



Price competition— whose concern?

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President

I had already prepared my remarks for this issue of *Engineering Dimensions* when I received a letter regarding my comments in the last issue about the Certificate of Authorization. Mr. Tipler's broadside is printed in this month's issue (see p. 10).

Ironically, the anger and frustration that emanate from this letter mirror exactly the feelings that I held in the aftermath of the Fundamental Review exercise of the mid-1990s. I recall challenging Council at that time, by asking "If this is not our concern, then whose concern is it?" when no one would second a motion to address the question of rogue bidding.

Now, with the creation of the Ontario Society of Professional Engineers (the Society) I can find less justification for PEO pursuing matters of fee cutting and what can only be charitably described as fierce competition. PEO can deal only with discipline issues that might arise as a result of this practice. The fact that there has not been a marked increase in complaints is no doubt due to low fees being subsidized by employee engineers working longer unpaid hours and to employers digging into their reserves.

PEO does publish a schedule of fees, which suggests minimums, but it is not enforceable. And recently, the Newfoundland Association of Professional Engineers and Geoscientists chose to dispense with a mandatory fee

schedule that was actually supported in its legislation. This leads me to believe that any efforts for PEO to set a mandatory minimum fee schedule would not be universally supported, since we do not have even the legislative authority that Newfoundland has and are unlikely to get it when, as I've been told repeatedly, such a provision would contravene the *Competition Act*.

How can PEO deal with municipalities that have bylaws insisting on tendering for professional engineering work? The reality is that if you want the work, you fall in line. If you want the work, you compete on a price basis and then fight hard for every legitimate extra, hoping that the engineer who acts for the client is professional enough to honour the terms of the contract. Where are the complaints when this does not happen? PEO cannot act without formal complaints.

How can PEO deal with engineers operating out of their basements, armed with computers and software, undercutting the fees of larger organizations? There is nothing illegal in such a practice, and there are also many well respected small consultants or sole practitioners who do not indulge in it.

The Consulting Engineers of Ontario has been unable to deal with the question of rogue bidding. How can it, when in some cases it is a matter of a company carrying on in reduced straits or perhaps not surviving? Who is going to be the hero standing on principle when we all know that there will always be another engineer who may do the job more cheaply, perhaps not as well, but more cheaply? And, of course, many clients and agencies take advantage of this situation.

This issue goes beyond being merely one of supply and demand affecting the livelihood of engineers. It hits at the core of how much our services are valued.

Former PEO Councillor Cam Mirza, P.Eng., put this very well in 1998 when he wrote:

"In a free-market economy, service providers are free to choose their own punishment or reward. PEO's job is to ensure they never punish the public.

"My concern as a professional engineer is with the engineering profession's responsibility to uphold and serve the public interest and public safety. It is my contention that the demand side is abjectly ignorant of the power, integrity and beauty of the engineering profession. Continued unchallenged, such ignorance is bound to severely and permanently undermine the meaning and significance of our profession and marginalize the central tenets of engineering."

He went on to say:

"Demand-side ignorance of the power of engineering is resulting in the adoption of 18th-century solutions to 21st-century problems. That is what hurts me the most, not the fact that the MTO or a municipality wants me to 'bid' on a project. The fact that such 'esteemed' and 'knowledgeable' clients so unabashedly display their ignorance of the vast benefits of professional engineering is a telling sign of the ineffectiveness of PEO in dealing with a very real demand-side problem."

Let us hope that the Society can do better for there is no ambiguity in its role.

The Ontario Society of Professional Engineers was created specifically to act as an advocate for engineers. Let us all support it in its efforts to address this issue, which is high on its agenda. ❖