



2025 Business & Financial Plan

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The Real Estate Council of Alberta (RECA) is the industry-funded regulator for real estate brokerage, mortgage brokerage, condominium management and property management.



Message from the Chief Executive Officer

Russ Morrow

The Real Estate Council of Alberta (RECA) regulates the activities of licensed individuals and companies who assist the public in their real estate and mortgage transactions, and with their property and condominium management needs. RECA regulates in the public interest through setting and enforcing industry entry requirements and standards of conduct, suppressing fraud and unlicensed activity, and by enhancing the integrity of the industry as a whole.

The various industries RECA regulates continue to be a significant contributor to Alberta's economy, as our population continues to lead the nation in growth, particularly through strong inter-provincial migration. RECA fosters confidence in the Alberta real estate market through effective right-touch regulation.

RECA continues to prioritize regulatory excellence, increasing trust and awareness of RECA, and organizational resilience. The unprecedented growth in terms of licensees in RECA's industries and Alberta's continued robust economy inform RECA's planning process and necessitate adjustments as the factors influencing RECA's revenues and organizational effectiveness change from year to year. Despite any necessary adjustments, RECA recognizes the imperative of consistently delivering on our commitments. We continue to listen and monitor what is happening in the regulated environment to adjust RECA's regulatory responses to meet today's challenges while planning for the future.

The 2025 Business Plan details the work RECA will undertake to further the 2022-2025 Strategic Plan, focused on three primary outcomes

Consumer protection – RECA will continue, along with licensees, to protect Albertans involved in real estate transactions from serious harm including tackling unethical treatment and fraud.

Industry integrity – RECA will complete the comprehensive review of the *Real Estate Act* Rules. The Industry Councils rule-making authority has the force of law. All licensees are expected to follow the principles of fair treatment of consumers and demonstrate high standards. I appreciate the thoughtful input that industry members have contributed to working with the Rules Review Steering Committee and Industry Councils to update the Rules framework.

Promoting positive change – We continue the transformation begun in 2020 with legislative changes, and continued through the operational and process efficiencies undertaken in 2024. This year, RECA will focus on increasing stakeholder and consumer trust in, and awareness of, RECA's role.

This is the final year of RECA's 2022-2025 Strategic Plan, and the Board of Directors has begun planning for our next Strategic Plan. I want to thank them for their dedication to RECA's mandate, and to protecting consumers.



The 2025 Business Plan sets out RECA's priorities to pursue strategic goals and annual objectives.

Performance results will be reported in RECA's Annual Report.

This integrated plan was approved by the Board of Directors on July 17, 2024 and forwarded to the Minister pursuant to the *Real Estate Act* s.16 (1.1)

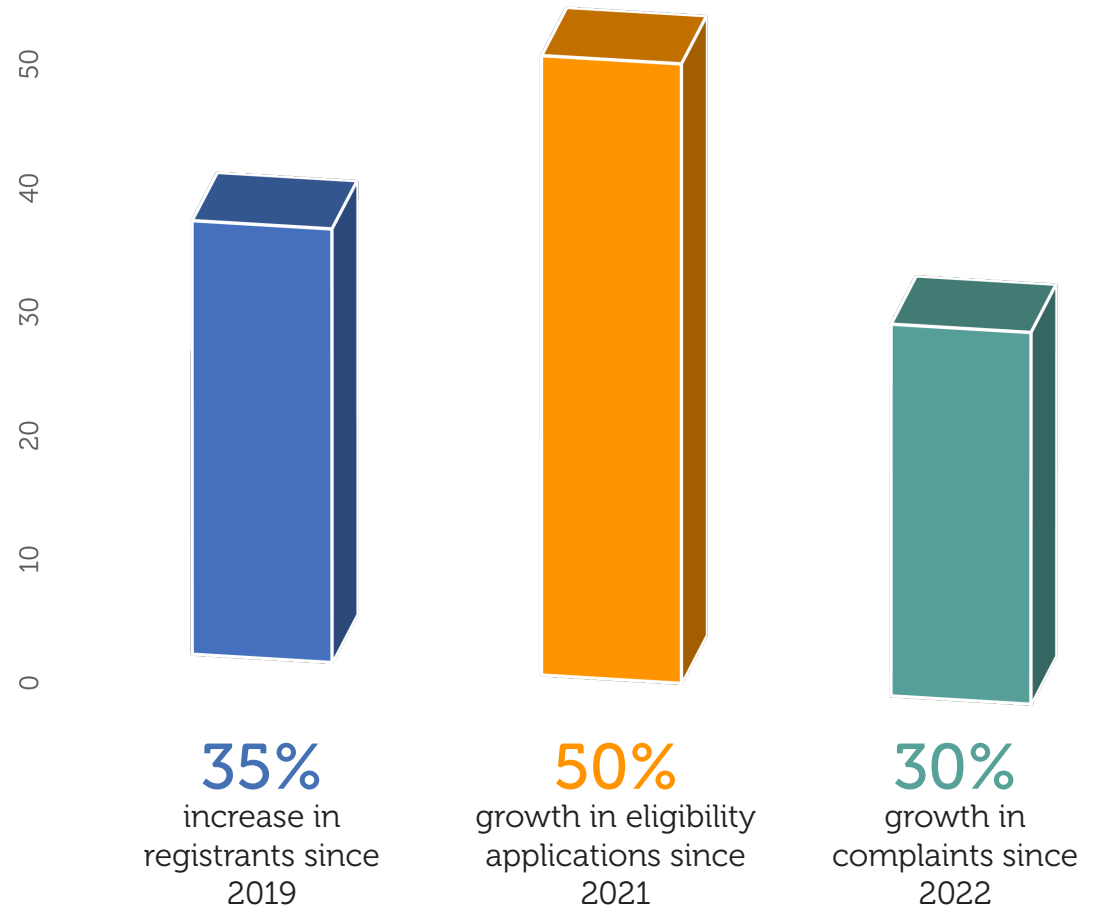
FINANCIAL STEWARDSHIP

In the four years since the reorganization of RECA, the focus has been on ensuring financial viability and stability. With those four years under our belt, we can now shift our focus to financial stewardship for the long term.

As a self-regulating body, RECA is funded by industry. We must walk the fine line between ensuring the organization is adequately resourced to meet our needs and to minimize the financial obligation on industry members.

RECA's 2022-2025 Strategic Plan focuses heavily on reducing red tape and improving efficiency in RECA's processes and operations. RECA's goal is to streamline all internal and external processes, including a comprehensive digital strategy, and on implementing any red tape reduction opportunities in the industry itself through the Rules Review, which will complete in 2024.

The past four years has also seen tremendous growth in the industry, both in new individuals joining the industry and those transferring their licences from other provinces. The unexpected growth has created unanticipated surplus revenue. While we must respond to this growth through additional resources, we are still seeing greater revenue than required. This surplus will be returned to industry members through a fee credit of \$250 per renewed 2024/2025 individual licensee.



With the evolving economic environment we are seeing in other markets, and the potential for political shifts in immigration policies, it is hard to predict how things may change over the short term. However, we anticipate fee credits over the next three years. We will also review licensing and eligibility fees, as outlined in the bylaws, to ensure a structural surplus is not an issue. RECA's obligation is to serve Albertans and the industry with an effective and efficient regulatory organization, and we are focused on ensuring we do that now and into the future.

FINANCIAL PLAN



The 2024/25 budget was developed to support RECA's mandate to protect consumer interests. It enables RECA to fulfill its regulatory obligations and address its key priorities.

The schedule below presents RECA's Board-approved Operating Fund budget for October 1, 2024 to September 30, 2025, and plans for the next two fiscal years.

Financial Plan - 3 years

\$(000)

	2025 Budget	2026 Plan	2027 Plan
	\$	\$	\$
Revenue from operations			
Licence registration fees (brokerages/individuals)	\$12,700	\$13,355	\$13,302
Eligibility and other licensing fees	4,345	4,780	5,018
Education / Credentialing revenues	1,761	1,937	2,034
Office building rental revenue	399	400	400
Investment income	1,200	1,060	1,110
Fee Credit	(\$5,000)	(\$5,000)	(\$5,000)
	\$15,405	\$16,512	\$16,864
Expenses			
Salaries and benefits	\$8,000	\$8,650	\$9,024
Administration	1,173	1,355	1,360
Professional services	2,433	2,455	2,472
Amortization of capital assets	1,020	990	960
Information systems	1,175	1,293	1,422
Long-term debt interest	-	-	-
Board and Industry Councils	408	412	412
Credentialing program costs	127	105	105
Hearings	389	389	389
	\$14,725	\$15,649	\$16,144
Other items			
Penalties, fines, enforcement recovery	-	-	-
Assurance Fund administration	160	160	162
Gain (Loss) on disposal of capital assets			
	\$160	\$160	\$162
Excess (deficiency) of revenue over expenses	\$840	\$1,023	\$882

2024 - 2025 BUDGET

Over the years, education course enrollments and licensing numbers have been primarily dependent on the housing market and the state of the general employment market. A strong housing market tends to increase interest in the industries RECA regulates, as does a depressed employment market.

Higher lending rates and low supply levels weighed on listings in 2023 and into 2024, but have not impacted the continued influx of new licensees to the industry. Inflation has steadied in 2024, and the Bank of Canada has begun the lengthy process of decreasing interest rates. These factors will influence the licensee base.

Renewal rates have been higher than historical averages for several years, and attrition rates have been lower than historical averages. This trend will likely continue into 2025 as the market picks up with lower interest rates.

To achieve its mandate and stated priorities, RECA has drafted a nearly \$15 million operating expense budget for 2024/2025, with a slight decrease in budgeted costs compared to the 2023/2024 budget. RECA is able to achieve that reduction even while responding to the growth in the industry through a focus on efficiencies.



Additionally, because of the unanticipated growth in revenue, the budget allows for a \$250 fee credit for renewing licensees, totalling \$5 million in the 2024/2025 budget.

The 2024/2025 allows RECA to respond to growth in the industry and continued escalation in the number of complaints through an increase in human capital resources and new digital processes, including a revamp of the current MYRECA system. The budget plan also allows for enhanced consumer awareness promotions and staff training.

OUR ROLE

The Real Estate Council of Alberta (RECA) was established in 1996 under the *Real Estate Act*. RECA is a self-regulatory body with activities primarily funded through licensing fees collected from real estate practitioners.

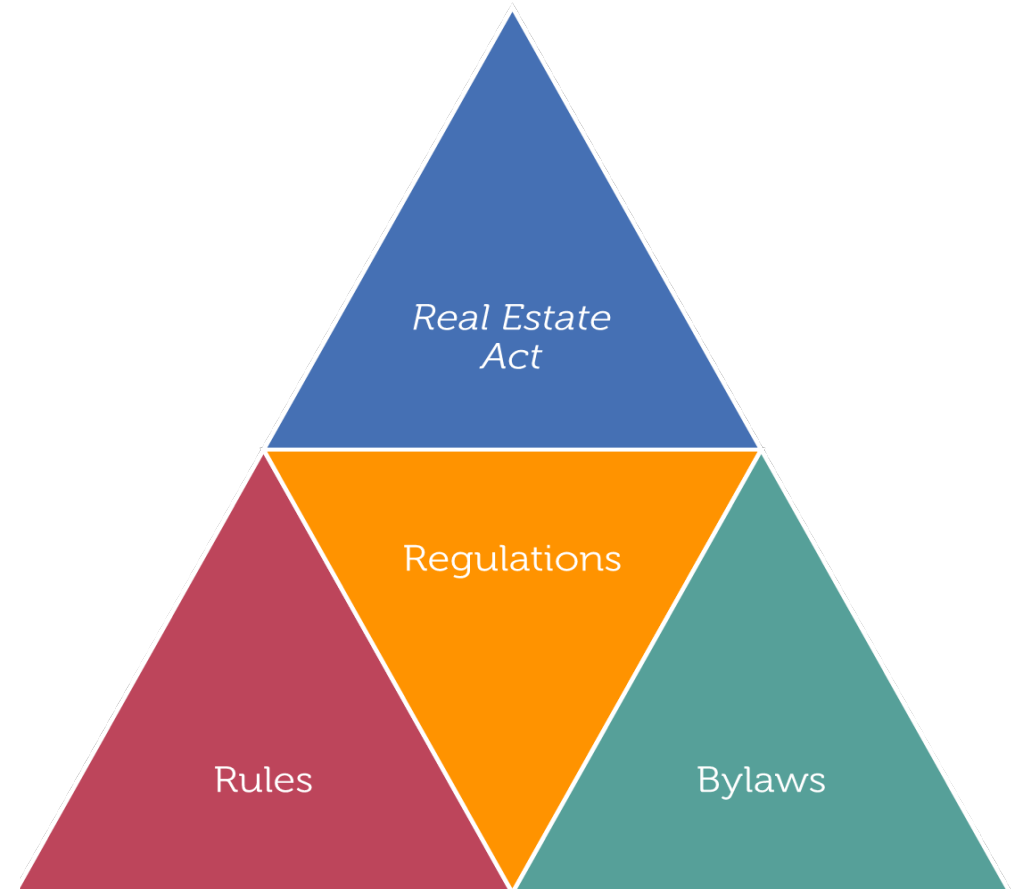
RECA's mandate is to:

- protect consumers
- protect against, investigate, detect, and suppress fraud as it relates to the business of licensees
- set and enforce standards of conduct for licensees and the business of licensees to promote the integrity of, and confidence in, the industry
- provide, or support the provision of, services that promote regulatory compliance by licensees

RECA is entrusted with the administration of the *Real Estate Act* (the Act). Under the Act, RECA is required to annually provide a multi-year business and financial plan to the Minister.

RECA's enabling legislation is the *Real Estate Act*. RECA posts this information for transparency and convenience on the RECA website at: <https://www.reca.ca/about-reca/legislation-standards/>.

Governing documents are available at: <https://www.reca.ca/about-reca/legislation-standards/>.



ORGANIZATION

RECA places a strong emphasis on good corporate governance. Industry and public members govern RECA through the:

BOARD OF DIRECTORS

AND

INDUSTRY COUNCILS

Industry Councils are made up of:

- commercial real estate agents and brokers and commercial property managers including rural/agri-business
- mortgage brokers
- residential property managers including condominium management
- residential real estate brokers

elected by their peers.

Two committees support the Board of Directors. The Finance and Audit Committee assists the Board in fulfilling its oversight responsibilities relating to budget planning, annual audit, financial reporting, corporate controls, and risk management. The Governance and HR Committee assists the Board relating to the effectiveness of corporate governance, Board development, and governance performance evaluations including the annual evaluations of the CEO and Registrar.

RECA's Chief Executive Officer is hired by and reports to the Board. The CEO provides information, advice, and

support to enable sound governance decision-making. The CEO is also responsible for day-to-day operations and ensures, in cooperation with the Board, that the *Real Estate Act* is effectively administered.

The Registrar is appointed by and is accountable to the Board. The Registrar reports to the CEO and is responsible for licensing, addressing complaints about licensee conduct, investigation, and enforcement of standards of practice in accordance with the *Real Estate Act* and Rules.



Detailed information about the Board is available at <https://www.reca.ca/about-reca/our-team/board-of-directors-industry-councils/board-of-directors/>

Detailed information about each of the Industry Councils is available at <https://www.reca.ca/about-reca/our-team/board-of-directors-industry-councils/>

LEADERSHIP

GOVERNANCE

Board of Directors

Elan MacDonald (Chair)
Carrie Plett
Jai Parihar
Gregory Walter

Bill Briggs
Elena Russell
Laura Sharen



INDUSTRY COUNCILS

Residential Property Manager

Don Newell (Chair)	Don Brown
Keith McMullen	Carrie Plett
Jacque Lesperance	

Commercial Real Estate & Property Manager

Terry Engen (Chair)	Brittane Laverdure
Cheri Long	Laura Sharen
Ben Van Dyk	

Mortgage Broker

Clarence Lee (Chair)	Elena Russell
Jared Morrison	Nkem Onyegbula
Guy Ouellette	

Residential Real Estate Broker

George Bamber (Chair)	Bill Briggs
Jason Bamlett	Brad Hamdon
Erika Ringseis	

MANAGEMENT

RECA's regulatory operational leadership is led by a four-member executive team.

Chief Executive Officer

Russ Morrow

Chief Operating Officer

Janice Harrington

Registrar

Warren Martinson

General Counsel

Stacy Paquin

STRATEGIC PLAN



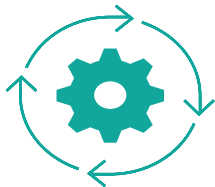
RECA's Strategic plan focuses on these three principles:



REGULATORY EXCELLENCE



TRUST & CONFIDENCE



ORGANIZATIONAL RESILIENCE

The RECA 2022-25 Strategic Plan is available online at:
<https://www.reca.ca/wp-content/uploads/2022/11/2022-2025-Strategic-Plan.pdf>

OUTLOOK

RECA operates in a dynamic environment. Industry visibility is vital to RECA's regulatory work. RECA's visibility is maintained by continuing a strong social media presence, launching public awareness campaigns, and engaging in outreach initiatives to reach both licensees and consumers.

Economy

The Alberta government predicts a gradual fading of high interest rates and rising prices, and an accelerated growth in GDP. 2025 is predicted to be the year of most growth, with 2026 and 2027 moderating slightly to more historical growth levels. Exports remain the key driver of growth, however business investment and inter-provincial migration will be strong factors influencing Alberta's real estate marketplace.

Inflation has begun to steady and interest rates have begun to drop heading in to fiscal 2025. Lower interest rates could lead to an increase in consumer spending, particularly in real estate, after a period of historically low inventory in 2023 and 2024. This could lead to a hot real estate market, more transactions, and a proportionate increase in complaints and investigations.

Housing affordability

Albertans continue to perceive real estate as a solid long-term investment. National labour and supply shortages, and continued massive immigration to Alberta amplify housing affordability issues. The Canadian residential real estate market is expected to pick up steam in 2025 as rates drop and the volatility coming out of the pandemic steadies, and as Canada's immigration policies continue to cause a steady influx of new buyers to Alberta's market.



It is unclear what interest rate drops will mean for residential prices in Alberta. The prolonged period of low inventory initially led to substantial increases in terms of average house price, as a seller's market prevailed. However, as low-inventory continued, and interest rates remained flat, a lack of buyers meant the lack of supply did not increase prices further. Alberta should expect a more balanced market in 2025, with an increase in buyers and sellers returning the market to historical levels.

Technology

RECA has focused previously on cyber risks in real estate transactions, and will continue to champion cybersecurity awareness and fraud prevention in Alberta's marketplace. Moving forward, RECA will also focus on updating systems and engagement methods to improve consumer awareness of RECA, its role, and the regulated environment, and to improve the customer experience when accessing RECA's web-based or technological resources.

RECA will continue to invest in technology, infrastructure, and cybersecurity to support RECA's digital transformation. This transformation will improve access to RECA services while ensuring the protection of third-party personal data.

CONSUMER PROTECTION

This year RECA will focus on three priorities for our consumer-facing work:

- delivering consumer information in a digital age
- empowering Alberta's real estate consumers to protect themselves with particular emphasis on vulnerable Albertans
- promote positive change in the industry



INDUSTRY INTEGRITY

There are four ways that RECA influences industry integrity. RECA safeguards the public interest against fraud and manipulative conduct by:

1. Enforcing the Rules

RECA requires a licensee to conduct real estate business in Alberta. Additionally, RECA establishes qualifying and continuing education requirements.

2. Investigating complaints

RECA takes swift action to investigate when there is potential that a licensee is breaking the Rules. The enforcement program is essential to maintaining public confidence and upholding RECA's authority. When misconduct is identified, those who break the Rules are sanctioned.

3. Inspecting Brokerages

RECA works with real estate brokerages to provide information to them regarding regulatory compliance requirements. RECA provides free advice to brokerages that enquire about getting help to interpret or apply the regulatory standards for their sector. Additionally, RECA provides educative and regulatory inspections of brokerages to confirm brokerages are meeting the professional standards set by the Industry Councils.



4. Educating and informing consumers

RECA provides public resources on the RECA website for Albertans to access. RECA also works with our community partners through our outreach programs to educate the public on where they can find information that can help them make wise decisions for their real estate transactions.

This year the four Industry Councils, in collaboration with the Rules Review Steering Committee, will advance the Rules review. The Rules review will examine Rules through the lens of consumer protection to identify issues that can enhance industry integrity.

2025 BUSINESS PLAN

RECA's business plan is updated annually to focus on activities and outcomes for the current fiscal year. The business plan addresses two broad areas: continual improvement and transformative strategic projects.

Regulatory Excellence

Finalize amendments to the Rules to update standards

Prepare for new licensing framework

Streamline complaints handling to increase educative regulatory responses

Assess pre-licensing exams for suitability, reliability, and fairness

Conduct a regulatory review

Trust & Confidence

Serve as a resource to government, providing timely and expert information

Strategic Initiatives:

- » Consumer awareness campaign
- » Website redesign
- » Stakeholder engagement plan

Operational Resilience

Implement employee engagement action plans

Launch corporate process improvements

Implement new accounting system to better manage fiscal resources

Refine performance indicators to monitor and report on corporate performance

Create a Digital Strategy

Measures

Management provides quarterly updates, including performance updates, to both the Finance and Audit Committee and the Board of Directors to ensure accountability. Material changes to business plan initiatives are provided to the Board of Directors for their review and direction. In addition to the measures that RECA publishes publicly every year in the annual report, RECA reports the following to the Board:

Regulatory Excellence

- » Broker compliance
- » Licensee compliance
- » Licensee perception

Trust & Confidence

- » Consumer awareness
- » Consumers website views
- » Stakeholder engagement

Operational Resilience

- » Financial reporting
- » Employee voluntary turnover
- » myRECA uptime

RECA MANAGEMENT

RUSS MORROW
Chief Executive Officer

JANICE HARRINGTON
Chief Operating Officer

WARREN MARTINSON
Registrar

STACY PAQUIN
General Counsel & Corporate Secretary

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