cases and free up resources for more complex cases.
- Develop a dedicated client service support team to provide one-stop access to information for consumers and real estate professionals.
- Continue transition of licensing processes online to eliminate paper applications.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
1.1a Average number of calendar days to complete a complaint investigation ¹	310	296	245	Maintain or decrease from prior year	Maintain or decrease from prior year	Maintain or decrease from prior year
1.1b Percentage of complete applications for new individual licences processed within three weeks ²	N/A	89%	90%	Maintain or increase from prior year	Maintain or increase from prior year	Maintain or increase from prior year
1.1c Reduction in 2018/19 inventory of compliance files ³	N/A	700 baseline	650	400	Maintain or decrease from prior year	Maintain or decrease from prior year

1. Data Source: RECBC complaints tracking system (note that 2017/18 is a 9-month fiscal period)
2. Data Source: RECBC licensing tracking system (note that 2017/18 is a 9-month fiscal period)
3. Data Source: RECBC compliance department files (note that 2017/18 is a 9-month fiscal period)

Linking Performance Measures to Objectives:

- 1.1a RECBC demonstrates its ability to respond to reported conduct issues in a timely manner, while continuing to ensure administrative fairness, through the average length of time required to complete complaint investigations.
- 1.1b In addition to providing services to the public, RECBC has an obligation to provide licensing services to suitable and qualified applicants in a timely manner. The processing of new licence applications is a key indicator of licensing service standards and efficiency.
- 1.1c As a result of the increase in the volume of complaints over the past three years, RECBC has an inventory of active investigation files. Measures to reduce this inventory that have been implemented to date include: the recruitment of additional investigators to expand the capacity of RECBC's compliance department, streamlining the file review process to increase the efficiency of investigations, and improving the timeliness of RECBC's responses to consumer complaints. These changes have had a significant impact on reducing the inventory of investigation files. Over the next two years RECBC plans to continue to reduce the inventory through on ongoing focus on process improvements and investments in training and technology.

Discussion:

- 1.1a RECBC is on track to meet our forecast for this performance measure, exceeding the target of a 5% decrease from our 2019/20 Service Plan. As RECBC continues to streamline and automate processes, we may update this performance measure to improve service standards. Targets for future years may be adjusted accordingly.
- 1.1b This measure was introduced in RECBC's first service plan in 2018 and was not previously tracked, therefore there is no data to report for 2017/18. RECBC is on track to meet our forecast for this performance measure.
- 1.1c This measure is based on the inventory of complaints as of January 2019. RECBC is on track to meet our forecast for this performance measure. Targets may be adjusted annually to reflect changes in the future volume of complaints which cannot be predicted. While the inventory reflects the current number of open investigation files, it does not provide insight into the

relative complexity of those files, which is also outside of RECBC’s control. Variability in the complexity of investigations will impact the time required to complete investigations.

Objective 1.2: RECBC employees are engaged and motivated

Engaged and motivated employees contribute to higher levels of organizational success. To create a workplace that enhances employee engagement, RECBC will continue to build a strong culture in which all employees are valued and receive the support to increase their skills, expand their knowledge and develop their careers. RECBC has experienced a period of significant business transformation and growth where more than 30% of current employees are relatively new to the organization. By continuing to focus on workplace culture development, we will build organizational capacity to achieve service excellence, contributing to the success of the BCFSAs.

Key Strategies:

- Enable and promote a workplace culture where all employees support RECBC’s values.
- Implement a performance management program.
- Develop and implement employee training policies and career development paths, in collaboration with BCFSAs to ensure consistency with policies of the single regulator
- In collaboration with BCFSAs, develop a competitive compensation package that includes rewards, recognition and opportunities for ongoing learning and development now and under the BCFSAs.

Performance Measure:

RECBC will demonstrate success at implementing the strategies described above to build a culture of service excellence and an engaged and motivated workforce through regular, comprehensive employee surveys, augmented by pulse check surveys to confirm results in alternating years. The first survey to establish a baseline against which to measure increases in engagement levels was conducted in 2019.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
1.2 Level of employee engagement ¹	N/A	75% Baseline	Maintain or increase from prior year			

¹ Data Source: Employee engagement survey and trust index.

Linking Performance Measure to Objectives:

1.2 RECBC measures employee engagement through a survey and trust index that measures employee perceptions on leadership, organizational credibility, respect, fairness, pride and camaraderie in the workplace. The results of the survey provide a foundation upon which to build further employee engagement initiatives. Having achieved over 70% in its baseline survey, RECBC was certified in 2019 as a Great Place to Work™ by [Great Place to Work®](#), a global authority that measures and recognizes excellence in workplace cultures.

Discussion:

1.2 As RECBC continues to implement measures to enhance employee engagement, such as enhancements to our onboarding processes, improvements to performance goal setting and management, changes to benefits as well as to human resources policies and procedures, expanded opportunities for continuous learning and development, and improved internal communications our surveys will be augmented with semi-annual pulse checks. In December 2019, RECBC was proud to be named one of Canada’s Best Workplaces Managed by Women, as determined by Great Place to Work. The award is based on direct feedback from employees and demonstrates RECBC’s increasing level of workforce engagement and satisfaction.

Goal 2: Consumers and real estate professionals have the information and resources they need to participate effectively in real estate transactions

This goal aligns with the Government priority of building a strong, sustainable economy.

Objective 2.1: Increase the availability of consumer resources to support informed real estate decisions

To ensure that real estate consumers are well informed and feel empowered to make the decisions that are most appropriate for them, they need access to independent, relevant, accessible information that helps them to understand the process of a real estate transaction, and the risks and issues that may be encountered. RECBC is investing in delivering information online through our website and social media channels, and offline through direct engagement activities to help consumers build the skills and knowledge they need to make sound real estate decisions.

Key Strategies:

- Promote a new consumer-focused website and online resources.
- Deliver targeted campaigns to inform and educate consumers, including a focus on high-risk or vulnerable consumers.

Performance Measure:

RECBC will gauge consumers’ self-reported levels of knowledge and confidence through a consumer survey conducted every two years by a third-party market research firm.

Performance Measure(s)	2018/19 Baseline	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
2.1 Percentage of consumers who feel informed and knowledgeable to participate effectively in a real estate transaction. ¹	70%	N/A	5% increase from prior results	N/A	Maintain or increase from prior results

¹Data Source: Biennial consumer survey conducted by Insights West.

Linking Performance Measures to Objectives:

2.1 Surveying every second year allows for sufficient time to analyze results and implement measures to improve future outcomes.

Objective 2.2: Increase the standard of education and resources provided to real estate professionals

RECBC will increase public confidence in the real estate industry by raising educational standards, promoting best practices and fostering a culture of strong ethics. Following an external review of its regulatory education RECBC developed a multi-year education strategy including new initiatives to increase education standards. RECBC will continue to focus on planned enhancements to regulatory education to promote increased professionalism among real estate professionals and to strengthen consumer protection, working in collaboration with BCFSA to identify opportunities for sector-wide education and/or application to other regulated financial services professionals.

Key Strategies:

- Continue to transform continuing education for real estate professionals, including introducing mandatory anti-money laundering and ethics courses.
- Engage industry stakeholders through the RECBC Education Advisory Group to explore implementing a more formal apprenticeship model to enhance regulatory education.
- Develop updated competency profiles to support the review of the educational and assessment components of pre-licensing and continuing education.
- Undertake a comprehensive review and update of RECBC’s key resources for real estate professionals and managing brokers, the *Professional Standards Manual* and *Brokerage Standards Manual*.
- Collaborate with OSRE to engage and support managing brokers as industry change agents.

Performance Measures

RECBC will measure the effectiveness of strategies to enhance regulatory education and raise standards of resources for real estate professionals by surveying managing brokers. Managing brokers have attained a higher level of licensing, must be experienced practitioners, and are responsible for oversight of all real estate professionals at a real estate brokerage. They are thus well positioned to assess the competency of real estate professionals under their supervision.

Performance Measure(s)	2018/19 Baseline	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
2.2 Percentage of managing brokers who agree that RECBC education prepares real estate professionals for competent and professional practice. ¹	87%	N/A	Maintain or increase from prior results	N/A	Maintain or increase from prior results

¹Data Source: Biennial survey of managing brokers conducted by Insights West.

Linking Performance Measures to Objectives:

2.2 Under the *Real Estate Services Act*, managing brokers supervise real estate professionals and are accountable for brokerage operations. Surveys of managing brokers will measure the effectiveness of changes to the delivery and content of licensing education.

Goal 3: Ensuring public confidence in real estate regulation

This goal aligns with the Government priority to deliver the services people count on.

Objective 3.1: Raise awareness of the regulatory mandate and strengthen relationships with stakeholders

In collaboration with OSRE and BCFSa, we will engage with stakeholders in industry, government and key consumer groups to strengthen awareness of the role of the regulator of licensed real estate professionals as a source of accurate, impartial real estate information. We will survey consumers to measure public awareness of the role of regulation in B.C. real estate services in order to ensure a strong foundation for the establishment of a single regulator of financial services including real estate.

Key Strategies:

- Create and implement a public relations strategy.
- Strengthen relationships with key stakeholders and government partners.
- Enhance transparency in decision-making and governance.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
3.1 Percentage of recent real estate consumers who are aware of the regulatory mandate. ¹	65%	N/A	5% increase from prior results	N/A	Maintain or increase from prior results	N/A

¹Data Source: Biennial consumer survey conducted by Insights West.

Linking Performance Measures to Objectives:

3.1 This performance measure is tracked through a survey of recent real estate consumers conducted by a third-party market research firm every two years. RECBC will measure success by seeing an increase in the percentage of recent real estate consumers who are aware of the role of the regulator of licensed real estate professionals. Surveying consumers every second year allows for sufficient time to analyze results and implement measures to improve future survey responses.

Discussion:

3.1 This performance measure has been updated from previous years to reflect that with regulatory amalgamation ahead, it is important to build public awareness of the role of regulation in real estate.

Objective 3.2: RECBC will work with OSRE, BCFSA and other partners to address market conduct and consumer risks

RECBC takes an evidence-based approach to identify and understand the causes of emerging risks in the B.C. real estate market. We work with OSRE, BCFSA, other regulatory agencies, government partners and industry stakeholders to address these issues. We also educate real estate professionals about how to avoid conduct that may result in risks to consumers and raise consumer awareness of risks and how they can be avoided or reduced.

Key Strategies:

- Take an evidence-based approach to identifying and responding to emerging risks.
- Work with staff from OSRE and the Ministry of Finance on policy initiatives to review the role of managing brokers in real estate regulation and the ethical conduct and standards of real estate professionals.
- Work with OSRE and the Ministry of Finance to address market conduct of real estate professionals and support OSRE in ensuring rules are appropriately implemented, including specific attention to anti-money laundering and reporting suspicious transactions.
- Cooperate with BCFSA, OSRE and other agencies to identify and mitigate consumer risks.
- Work with OSRE, the Ministry of Finance, and BCFSA to establish a single regulator.
- Develop and implement consumer and licensee awareness campaigns about emerging risks.

Performance Measure(s)	2017/18 Baseline	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
3.2 Number of people who access RECBC Advisory Notices online. ¹	4,676	6,172	5% increase from prior year	Maintain or increase from prior year	Maintain or increase from prior year	Maintain or increase from prior year

¹Data Source: RECBC website analytics.

Linking Performance Measures to Objectives:

- 3.2 RECBC will measure success by demonstrating annual increases in the number of visits to Advisory Notices made available on our website alerting consumers and real estate professionals to emerging risks and providing guidance on ways to prevent or reduce the likelihood of harm.

Objective 3.3: Implement measures to strengthen enforcement of conduct requirements for real estate professionals and increase consumer protection

RECBC is committed to developing and implementing measures to strengthen enforcement and increase consumer protection. We will work collaboratively with OSRE, BCFSA and the Ministry of Finance to ensure requirements relating to anti-money laundering for real estate professionals are appropriately implemented to improve the effectiveness of B.C.’s Anti-Money Laundering Regime.

Key Strategies:

- Enhance RECBC’s brokerage audits (office records and inspection program) to provide more education for managing brokers on best practices for brokerage policy and records management.
- Develop a public report card summarizing the results of the brokerage audits, providing important feedback to managing brokers and improving consumers’ ability to make informed real estate decisions. Continue to develop tools and resources for managing brokers, including resources on records management and brokerage policy best practices.
- Continue to work with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to ensure that brokerages understand their anti-money laundering requirements.
- Work collaboratively with the federal and provincial Governments, OSRE, BCFSA and other agencies as appropriate to ensure real estate professionals comply with anti-money laundering requirements.

Performance Measure(s)

RECBC will measure the effectiveness of planned initiatives to increase compliance by brokerages by tracking the number of audits that do not result in administrative penalties or disciplinary proceedings against the brokerage.

Performance Measure(s)	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
3.3 Percentage of audits that do not result in administrative penalties or disciplinary proceedings.	92% baseline	Maintain or increase from prior year	Maintain or increase from prior year	Maintain or increase from prior year

Linking Performance Measures to Objectives:

- 3.3 RECBC audits a representative sample of B.C.’s real estate brokerages annually based on a risk matrix to ensure they are operating in accordance with the *Real Estate Services Act*, Regulation and Rules. This performance measure will track the percentage of brokerages that do not have significant deficiencies noted in audit results.

Discussion:

- 3.3 RECBC expects to reach the forecast baseline for 2019/20 on this measure. Potential rule changes expanding the range of administrative penalties are anticipated in 2020/21. Future targets for this performance measure may require recalibration as a result. A baseline survey of recently audited managing brokers, conducted in 2019, identified areas where RECBC's audit program can be enhanced to increase the educational value of the audit and inform the development of new resources and tools for managing brokers in 2020/21.

Financial Plan

The Real Estate Council of BC does not receive taxpayer funding. Key activities described in this Service Plan will be primarily funded through licensing assessment fees gathered from the more than 26,000 individuals and brokerages we license and regulate. A small portion of our revenue is derived from enforcement sanctions and required under the *Real Estate Services Act* to be directed to the internally restricted In-Trust Education Fund. RECBC's budget includes fees collected and remitted on behalf of the Superintendent of Real Estate, the Real Estate Errors and Omissions Insurance Corporation, and the Real Estate Compensation Fund Corporation. RECBC expenditures are divided between investigative functions (compliance department and a portion of audit and legal expenses) and other administrative costs (education, communications, legal, audit and professional advisory services).

Summary Financial Outlook

(\$000)	2019/20 Forecast	2020/21 Budget	2021/22 Plan	2022/23 Plan
Total Revenue				
By Major Sources				
Licence Fees*	1,176	1,156	1,156	1,156
Assessment Fees**	10,115	10,509	12,362	12,362
Course Fees	3,864	8,586	8,586	8,586
Other Int and Investment Income (net)***	79	304	304	304
Total Revenue	15,234	20,555	22,408	22,408
Total Expenses				
By Program Area or Function				
Operational & Administration	10,824	13,529	13,805	13,805
Investigative	1,096	1,147	1,347	1,347
Other	3,314	5,879	7,256	7,256
Total Expenses	15,234	20,555	22,408	22,408
Total Liabilities/Debt (even if zero)	700	700	700	700
Accumulated Surpluses - (RECBC)	8,495	8,495	8,495	8,495
Accumulated Surpluses - (REEOIC)	24,086	24,086	24,086	24,086
Capital Expenditures	1,025	2,169	200	200

*Licence and Assessment fees are collected for a 24-month licensing cycle based on individual renewal dates.

**Assessment fees are assumed to increase by \$100 (17.6%) in 2021/22 and 2022/23.

*** Interest and investment income is net of credit card charges.

Key Forecast Assumptions, Risks and Sensitivities

Our key revenue assumptions are as follows for comparative year 2020/21:

- Budget is based on a conservative estimate that annual licence renewals may decline up to 2.5% as a result of market fluctuations and changes to education standards.
- No change anticipated to licensing fee and assessment rates in 2020/21. Licensing fee and assessment rates are reviewed annually as part of budget planning.
- Budget projections for 2021/22 and 2022/23 include an anticipated increase of \$100 in licensee assessment fees to ensure balanced budgets. With increasing technology investments and process improvements, operating expenses are expected to increase with revenues decreasing due to the projected decline in renewals per above.
- Administrative responsibility for regulatory education course development and delivery transitioned from BCREA to RECBC in October 2019. RECBC now develops and administers mandatory regulatory education on a cost-recovery basis. Course fee revenue for 2019/20 is forecast at \$3.8M and includes expected revenue from a new mandatory regulatory education course to be introduced in January 2020. The launch of a further new mandatory education course is anticipated in the spring of 2020. All real estate professionals must complete RECBC's mandatory regulatory education courses within their 2-year licensing cycle.

Our key expense assumptions are as follows for comparative year 2020/21:

- \$3.0M increased education program expenses, not including staffing costs, as a result of program administration and delivery adopted in October 2019.
- \$2.2M increased staffing costs as anticipated to support additional full-time employees (FTE) for compliance, audit and operations functions and increased employee benefit costs.
- RECBC has renewed the lease for its current premises until 2034, with additional space totaling 17,389 sqft at an average cost of \$31.25/sqft over a 15-year commitment.
- No changes anticipated in liabilities.
- No change anticipated to investment in controlled entities: Real Estate Compensation Fund Corporation (assets in trust) or Real Estate Errors and Omissions Insurance Corporation (government business enterprise).
- Other interest and investment income is net of credit card expenses.
- Capital assets are amortized straight line for computer hardware and software additions and office furniture and equipment over four and five years respectively.

Risks include:

- RECBC revenue is uncertain as trends in new licence applications and renewals of existing licences are impacted by market fluctuations and the unpredictability of enforcement sanctions.
- Proposed balanced budgets for fiscal years 2020 and 2021 are subject to change based on licensee assessment and renewal fees revenue. Deficits may erode RECBC's unrestricted surplus or may be offset by future increases to licensee assessment fees. RECBC's revenue strategy will be reviewed annually and real estate professionals will be provided with advance notice of any proposed increases.
- Costs associated with the implementation of a technology modernization remain preliminary.

- Costs associated with the anticipated amalgamation with the Office of the Superintendent and the BC Financial Services Authority are still unknown. RECBC is working with representatives from each organization and with the Ministry of Finance to develop project plans and preliminary budgets for the amalgamation project.

Management's Perspective on the Financial Outlook

RECBC prepares an annual budget for approval by the Council, monthly budget variance reporting to management and requests Council approval of significant expense variances.

Compensation and occupancy costs account for about 57% of the organization's expenses for 2020/21. We are enhancing staff capacity to align with growing operational demands and strategic priorities as we plan for a transition to a single regulator. To accommodate its staff and improve space efficiencies, RECBC has secured a 15-year lease expanding our current premises in downtown Vancouver until 2034. RECBC is not a capital intensive organization and has no capital projects valued at more than \$50M.

RECBC continues to enhance its use of technology to improve the efficiency and effectiveness of its services while improving digital security and reducing technical liability. RECBC will increase the use of data across all platforms to predict trends and identify potential consumer risks. Technology expenditures are projected to increase over the next three years as licensing processes are modernized, case management systems are improved, infrastructure is upgraded, and strategic data initiatives begin. Our revenue strategy and any future changes to assessment fees will be reviewed annually based on changing strategic priorities, operating expenditures and licence renewal trends.

RECBC appoints the majority of the board members to the Real Estate Compensation Fund Corporation (RECFC). RECFC provides protection for members of the public who have entrusted real estate professionals with money that was misappropriated or wrongfully converted, intentionally not paid over or accounted for, or obtained by fraud. The funds administered by RECFC under the *Real Estate Services Act* (RESA) meet the definition of a trust under administration and are not included in RECBC's financial statements.¹

The Real Estate Errors and Omissions Insurance Corporation (REEOIC) is a government business enterprise (GBE) controlled by RECBC. REEOIC is a special act corporation incorporated under RESA. REEOIC pools the insurance premiums paid by real estate professionals in a fund that is used to pay the costs of defending and indemnifying real estate professionals against professional liability claims.

¹ As determined by RECBC auditors Grant Thornton LLP in 2017.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

Information about RECBC's Corporate Governance can be found at:

<https://www.recbc.ca/about/governance.html>.

This includes links to information regarding:

- Council members
- RECBC committees and advisory groups
- Executive Team

Organizational Overview

Information about RECBC's operating environment can be found at:

<https://www.recbc.ca/about/overview.html>.

This includes links to information about:

- RECBC's mandate
- Core business areas
- Organizational goals

The *Real Estate Services Act*, the enabling statute for RECBC, is available here:

http://www.bclaws.ca/civix/document/id/complete/statreg/04042_01

Public Review of Real Estate Regulation

[Real Estate Regulatory Structure Review](#), September 2018

Related Organizations

Information about the Real Estate Compensation Fund Corporation can be found at:

<https://www.recbc.ca/complaints/special-compensation-fund.html>

Information about the Real Estate Errors and Omissions Corporation can be found at:

<https://www.reeoic.com/>

Information about the Office of the Superintendent of Real Estate can be found at:

<https://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/central-government-agencies/office-of-the-superintendent-of-real-estate>

Information about the British Columbia Financial Services Authority can be found at:

<https://www.bcfsa.ca/>