

CONSUMER PROTECTION
2022-2025 Business Plan

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The BAO is responsible for the
protection of the public interest

Corporate Overview

The **Bereavement Authority of Ontario** (BAO) was established in 2016 to promote the rights and safety of consumers purchasing funeral and burial or cremation services.

Prior to 2016, the bereavement industry in Ontario was regulated by two separate entities, the **Board of Funeral Services**, also an administrative authority, which regulated funeral and transfer services, and the Ministry of Government and Consumer Services' Cemeteries Regulation Unit, which regulated cemeteries and crematoriums.

(The Ministry of Government and Consumer Services changed its name in July 2022 to the Ministry of Public and Business Service Delivery.)

| Government Delegated

The BAO is a government delegated authority administering provisions of the *Funeral, Burial and Cremation Services Act, 2022 (FBCSA)* on behalf of the Ministry of Public and Business Service Delivery (MPBSD).

The BAO is not a government entity; it is governed by an independent Board of Directors. Like other Delegated Administrative Authorities (DAAs), the BAO is wholly financed by the fees paid by the sector it oversees. MPBSD is responsible for oversight of the BAO and

continues to be responsible for policy decisions under the FBCSA and retains responsibility for cemetery closures, abandonments and burial sites as defined by the FBCSA.

| Public Interest

Responsible for the protection of the public interest, the BAO regulates and supports Ontario-based licensed:

- Funeral establishment operators, directors and preplanners;
- Cemetery, crematorium and alternative disposition¹ operators;
- Transfer service operators; and
- Bereavement sector sales representatives.

The BAO spent its early years establishing itself as a new regulator by building and maintaining strong working relationships with the operators of licensees to promote greater compliance. Its enforcement approach has been to educate, train and coach licensees about compliance, through onsite inspections and financial audits of annual submissions.

¹Alternative disposition: Currently this relates to alkaline hydrolysis, a chemical process that uses a heated solution of water and potassium hydroxide or sodium hydroxide under pressure and agitation to reduce a body to components of liquid and bone. In the future this may include additional new disposition technologies.

Business Plan Process

The **2022-2025 Strategic Plan** builds on the foundation started in 2016 and shifts to a stronger risk-based regulatory approach informed by evidence, to hold the sector accountable for compliance and to protect consumers.

The 2022-2025 Business Plan replaces the 2021/22-2022/23 Interim Business Plan. This Business Plan operationalizes the Strategic Plan, describing the detailed strategic objectives, strategies to achieve the objectives, activities to support each objective, and the key performance outcomes and targets. The Business

Plan describes how the success of the Strategic Plan will be measured, linking those metrics to the strategic objectives and to the mandate of the BAO.

The rolling 3-year Business Plan will be revisited by the BAO Board of Directors each year, and adjusted if changes are required.

Each year an annual report is released which highlights the organization's activities and achievements. Annual performance reporting in comparison to the Business Plan is available within the Annual Report and posted at www.thebao.ca.

A stronger,
risk-based regulatory
approach



| **Mandate**

The BAO is an independent, not-for-profit corporation that administers provisions of the FBCSA. The BAO's mandate is to serve and protect public interest and govern the bereavement sector in the province of Ontario.

| **Vision**

A fair and safe bereavement marketplace where Ontarians have confidence in the dignified and respectful treatment of the deceased.

| **Mission**

To effectively regulate Ontario's bereavement services by;

- Using risk-based regulatory tools to promote compliance and inspire confidence in the sector;
- Using evidence to inform decision making;
- Supporting the development of a strong and diverse sector; and
- Remaining responsive to the changing needs of consumers and the sector.

| **Values**

We are proactive, respectful, transparent, efficient, fair-minded and team oriented. The governance of the BAO is established through the FBCSA, its regulations, by-laws, policies as well as an Administrative Agreement with the government through the Minister of Public and Business Service Delivery.



Bereavement Environment



The bereavement sector has seen more change in the past several years than any other period in recent history.

These changes have been fueled by the COVID pandemic, new technological developments, the impact of international immigration, and ultimately changes in the preferences of many consumers.

The impact of COVID on the bereavement sector has been significant: it has changed the size of in-person gatherings, raised new health concerns and accelerated the pace of virtual and online service offerings.

A longer-term trend that has accelerated in recent years is a shift from burial to cremation. According to the BAO's own statistics, cremation

now accounts for 70% of disposition in Ontario. Coupled with this is a trend of families choosing to place the cremated remains of their loved ones outside of the traditional cemetery environment. Beyond traditional cremation, is an increased interest in new technologies (e.g., alkaline hydrolysis (AH) and composting).

Ontario's traditional funeral, cemetery and crematorium sector developed largely in response to the Christian beliefs of Canada's early immigrants.

As globalization, immigration and religious beliefs continue to change the face of Canada, these trends are also impacting bereavement practices. Funeral homes, cemeteries and crematoriums are evolving in response to the trends. It is incumbent upon the BAO to

A longer-term trend that has accelerated in recent years is a shift from burial to cremation.

remain at the forefront of this evolution to effectively regulate the industry and to protect the interests of consumers.

| Key Strengths

Key strengths in the current bereavement industry include a robust regulatory framework and the professional orientation of bereavement practitioners. Funeral operators, cemeteries, crematoriums, AH and transfer service providers are required to be licensed by the BAO, and funeral professionals must have completed a certification program through a recognized educational faculty.

The current weaknesses in the industry include a dominant focus on traditional Christian-based practices, industry consolidation, and challenging sector succession issues with an apparent reduced interest in the sector as a career. Another change impacting the stability of the sector is the emergence

of new unregulated niche providers for some bereavement-related services.

The sector also includes incidents of regulatory non-compliance with some licensees, particularly with smaller cemeteries with limited or no active burials taking place, and with some faith-based organizations unknowingly providing unlicensed services to their congregation.

It is incumbent upon the BAO to remain at the forefront of this evolution.

| Preparing for the Future

The recent Auditor General Report (Report) highlighted deficiencies in the BAO's operations. Responding to these issues has been a primary focus since receipt of the Report's findings in late 2020. This responsive activity will continue throughout the BAO's 2022-2025 Strategic Plan, as will a focus on proactively preparing for future issues as they emerge.

Corporate Structure

The BAO and its leaders on the Board and Management Team are well-positioned to respond to the emerging issues within the sector with risk-based strategies and oversight.

The BAO is governed by a 10-member Board of Directors and is accountable to the Minister for the performance of the BAO. The Board is responsible for corporate governance, regulatory oversight and guiding the development of the BAO's strategic plan and priorities.

The Board is comprised of:

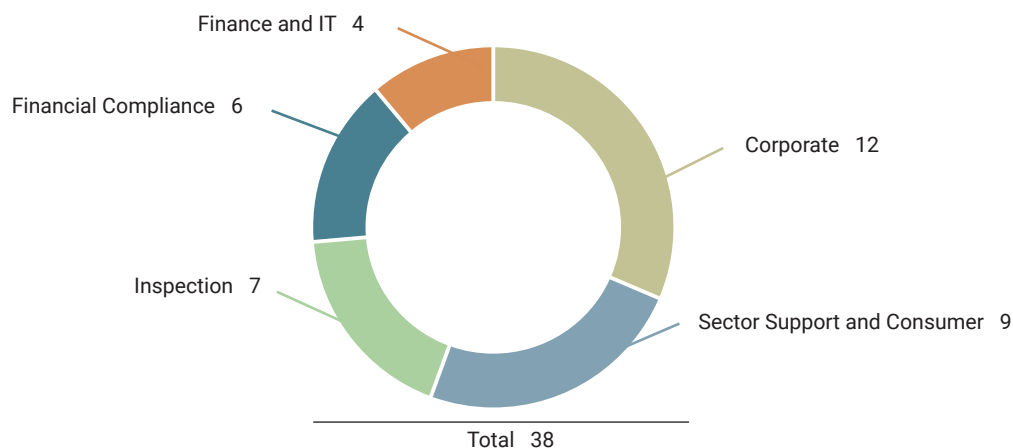
- 4 skills-based Directors with regulatory and governance experience and who have no direct interest in the bereavement sector;
- 3 Directors appointed by the Minister, MPBSD; and
- 3 Directors who represent the industry and who are also the Chairs of the 3 Advisory Committees (information about each of the Advisory

Committees is available at www.thebao.ca).

The BAO uses a skills and competency matrix to ensure the recruitment of qualified and diverse directors who possess strong governance, risk, strategic, stakeholder, regulatory and financial acumen.

To achieve its mandate and strategic goals, the BAO maintains a lean, efficient, and effective team of employees including licensing, inspection, financial compliance, and complaints officers, communications, HR, Board, legal, finance IT and education staff. Since 2020 the BAO has expanded its staff significantly, in response to the Auditor General's Report. As of March 2022, the BAO team consisted of 38 employees.

Skills and competency matrix



Core Services

The core services of the BAO are:

- Licensing of establishments and individuals, including new applications and renewals
- Ensuring compliance with legislation
- Oversight of internships
- Approval of education programs
- Consumer protection:
 - Complaint handling
 - Mediation
 - Inspections
 - Investigations
 - Compliance Actions (Registrar's Actions)
 - Public Education & Outreach
 - Trust Fund Oversight
 - Compensation Fund Administration
 - Liaison with Government
 - Liaison with Stakeholders

| French Language Services

The BAO employs four bilingual individuals. These employees provide bilingual support to consumers, stakeholders and licensees via phone and written correspondence, upon request. The BAO also provides bilingual funeral service education through Collège Boréal, which offers the program in French. Of the total of 2,308 inquiries by phone or email, 19 were received and responded to by the BAO in the French language in 2021/22. BAO publications are offered in French and English.



Stakeholders

In support of its mandate and strategic aims, the BAO maintains productive and positive relationships with key stakeholders including:

- Consumers
- Licensees
- MPBSD
- Ontario Association of Cemetery and Funeral Professionals
- Ontario Funeral Service Association
- Humber College
- Collège Boréal
- The Funeral Advisory and Memorial Society
- Council for Consumer and Industry Fairness in Bereavement
- Natural Burial Association
- Community Deathcare Canada



Complaints Resolution Process

The BAO handles complaints against bereavement licensees pursuant to the FBCSA, its regulations, and Code of Ethics. The complaints resolution process involves the following steps:

1. Complaint received via phone, email, regular mail or online complaint form
2. Complaint acknowledged and additional information/documentation requested from the complainant
3. Applicable licensee contacted regarding complaint and clarification, documentation and response requested
4. Complaint documentation thoroughly reviewed by BAO Management and Complaint Unit
5. Licensee and complainant kept apprised of the process throughout the investigation
6. Final written response provided to both the licensee and the complainant

Pursuant to the FBCSA, the Registrar may take any of the following actions in response to a complaint or finding of non-compliance, as appropriate:

- Attempt to mediate or resolve the complaint
- Give the licensee a written warning that if the licensee continues with the activity that led to the complaint, action may be taken against the licensee
- Require the licensee to take further educational courses
- Refer the matter, in whole or in part, to the Discipline Committee
- Refer the matter to the Licence Appeal Tribunal
- Approve a licence or the renewal of a licence with conditions
- Apply conditions to a licence at any time
- Take further enforcement actions as is appropriate in accordance with the FBCSA

Implementation of Auditor General Recommendations

Ontario's Auditor General (AG) began a review of several Delegated Administrative Authorities in January 2020.

In December 2020, the Office of the AG released a Value-For-Money audit of the BAO. The audit outlined a series of recommendation and process improvement opportunities to enhance the fulfillment of the BAO's mandate through improving consumer protection, bereavement sector support, internal efficiencies and digital enhancements.

| Efficient and Timely

The BAO is committed to execute the AG recommendations in an efficient and timely manner.

The AG's report features 11 recommendations and 36 action items for which the BAO is responsible, plus 8 recommendations and 15 action items that the BAO is responsible for in collaboration with MPBSD and other provincial ministries.

The AG recommendations and action items fall into three distinct themes, aligned with three of the strategic objectives:

- **Risk Based:** Protecting consumers when making bereavement related purchases. This includes reviews of pricing and licensing, analyzing industry trends and providing oversight.

- **Strong Sector:** Aiding the bereavement sector in providing dignified and professional services, through contingency planning, licensing and environmental protection.
- **Evidence Informed:** Streamlining data collection, tracking systems and internal policy.

To address these recommendations on a timely basis, the BAO has developed an operating framework that articulates the guiding principles and regulatory strategy behind how it will implement the recommendations. This includes a risk-based approach to first identify and prioritize areas of regulatory oversight, and then scale its efforts to address the recommendations with a proportionate response.

| On Track

The BAO is on track to complete the work required to implement the Auditor General's recommendations within the timelines that have been agreed upon.



Strategic Objectives and Key Outcomes

The 2022-2025 Strategic Plan was informed by Board deliberation, Management recommendations and stakeholder interviews, research and analysis of the current environment as well as emerging issues and trends. Through this process, four strategic objectives were identified as the primary areas of focus for the 2022-2025 period.

Each of the four objectives are supported by strategies and activities that will achieve the objectives. The outcome of each strategy will be measured to confirm that the objectives are being met, illustrating that positive performance is taking place.



Strategic Objective 1:

Risk Based

| Objective

We use risk-based regulatory tools to promote compliance and inspire confidence in the bereavement services sector.

| Strategies

The BAO will inform and educate the sector on regulatory expectations and hold licensees accountable to meet their obligations, acting in response to the risks that are presented.

| Activities

- Implement Auditor General recommendations
- Implement an enhanced risk management model that defines risk categories, appetite, capacity, and tolerances
- Implement risk-based oversight and inspection processes
- Align resources with the risk-based approach
- Proactively provide information to licensees regarding compliance expectations
- Strengthen compliance and enforcement through increased disciplinary action
- Encourage identified at-risk cemetery operators to consider voluntary abandonment and transfer to municipality
- Preserve and protect cemeteries by addressing cemetery boundary issues and issuing certificates of consent, when applicable
- Implement regulatory changes
- Conduct regular review of BAO governance policies
- Provide Board training/education workshops
- Continue to increase engagement and strengthen relationships with current stakeholders, government
- Identify, correct and verify all missing cemetery licensing information by contacting the operators
- Publicize policies regarding licensing renewal obligations
- Streamline licensing renewal process for funeral and transfer service operators
- Expansion of complaints and compliance response templates used to ensure consistency and timeliness of frequently asked questions by consumers and licensees
- Strengthen IT infrastructure (Cyber Security / Management of corporate assets)
- Increased automation of processes (e.g., new license applications and renewal, complaints, inspections, online submissions, etc.)
- Enhance the enterprise risk management model

Strategic Objective 2: Evidence Informed



| Objective

We use evidence to inform decision making.

| Strategies

The BAO will invest in data gathering processes, resources, and analytics that enable cost-effective and timely evidence-based decisions.

| Activities

- Adopt a model of data-driven predictive analytics for oversight
- Align Board, Management and sector reporting to trends that are evidence informed
- Refine the internal report card that links the risk framework with the regulatory mandate
- Perform data cleansing exercises to prepare for data migration and to increase accuracy of analytics
- Draft and implement policies related to annual submissions (reporting) by licensees
- Enforce regulatory requirements related to annual submissions of licensure reports, licence renewals, filing of care and maintenance funds and prepaid funds reports
- Engage with third parties for information sharing
- Provide education to ensure licensee financial compliance
- Refine reporting framework — integration of data between the new Customer Relationship Management (CRM) and accounting software, while incorporating other related metrics
- Harness communications CRM analytics to support Strategic Plan
- Implement Dynamics 365 CRM
- Provide functional CRM training for staff
- Leverage CRM for compliance and revenue data modeling and reporting
- Expand employee workload tracking by leveraging new CRM
- Implement organizational performance report card — engage internal auditor to assess BAO operations



Strategic Objective 3: Strong Sector

| Objective

We support a strong and sustainable bereavement sector.

| Strategies

The BAO will participate in the healthy development of the sector to ensure consumer choice and fair, safe, and supportive bereavement services for future generations of Ontario consumers.

| Activities

- Enhance inspection efficiency and oversight by establishing differential inspection responses
- Engage proactively with the sector, government and consumers
- Develop a consumer-friendly report card for sector performance
- Align employee performance goals with strategic plan objectives and service standards
- Continue to demonstrate value of the BAO and the sector by increasing outreach and expanding BAO communications content
- Formalise outreach programs and education of cemetery operators
- Enhance professional competency requirements
- Enforcement of continuing education requirements through random audits
- Assisting the provincial government with burial locations associated with residential schools
- Licensing of cemeteries identified as a result of new burial site discoveries

Strategic Objective 4: Forward Looking



| Objective

We are responsive to the changing needs of consumers and the evolving requirements of the sector.

| Strategies

The BAO will plan for the future of the sector and the future of its operations to maintain effective regulatory oversight.

| Activities

- Conduct research and engage with stakeholders, including consumers, to be ready to adapt operations to respond to emerging issues and trends
- Align BAO staff competencies with emerging issues and trends
- Seek alternative revenue streams to reduce reliance on annual fees
- Develop business case for fee increases
- Succession planning for senior management
- Ensure employee satisfaction and retention
- Provide change management training for staff
- Develop diversity, equity and inclusion plan
- Develop Disconnecting from Work Policy

Performance Measures

The success of the BAO's Strategic Plan will be measured through a series of performance measures that are aligned with the strategic objectives and actions. Setting these goals enables the BAO to maintain transparency and accountability to the public and its stakeholders.

Measuring our success

PERFORMANCE INDICATOR	TARGET
Average time to process complaints	30 business days
Average time to acknowledge inquiries	1 business day
Average time to process a new personal licence application	10 business days
Average time to process a new business / establishment licence application	45 business days
Total pageviews to BAO's website	10% increase (from last pre-pandemic fiscal year)
Consumer Satisfaction surveys: questions related to the courtesy and knowledge of staff, professionalism, handling and addressing of complaints	Baselining metrics in 2022-23 year to establish target for 2023-24
Licensee Satisfaction surveys: questions related to the courtesy and knowledge of staff, professionalism, related to complaints and inspections	Baselining metrics in 2022-23 to establish target for 2023-24
Number of inspections	420

These proposed performance measures are still draft and subject to MPBSD Minister approval.

Financial Projections

As a not-for-profit organization funded by regulatory fees, the BAO will continue to work to demonstrate value for money while conducting its operations in support of consumer protection. The BAO will continue to be transparent about its financial position by publishing

audited financial statements yearly in its Annual Report. As in previous years, the BAO will continue to ensure effective utilization of its financial resources. The following chart summarizes unaudited financial results for 2022 and forecasted financial outlook for 2023-25.

3-Year Forecast of Revenue and Expenses

	Actuals FY2022*	Forecast FY2023**	Forecast FY2024	Forecast FY2025
REVENUE				
Funeral Revenue	\$2,737,057	\$3,005,4909	\$3,212,869	\$3,277,127
Cemetery and Crematorium Revenue	\$1,825,116	\$2,084,936	\$2,228,797	\$2,273,373
Other Revenue - Non-Operational	\$37,909	\$16,748	\$9,211	\$5,066
Total Revenue	\$4,600,082	\$5,107,174	\$5,450,877	\$5,555,566
EXPENSES				
Payroll Expenses	\$3,710,811	\$4,292,759	\$4,438,174	\$4,550,433
Specialized Outsourced Expenses (5), (6)	\$947,008	\$721,457	\$724,020	\$811,316
Communication and IT Expenses	\$487,034	\$539,313	\$395,584	\$396,658
Office and Other Expenses (7)	\$695,591	\$913,154	\$974,497	\$1,005,548
Total Expenses	\$5,840,443	\$6,466,683	\$6,532,274	\$6,763,955
Operating Surplus/(Deficit)	(\$1,240,361)	(\$1,359,509)	(\$1,081,397)	(\$1,208,390)
CAPITAL INVESTMENTS				
Total Capital Expenditures (8)	\$122,548	\$1,245,860	\$80,000	-
CASH RESERVES and OPERATING CONTINGENCY				
Cash Reserves, end of year	\$6,346,082	\$5,182,491	\$4,298,283	\$3,287,081

Budget Notes:

- *Audited Financials for FY2022 to be approved by Board - June 22, 2022
- **FY2023 forecast representative of Board approved budget for the fiscal year.
- The three year forecast reflects a multi-year (2014 to 2021) inflationary increase of 13.6% in FY2023, and a forecasted inflation rate of 6.9% and 2.0% in FY2024 and FY2025, respectively.
- Includes full time and contract employees in addition to associated benefit and payroll tax expenses. Additional resources budgeted in FY2023 and beyond to address Auditor General and KPMG staffing recommendations including implementation of a new CRM system and administrative support roles.
- Outside legal support reserved for specialized litigation matters that may arise in the normal course of business.
- Ministry oversight fees are reflected in Specialized Outsourced Expenses.
- Full return to onsite field inspections beginning FY2023 - reintroducing compliance costs to pre-pandemic spend levels.
- Contract for new CRM system awarded May 2022 for \$1.3mln with implementation for October 2023.

Conclusion

Achievement of the Strategic Plan and the Business Plan will be measured by improvement in the risk profile of the Ontario bereavement sector, strengthening the quality and relevance of reporting available for BAO Management and Board decision-making, increased effectiveness of regulatory oversight, and enhanced preparedness for emerging issues and trends.

These metrics of success will confirm that a fair and safe bereavement marketplace exists, where Ontarians have confidence in the dignified and respectful treatment of the deceased.



June 2022