

PEO SEEKS TO WORK WITH OSPE FOLLOWING MEMBER REFERENDUM

474TH AND 475TH MEETINGS,
NOVEMBER 11 AND DECEMBER 15, 2011

By Nicole Axworthy

AS A RESULT OF THE November 2011 member referendum to terminate the PEO-OSPE Agreement (see “Results are in on vote to terminate PEO-OSPE Agreement,” p. 9), PEO council at its December meeting approved holding meetings with the Ontario Society of Professional Engineers (OSPE) on the relationship between the organizations and what’s good for the profession. Councillor David Euler, P.Eng., FEC, was also appointed as an additional PEO member to the PEO-OSPE Joint Relations Committee, a committee comprising representation from PEO and OSPE meant to facilitate co-operation and communication between the organizations in areas of mutual interest and concern.

Following the results of the referendum on December 2, OSPE filed a Motion in Court for an injunction saying that 50 per cent of PEO’s total membership must vote to terminate the agreement. It also sought an order to prevent PEO from publicly expressing its views as to the meaning of the vote. On December 14, OSPE President and Chair Alourdes Sully, P.Eng., wrote to PEO President Dave Adams, P.Eng., FEC, to notify him that OSPE would be withdrawing its application for an injunction. On December 22, OSPE’s legal counsel served PEO’s legal counsel with the Notice of Abandonment filed with the Ontario Superior Court of Justice that day.

Council’s motion specified that discussion between PEO and OSPE be carried on “without prejudice,” as OSPE has indicated it is reserving the right to challenge the meaning of the PEO member vote at a later date.

PEO 2012 BUDGET

At a special meeting of council convened December 15, council reconsidered PEO’s 2012 reserve policy, and approved the 2012 operating and capital budgets.

PEO’s reserve policy, intended to provide funding capacity for PEO to maintain a balance between its revenue and expenditure, and to manage its wind-up costs should PEO cease operation, has been a topic of debate among councillors since the purchase of PEO’s headquarters in 2009.

Following the September 2011 council meeting, at which council was presented a draft 2012 budget that anticipated an excess of revenue over expenditure of almost \$500,000 and was prepared using assumptions council approved in June, PEO’s Finance Committee reviewed the draft budget and brought a motion to the November council meeting that the 2012 budget be recast for revenue of \$24.5 million with no fee increases in 2012, that PEO reduce unfunded liabilities yearly by transferring 5 per

cent of revenue (as an operational expense) until unfunded liabilities related to employee future benefits are down to nominally zero actuarial projection, that reserves be increased annually by 5 per cent of revenue (as an operational expense) until reserves are at a council-approved target level, and that the budget be balanced (after the transfers from revenue for unfunded liabilities and reserve build-up). Council defeated this motion and directed that the previously approved budget assumptions remain the basis for the 2012 budget.

Following the November meeting, a budget working group of PEO members convened at President Adams’ request to investigate how the presented draft budget could be cut to rebuild PEO’s cash reserves and address unfunded liabilities. The work of the group was presented to the Finance Committee, which recommended at council’s December 15 meeting that PEO’s current reserve policy be revised so that cash and cash reserves are increased from \$3 million to \$8 million by December 31, 2016; unfunded employee future benefits liability are eliminated by December 31, 2017, representing a decrease of \$5.8 million; and the 2012 operating budget is prepared to ensure cash and cash equivalents at year end of at least \$4 million and unfunded employee future benefits liability of no more than \$4.8 million.

However, council chose not to approve the recommended changes and approved that the existing policy be extended through to December 2012, to provide a working policy until the issue can be revisited.

With the reserve policy settled, council approved the 2012 operating budget, which had been revised slightly from the draft in September. The approved budget shows revenue of \$24,521,120 and expenses of \$24,019,537, to provide an excess of revenue of \$501,583.

Council also approved a capital budget that had been revised by the Finance Committee since the September draft. The revision will result in an increase of cash flow of \$549,000 and a reduction in yearly amortization of approximately \$37,000. PEO’s approved 2012 capital budget is \$623,500.

ELECTION OF PRESIDENT

At its November meeting, council approved holding a binding member referendum at the time of the 2012 council elections on direct election of the president(-elect) by members as opposed to appointment of the president by

council from among elected councillors. Council also directed two councillors from each side of the argument to prepare a one-page article for publication in *Engineering Dimensions* so that a balanced argument would be presented to voters (see p. 20 and 21). Additionally, a forum on PEO's website will be set up for members to discuss the issue.

Should the vote favour appointment of the president by council from among elected councillors, the list of council-approved associated regulations will continue to be moved through the government (see *Engineering Dimensions*, March/April 2011, p. 20).

The proposal in February 2010 to change the process by which the president is elected was part of a PEO Executive Committee package of recommendations resulting from its review of the regulator's governance structure.

However, after further discussion at PEO's annual general meeting in May 2010, council's June 2010 workshop, and again at council's June 2010 meeting, council directed that stakeholders be surveyed on the issue (see *Engineering Dimensions*, July/August 2010, p. 64). Over 4000 members responded to council's survey, carried out in July and August 2010, 42.8 per cent of whom supported "council's proposal to appoint the president, vice president and other officers," while 57.2 per cent supported "the status quo, where members annually elect the president-elect and one vice president."

Ultimately, in November 2010, council defeated a communications plan and referendum question prepared by the Human Resources and Compensation Committee, and instead approved a motion that it elect the president and vice presidents from among elected councillors, beginning immediately following the 2013 annual general meeting.

At its February 2011 meeting, however, council approved holding a series of town halls before the 2011 AGM to discuss the issue with PEO members before enshrining anything in regulations. The following motion was passed: "Be it resolved that council/PEO may draft regulations with respect to the manner in which the president is chosen but shall not engage in external communications regarding the regulations until after town hall meetings are held. For greater certainty, *external* means non-P.Eng., non-council or non-PEO staff."

ALL-CANDIDATE MEETINGS

To generate interest in PEO's 2012 council election, council passed a motion at its December meeting to schedule one-hour, electronic all-candidate debates for each council position being contested, to be hosted by PEO at its headquarters during the week of January 23 to 26. Since many voters rely only on

the published platforms mailed with *Engineering Dimensions* and with the ballots, council agreed that all-candidate meetings could be useful in bringing candidates and voters together to engage on issues before an election. Seeing the difficulty and expense in covering Ontario with face-to-face meetings, council approved the use of electronic meetings to provide an opportunity for candidates to communicate with the broad membership. (See page 54 of this issue for dates and times of all-candidate town hall meetings.)

NEW PRACTICE STANDARD

Council has approved a new practice standard, *Preparation of Environmental Site Assessment Reports*, developed by the Professional Standards Committee (PSC) to respond to recognized needs to prescribe best practice for this particular professional engineering activity. It would apply to professional engineers preparing environmental site assessments as required by O.Reg. 153/04, *Environmental Protection Act*.

The approved standard will be submitted to the Ministry of the Attorney General with instructions to submit it to cabinet as an amendment to Regulation 260/08 under the *Professional Engineers Act*. If the amendment is passed by cabinet, engineers would be subject to the standard's requirements and possible disciplinary sanction for professional misconduct for failing to meet them.

At its January 2007 meeting, council approved a policy that PSC create regulations prescribing standards of practice and performance. The policy stated that, in keeping with a regulatory body's mandate for regulating the practice—as opposed to the technical knowledge—of a profession to achieve an outcome acceptable to the client or employer and the public, professional standards provided by PEO should set criteria for assessing whether members of the profession fulfill their professional obligations while undertaking the work assigned to them. That is, professional standards should set out expectations for the quality of service provided by practitioners, but leave the method of achieving these expectations to the discretion of the professional.

A 60-day public consultation is required for draft PEO practice standards to obtain comments from members and other stakeholders. The draft standard was posted on the PEO website and members were notified by email. Suggestions for changes were considered by the PSC. Where the suggestions provided improvements or identified concerns that needed to be addressed, the draft was revised based on the reviewers' comments.

NEW GUIDELINE

In November, council also approved the publication of a *Guideline for Professional Engineers Reviewing Work Prepared by Another Professional Engineer*.

The guideline addresses the situation where professional engineers are asked to review documents prepared by other professional engineers, on which PEO had no policies but received frequent requests for advice from members of the public, regulatory bodies and practitioners.

The guideline provides a compendium of best practices that ensure authoring engineers retain control and responsibility for the content of their documents; that reviewing engineers provide an assessment of the work in an impartial and professional manner; and that reviews are restricted to the purpose of protecting the public's interest. Σ