



Professional Engineers
Ontario

Questions and Answers on PEO Operations
As at March 26, 2015

Prepared for the Annual General Meeting
April 25, 2015
Westin Harbour Castle Hotel, Toronto

Published by
Association of Professional Engineers of Ontario

Introduction

Professional Engineers Ontario (PEO) developed the booklet, *Questions and Answers on PEO Operations*, to help members and others better understand PEO operations. Information in this document was prepared based on input from PEO staff, Engineers Canada, the Ontario Society of Professional Engineers, and PEO Audit and Finance committees.

The figures in this document are based on the audited financial statements for 2014. The audited statements show the association's financial position as at December 31, 2014. The audited statements have been reviewed by an independent external auditor. In its audit opinion, the auditor stated the association's financial statements are free of material errors and are in accordance with Canadian accounting standards for not-for-profit organizations.

It is hoped this document provides members the necessary information to make informed decisions on PEO's future directions.

Should you have further questions or feedback, please email webmaster@peo.on.ca. Look for periodic updates to *Questions and Answers on PEO Operations* on PEO's website (www.peo.on.ca).

Contents

1. 2014 Financial Statements.....	4
1.1 Revenue and Expenditures	4
1.2 Net Assets.....	8
1.3 Internal Controls.....	9
1.4 Human Resource Management and Salaries and Benefits.....	11
1.5 Employee Benefits and Future Benefits.....	12
1.6 Process Improvement and Cost Savings.....	13
2. PEO Business Planning Process	14
2.1 PEO Business Planning	14
3. Fees.....	16
4. External Relations.....	17
4.1 Engineers Canada	17
4.2 Ontario Society of Professional Engineers (OSPE)	20
4.3 Government Liaison Program.....	22
5. Ontario Centre for Engineering and Public Policy.....	24
6. 40 Sheppard Avenue West	26
7. Capital Expenditures.....	28

1. 2014 Financial Statements

1.1 Revenue and Expenditures

1.1.1 Revenue decreased by 2.4 per cent in 2014 over the previous year. What accounted for the decrease?

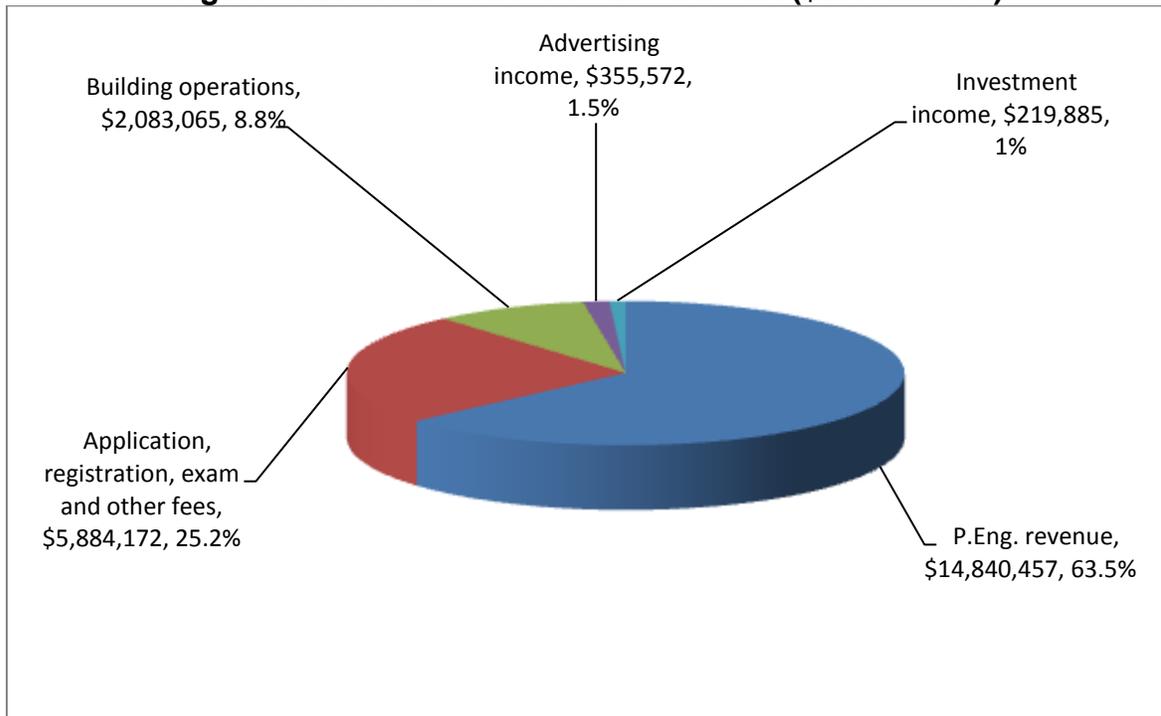
The total revenue in 2014 decreased to \$23.4 million from \$24 million in 2013. This can be attributed to:

- ◆ a decrease in building operations revenue of \$854,802 or 29.1 per cent, due to vacancy and lease negotiations with a major tenant, which resulted in lower base rent and lower common area recoverable expenses (please see section 6); and
- ◆ a reduction of \$70,995 or 16.6 per cent in advertising income, due to a decrease in advertising activity generally in all media.

The above were partially offset by:

- ◆ an increase in membership fee revenue of \$210,329 or 1.4 per cent, consistent with prior years;
- ◆ an increase in application, registration, examination and other fees of \$96,100, or 1.7 per cent, due to an increase in P.Eng. registrations and a greater number of engineering interns; and
- ◆ an increase in investment income of \$36,589 or 20 per cent, due to higher capital gains on investments and higher returns.

Figure 1. 2014 PEO Revenue Breakdown (\$23.4 million)



1.1.2 In 2014, PEO experienced an increase of \$1.7 million in its net assets compared to 2013. What factors contributed to the increase?

In 2014, the net asset balance increased to \$15.5 million from \$13.8 million in 2013. The increase was largely due to an increase in net income and the adoption of a new accounting

policy for employee future benefits, which was required as a result of changes to Canadian generally accepted accounting principles (please see section 1.5).

1.1.3 What areas in PEO's operation experienced savings compared to the previous year? What accounted for the decreased costs?

- ◆ **Staff salaries and benefits/Retiree and future benefits.** PEO experienced a decrease in costs of \$546,460 or 5 per cent in this area, due to the adoption of a new accounting policy for employee future benefits, which was required as a result of changes to Canadian generally accepted accounting principles (please see section 1.5). This savings was partially offset by higher salaries and benefits for previously vacant positions filled during the year and the last quarter of 2013.
- ◆ **Occupancy costs.** PEO experienced a decrease in costs of \$169,618 or 18.8 per cent, due to a reduction in PEO's space at 40 Sheppard Avenue West, as staff relocated from the second floor to the sixth floor, and reduced moving and offsite storage costs.
- ◆ **Consultant.** PEO experienced a decrease in costs of \$113,531 or 32.1 per cent in this area, because 2013 consulting projects in such areas as the repeal of the industrial exception and executive support were not undertaken in 2014.
- ◆ **Advertising.** PEO experienced a decrease in costs of \$107,692 or 54.4 per cent in this area, due to less advertising for staff recruitment than the year before.
- ◆ **Volunteer expenses.** PEO experienced a decrease in costs of \$91,038 or 10.7 per cent in this area, mainly due to lower costs for meals, accommodation and air fare/train fare associated with attendance at events.
- ◆ **Professional Development.** PEO experienced a decrease in costs of \$47,239 or 30.2 per cent in this area, as less was spent for in-house workshops and educational courses and seminars than the year before.

1.1.4 Although PEO's total expenditures for regular operations decreased 1.5 per cent, or \$323,722, in 2014 over the previous year, what areas encountered increased cost?

The factors contributing to increased costs for PEO operations in 2014 are:

- ◆ **Legal (corporate, prosecution and tribunal) expenses.** PEO experienced an increase in costs of \$187,730, or 40.7 per cent in this area, due mainly to a greater number of complaint files requiring legal review than the year before, and increased legal costs for employment and other corporate matters.
- ◆ **Contract staff.** PEO experienced an increase in costs of \$159,788, or 31.5 per cent in this area, due to the cost of replacing staff in the IT department.
- ◆ **Computers and Telephone.** PEO experienced an increase in costs of \$129,428, or 20.1 per cent, in this area, due to an increase in network- and server-related IT costs, as well as increased costs of software support contracts.
- ◆ **Chapters.** PEO experienced an increase in costs of \$111,326, or 18.2 per cent, in this area, due to increased chapter allotments and travel costs.
- ◆ **Postage and courier.** PEO experienced an increase in costs of \$66,779, or 18.7 per cent, in this area, as a result of increased postage costs for council elections, billings and other initiatives, partially offset by a decrease in the costs of mailing *Engineering Dimensions*.

1.1.5 What is included in purchased services?

The main items under purchased services for 2014 include:

- ◆ the official elections agent that manages the electronic voting process for PEO council elections (\$98,435);
- ◆ technical exam setting (\$82,339);

- ◆ professional practice exam marking (\$79,607);
- ◆ printing *Engineering Dimensions* (\$70,620);
- ◆ technical exam marking (\$68,866);
- ◆ scanning PEO files (\$67,956);
- ◆ managing the Engineer-in-Residence program (\$53,287);
- ◆ meal for the Order of Honour Gala (\$47,581); and
- ◆ meals for PEO's Annual General Meeting (\$23,374).

In addition, there were expenses for providing such goods or services as professional engineer seals, surveys, catering, freelance photography, trainers or facilitators, rental of audio visual equipment and technical services.

1.1.6 What is the breakdown of the costs for consultants?

The costs for consultants in 2014 were \$240,431 (compared to \$353,962 in 2013). The 2014 costs include \$110,623 for government relations, \$46,603 for investment management and pension management, \$27,823 for the financial audit, \$26,230 for consulting related to the management of local infrastructure at 40 Sheppard Avenue West, \$14,978 for the council elections, \$8,085 for an Equity and Diversity review, and \$6,000 (net) for miscellaneous consulting services.

1.1.7 What was the revenue foregone by way of the EIT Financial Credit Program and the increase in the number of EITs?

The revenue foregone because of the Financial Credit Program was \$579,300 (compared to \$573,600 in 2013). The number of EITs (engineering interns) as of December 31, 2014 was 11,481 (compared to 10,719 in 2013).

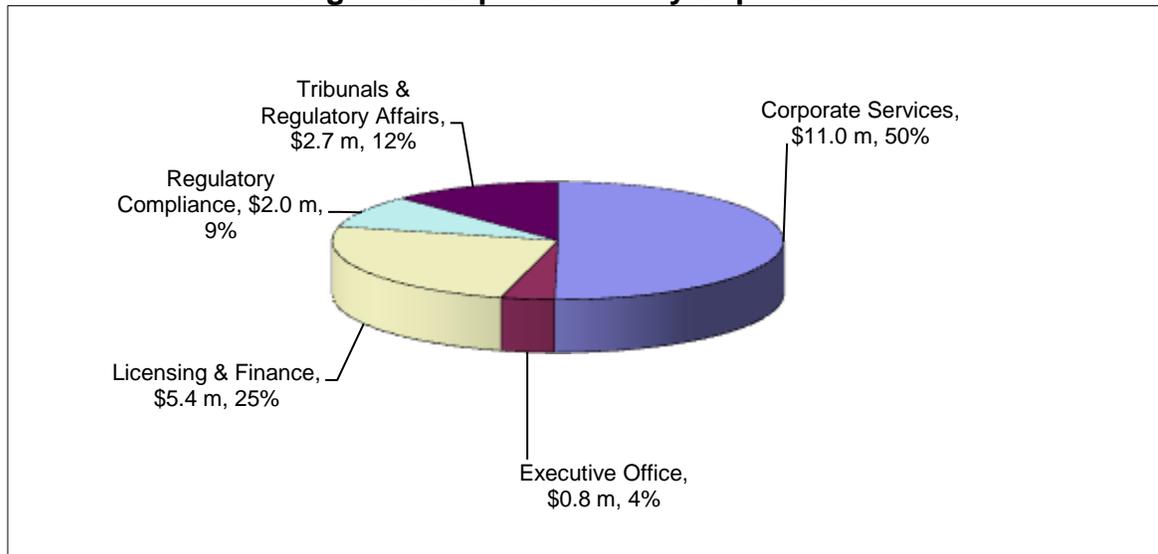
1.1.8 What were the expenses for tribunal operations?

The expenses for operating PEO's tribunals, which included fees for independent legal counsel, court reporters, etc. decreased to \$101,650 from \$116,714 in 2013.

1.1.9 What are the 2014 figures for department expenditures?

Figure 2 illustrates the 2014 department expenditures.

Figure 2. Expenditures by Department



1.1.10 I heard chapter funding was decreased in 2014. Is this correct? What are the reasons?
 No, this is not correct. chapter budgetary allotments were increased in 2014 to \$500,000 from \$400,000 in 2013.

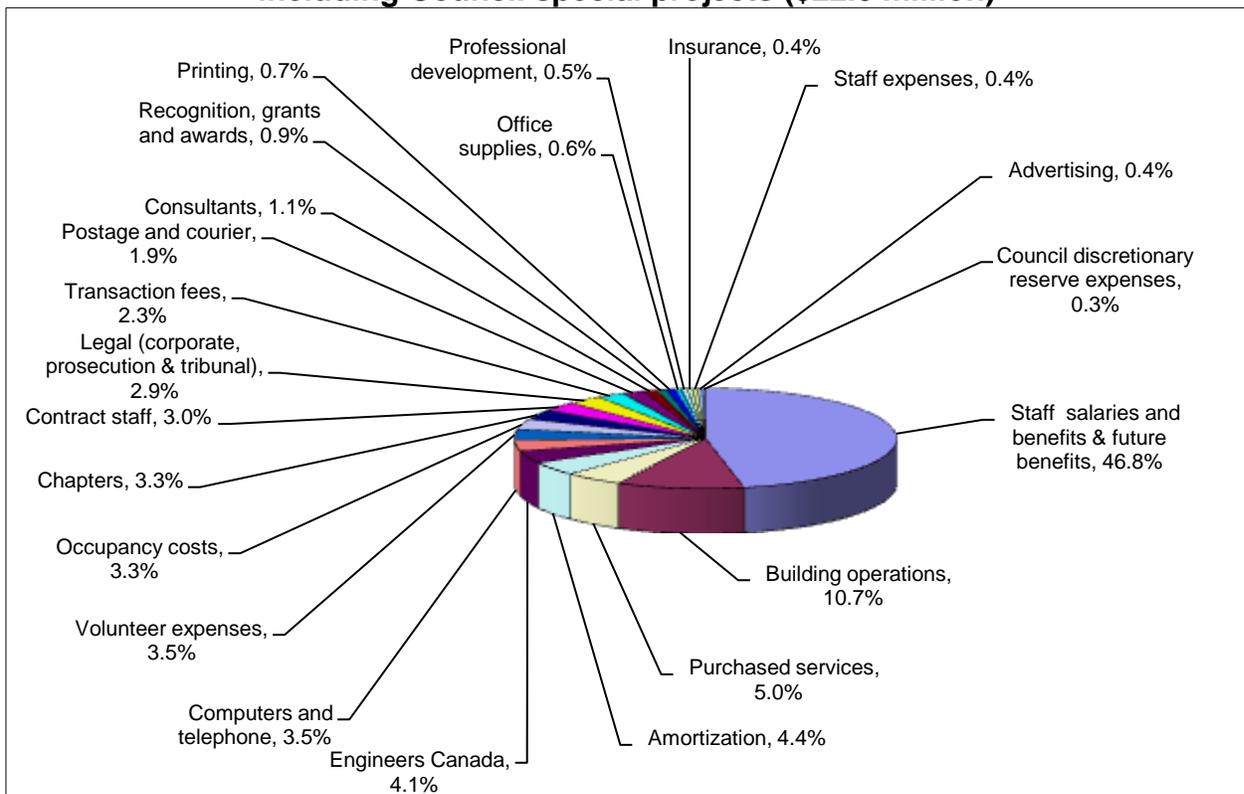
1.1.11 How much did it cost PEO in 2014 to fund its chapters?
 PEO paid chapter expenses in 2014 of \$722,121 (\$610,795 in 2013), including \$500,000 in allotments (\$392,945 in 2013) and other disbursements to individual chapters. In addition, the association incurred costs of \$502,351 (\$525,924 in 2013) related to chapter operations, including staff salaries and benefits and other support activities.

1.1.12 How does PEO manage its expenditures?
 Please see the answer to Question 1.3.3.

1.1.13 How is my annual PEO licence fee spent? What is the breakdown of PEO’s expenditures?
 The annual licence fee was only one component, or 63.5 per cent, of PEO’s total revenue in 2014. The breakdown of PEO’s revenues is illustrated in Figure 1 (section 1.1.1). In addition to annual fees, PEO also received revenue from application, registration, examination and other fees, comprising 25.2 per cent of total revenue. Revenue from building operations was 8.9 per cent of total revenue. Advertising and investment income were 1.5 per cent and 0.9 per cent, respectively, of total revenue.

Figure 3 illustrates the areas in which PEO’s revenue was spent.

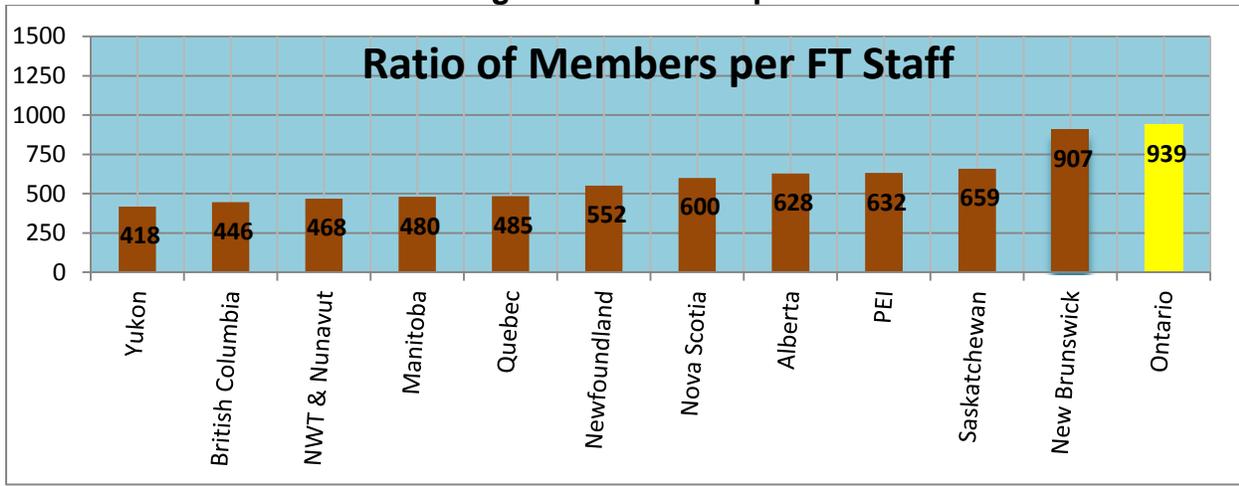
Figure 3. 2014 PEO expenditures for operations, including Council special projects (\$22.0 million)



Web research was conducted to benchmark staffing of other self-regulatory organizations, including other engineering associations in Canada. The key performance indicator or metric, “members per staff”, used to measure organizational efficiency, is defined as the average number of licence holders per staff member. The higher the value of this metric, the greater the organizational efficiency. The effect of volunteers is not considered in this metric, as volunteers are not compensated for their services.

As can be seen from Figure 4, PEO has approx 939 members for each staff member, placing it at the top of the benchmarked associations. This suggests that PEO’s current staffing levels are very competitive.

Figure 4. Members per staff



1.2 Net Assets

The current operating reserve policy was developed in 2004 to ensure the association’s operations are managed conservatively and that PEO always has an adequate buffer for unexpected contingencies. The operating reserve targets are annually updated and approved by Council on recommendations from the Finance Committee.

Since the purchase of the building in 2009, the operating reserve has been fully restricted to the building. In 2012, the Finance Committee decided to develop a minimum cash balance requirement policy. At this time, the operating reserve was renamed net assets as is consistent with the terminology used by most not-for-profit organizations. Since 2012, PEO’s net assets have included the investment in capital assets of \$27.7 million (capital assets of \$37.1 million less the current and long-term portion of the building mortgage of \$9.4 million)

The minimum cash balance policy defines the monies to be set aside for financing cash flow uncertainties, due to unexpected emergencies or such events as economic volatility, leading to unexpected declines in P.Eng. membership, tenant credit issues, leading to a reduction in rental revenues, or other unusual or unexpected spending requirements. Its main purpose is to ensure PEO can sustain its operations in the event of unusual or unexpected occurrences.

After a review of PEO operations and using a risk assessment approach, the minimum cash balance requirement was set at \$4.5 million. It represents approximately 2.5 months of operating expenses and is higher than the requirement of \$3.5 million set in the operating reserve policy approved by Council in December 2011. The cash balance (cash and marketable

securities) as of December 31, 2014 was \$8.1 million—well above the \$4.5 million requirement indicated in the cash balance requirement policy.

1.2.1 What is the purpose of having a minimum cash balance requirement policy?

A minimum cash balance policy provides the necessary funding capacity to deal with such uncertainties as a decrease in revenue and increased costs. For PEO, the minimum cash balance policy enables it to:

- ◆ survive operating shortfalls caused by economic turbulence or inappropriate financial decisions;
- ◆ enhance its financial flexibility and planning to implement new initiatives, replace outdated assets and/or programs, or satisfy members' needs by expanding certain activities;
- ◆ provide favourable financing for its growth and expansion of its regulatory support activities;
- ◆ fulfill contractual agreements; and
- ◆ fulfill legal requirements.

This minimum cash balance ensures there are adequate funds to sustain day-to-day operations.

1.2.2 Why does PEO need a minimum cash balance requirement policy?

PEO needs a minimum cash balance to ensure it can sustain its operations in the event of unexpected occurrences. The policy provides an effective planning and control mechanism for its business planning and budgeting process. To reflect the changing needs of PEO's regulatory activities, reserve requirements are updated on an annual basis by Council. This is done to ensure financial flexibility to help in implementing new initiatives, replacing outdated assets and/or programs, or satisfying members' needs by expanding certain activities to ensure that all programs assisting PEO in discharging its regulatory mandate are adequately funded.

1.2.3 Does PEO review its minimum cash balance requirement policy on an ongoing basis?

The minimum cash balance requirement is monitored on an ongoing basis by the Finance Committee and is formally reported to Council by the Finance Committee once a year. It is an integral part of the planning and budgeting process. The policy requires an ongoing dynamic assessment of the components of the required amount to reflect new circumstances and future needs.

1.2.4 What was the spending on Council special projects in 2014?

For 2014, the net expenditures for the projects approved by Council was \$60,515. This figure includes \$45,913 for the Privacy Policy review and dealing with Canada's Anti-Spam Legislation; \$4,324 for expenses of the Emerging Disciplines Task Force; \$4,110 for costs associated with the Experienced Practitioners Task Force; \$3,339 for a legal reserve for Elliot Lake and other matters; and \$2,829 for the National Frame Work Task Force.

1.3 Internal Controls

An internal control system is a set of internal accounting control procedures and policies that provide reasonable assurances PEO can achieve its objectives. The system helps PEO make maximum use of its financial resources and assures PEO operating expenditures are controlled completely, reliably, and relevantly.

The ultimate responsibility for internal control rests with Council and management in its role of planning, controlling and decision making. The Audit Committee is responsible for overseeing management's efforts to create a strong control environment. The Audit Committee periodically asks the auditors to conduct a more detailed review or cycle audit to ensure appropriate controls are in place.

1.3.1 What is PEO's internal control system?

PEO has established an internal control system for its expenditures and purchase of goods and services on a value basis, to strengthen Council's and members' confidence that its financial resources are being used effectively and according to sound and consistent procedures.

PEO's internal control system includes:

1. Banking Policy;
2. Expenditure Approval Authority Policy;
3. Extraordinary Expenditures Policy;
4. Expense Report Policy;
5. Procurement Policy;
6. Investment Policy; and
7. Minimum Cash Balance Requirement Policy.

The policies help PEO establish appropriate authority, responsibilities and accountabilities as the key components of its internal control mechanism for entering into contracts and for spending money in accordance with the approved budget and with the *Professional Engineers Act*, Regulation 941/90, By-Law No.1 and other policies and procedures.

1.3.2 Do the auditors review and test the internal control system?

The auditors obtain an understanding of the internal controls relevant to their audit; however, not all controls are relevant to every audit. The auditors evaluate the design of these controls and determine whether they are implemented. The auditors, however, are not required in an audit to determine whether all relevant controls are operating effectively.

1.3.3 How does PEO manage its expenditure?

It is PEO policy that all expenditures must be within the Council-approved budget. Any expenditure related to an activity must be related to an appropriate line item in the approved budget before the expense can be incurred.

PEO management ensures planned departmental expenditures are from an appropriate budgeted item and do not exceed the approved budget before a purchase order to release funds can be issued or money spent. PEO management regularly reviews their department budgets to ensure expenses are charged accurately against the appropriate general ledger accounts. In instances where the item exceeds budget, guidelines set out in the Extraordinary Expenditures Policy are followed.

Invoices and transactions for payment of all department or committee budgeted expenses incurred in the conduct of the association's affairs are reviewed for accuracy and appropriateness by committee staff advisors or management staff of the related department and signed by the appropriate authorities before a payment is made.

PEO finance staff review all expenditures before making payments. The registrar or deputy registrars and the controller authorize the payments from the bank. The president may also review the cheque register from time to time to monitor expenditures. Payments for unapproved expenses are not authorized.

Each department head receives a budget comparative report monthly, detailing variances, for internal control and cost analysis. As well, the Finance Committee reviews variances once every three months and seeks explanations on significant variances. PEO's procurement processes and systems use quality-based selection criteria to acquire goods and services that add value to PEO and to ensure the procurement results in the best value for PEO.

1.3.4 What has PEO done to establish checks and balances to control expenditure?

Please see answers to Questions 1.3.1 and 1.3.3.

1.3.5 Does PEO generate and publish financial management reports related to its department operations?

Financial management reports are issued to the Finance and Audit committees quarterly. Complementary to PEO's financial statements, a summary of management financial reports related to PEO's annual department activities is included in this document.

1.4 Human Resource Management and Salaries and Benefits

1.4.1 How does PEO strive to achieve efficiency and effectiveness through human resource management?

PEO employs staff and many volunteers to conduct its daily regulatory functions, as mandated under the *Professional Engineers Act*, effectively and efficiently. PEO also uses temporary staff, contractors and consultants, in addition to full-time staff and volunteers.

PEO's staffing includes regular full-time staff, contractors and temporary staff, which are defined as:

- ◆ **Regular full time staff** are employees who work a normal work week of 37.5 hours for PEO.
- ◆ **Contractors** are employed by PEO for a set period. Normally, contractors are part of the PEO payroll and will work a normal work week.
- ◆ **Temporary staff** are hired for short-term assignments to replace absent staff (for example, disability, maternity leave, backlog and special projects). Normally, temporary staff are employed by a third-party (agency) while they are with PEO and work a normal work week.
- ◆ **Consultants** are hired for a specific project and invoice PEO for services rendered.

1.4.2 I hear that more than 100 people work at PEO. Is this correct?

Table 1 shows both actual and budgeted staffing levels, including temporary and contract positions. As of December 31, 2014, the actual staffing level was 96 regular full-time staff and five contractors for a total of 101 staff. The figures approved in the 2014 budget were 101 full-time staff and four contractors.

Table 1. Actual and Budgeted Staffing Levels 2011–2015

Year	Regular full-time staff (number in approved budget)	Actual full-time staff (excludes contract and temporary)	Actual staff salaries and benefits (excludes contract and temporary)	Actual staff (including contract and temporary)
2011	97	94	\$8,733,986	100
2012	99	93	\$9,299,118	99
2013	99	94	\$9,210,339	101
2014	101	96	\$9,802,764	101
2015	105	-	-	-

1.4.3 Why does PEO use temporary staff, contractors and consultants in addition to full-time staff?

Like other businesses, PEO uses temporary staff, contractors and consultants in addition to full-time staff and volunteers to conduct its daily regulatory functions, as mandated under the *Professional Engineers Act*, efficiently and effectively. PEO uses such resources as legal and management consultants because of the need to use their expertise to support both regulatory and support activities. It is usually more economical to outsource the services required rather than hire staff on a regular full-time basis. Contractors and temporary staff are used for short-term assignments and to replace absent staff (for example, disability, maternity leave, backlog and special projects). This strategy offers organizational flexibility, assists PEO to meet its staffing needs, and avoids unnecessary, longer-term staffing costs.

In 2014, PEO used:

- ◆ one contract staff in Regulatory Compliance, working as an articling student;
- ◆ several contract staff in Information Technology to assist with workload, given three short-term disability leaves and some staff turnover;
- ◆ several contract staff in Licensing and Finance to handle increased workload in processing additional applications from the initial proclamation of the repeal of the industrial exception; and
- ◆ consultants to:
 - provide pension management data and reports related to employee future benefits,
 - manage PEO's pension fund, and
 - manage PEO's investment portfolio.

1.5 Employee Benefits and Employee Future Benefits

1.5.1 What are the components that make up employee benefits?

PEO provides standard medical, dental and life insurance benefits to active regular full-time employees:

- ◆ Extended health care—traditional health and medical benefits, including vision care;
- ◆ Dental care;
- ◆ Group life insurance and accidental death and dismemberment;
- ◆ Self-directed registered retirement savings plan.

1.5.2 What are employee future benefits?

Employee future benefits are defined in the *Chartered Professional Accountants Canada Handbook (CPA Canada Handbook)* as benefits earned by active employees that are expected to be provided to them when they are no longer providing active service, pursuant to the terms of an entity's undertaking to provide such benefits.

Employee future benefits, which include pension income, health care and dental benefits, are available only to employees hired before May 1, 2006.

1.5.3 Why does PEO have to comply with the accounting rules for calculating benefits cost?

If PEO does not follow the *CPA Canada Handbook* with respect to employee future benefits, its annual financial statements would not be prepared in accordance with generally accepted accounting principles. This would force the auditor to provide a reservation in the audit opinion.

1.5.4 Were there any changes to accounting rules that PEO had to comply with?

In fiscal 2014, PEO adopted the provisions of the *CPA Canada Handbook*, Part III, Accounting for Not-For-Profit Organizations, section 3463. This new section 3463 deals with reporting employee future benefits by not-for-profit organizations and eliminated the deferral and amortization method of changes in the fair value of the plan assets and in the measurement of the plan obligation.

As a result of this new policy, the defined liability on the Balance Sheet reflects the defined benefit obligation, net of the fair value of plan assets. All changes in fair value and remeasurements and other items will be recognized as a component of net assets.

1.6 Process Improvement and Cost Savings

The Registrar's Report outlining department-wide expenditures, savings, process improvements and other information on PEO's financial position may be found on the PEO website at www.peo.on.ca.

1.6.1 What has PEO done to improve its business processes and achieve cost savings in its operations?

Council and management at PEO are aware of the importance of ongoing process improvement.

PEO is committed to ongoing cost efficiency by implementing systems to better understand, track and manage the costs of its activities and processes. As published in the past, PEO's volunteer leadership and management team have together initiated important measures to control costs and ensure maximum value received for monies spent. In the June 2012 Council retreat, a presentation was made by staff to Council outlining opportunities that existed to reduce costs and paper by "going electronic".

A summary of the Council-approved initiatives and status is as follows:

- ◆ **Electronic Engineering Dimensions.** A digital edition of *Engineering Dimensions* has been available to members since 2008, but to reduce costs of postage and paper further, Council decided only the digital edition would be provided to members, unless they opted to receive the printed edition. In late 2012 and early 2013, members were given six months' notice (three issues of the magazine) that the digital edition of *Engineering Dimensions* would be the default unless they opted to receive the printed edition. Approximately 16,000 members opted back in or did not have an email address on file with PEO at that time. Another 2000 printed copies are available for promotional or other purposes. Effective with the March/April 2013 edition of *Engineering Dimensions*, the digital edition became the default for all members, although they may opt to switch back to the printed version at any time. Members receiving the printed edition may also opt to switch to the digital edition whenever they like.
- ◆ **Electronic elections.** An initiative undertaken in this area includes only electronic voting (telephone or Internet) for the 2013 and 2014 Council elections.
- ◆ **Electronic membership cards and e-receipts.** PEO started issuing membership cards and e-receipts electronically during 2012. Effective January 1, 2013, the membership card was phased out and replaced with the e-card and e-receipt. With this initiative, members can download their card and receipt at any time from the PEO portal. By implementing this initiative, members no longer have to wait for a membership card each year.
- ◆ **Electronic member correspondence.** Wherever feasible, all communication and correspondence, such as fee reminders and notices of licence approval, renewal and cancellation, are sent via email.
- ◆ **Electronic funds transfer (EFT).** While EFT has been offered by PEO for several years, in 2012, the finance team began a campaign to encourage our key vendors and volunteers to

sign up for EFT. Continuing this initiative in 2014, implementation of additional methods for encouraging vendors and volunteers to sign up resulted in a 10 per cent increase in EFT sign-up in 2014 from 2013.

Other new measures include:

- ◆ A solution was developed for the efficient retrieval of documents supporting PEO's regulatory compliance function. This solution entails scanning each remission request document for online indexing and storage.
- ◆ Negotiations with PEO's bank resulted in a 50 per cent reduction in banking service and transaction costs.
- ◆ Work commenced on introducing a new licence holder management system (Aptify) at PEO, based on a system used by the Association of Professional Engineers and Geoscientists of Alberta. This new system is expected to streamline applicant interaction with PEO through the resulting online licensing process.
- ◆ PEO's website, redesigned in 2012, was further improved based on additional feedback from staff and other site visitors.
- ◆ Meeting efficiency and remote participation were enhanced via the continued use of audio, video and teleconference resources in various meeting rooms.
- ◆ PEO's underlying computer infrastructure was further optimized and streamlined by eliminating services that were not mission critical or minimally used.
- ◆ Numerous application enhancements and software upgrades were applied to ensure effective support and alignment of PEO business processes and needs.
- ◆ The use of accounts payable stamps for processing invoices instead of paper forms was introduced in 2011 and fully functional in 2012. This initiative continues and has successfully helped in reducing annual paper usage by over 6000 sheets each year.
- ◆ Printing on PEO printers has been defaulted to double-sided printing for the past two years.

1.6.2 Are we going to continue seeing process improvements and, more specifically, cost savings from PEO in the future?

As outlined in answer to Question 1.6.1, PEO has implemented several automation initiatives to reduce costs. PEO is committed to ongoing improvement by reviewing business processes to identify and implement cost-effective means of operation.

2. PEO Business Planning Process

2.1 PEO Business Planning

2.1.1 What is PEO's financial state, based on the 2014 audited financial statements?

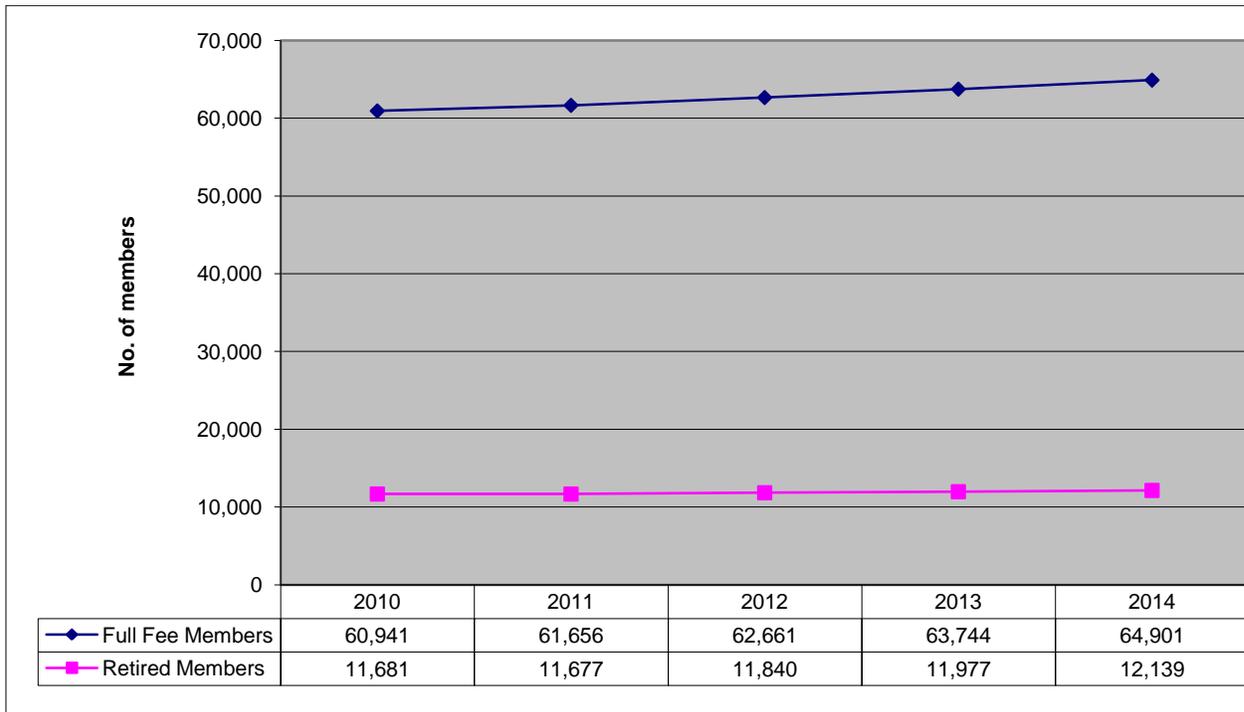
PEO's net assets at the end of 2014 were \$15.5 million (compared to \$13.8 million in 2013), representing an adjusted increase of \$1.7 million or 12.6 per cent.

2.1.2 Can you provide historical information about membership growth over the last five years?

P.Eng. membership has grown by an average of 1.3 per cent year over year in the last five years as shown in Figure 5. The membership growth rate is influenced by such factors as economic trends, unemployment, an aging population, number of retirees, immigration and PEO processes for issuing licences (e.g. improved Experience Requirements Committee interview process). Initiatives like the EIT Financial Credit Program, introduced in 2007, are likely to have a positive impact on membership growth in the years ahead. The initial announcement of the

repeal of the industrial exception in 2013 also resulted in an increase in the number of applications received.

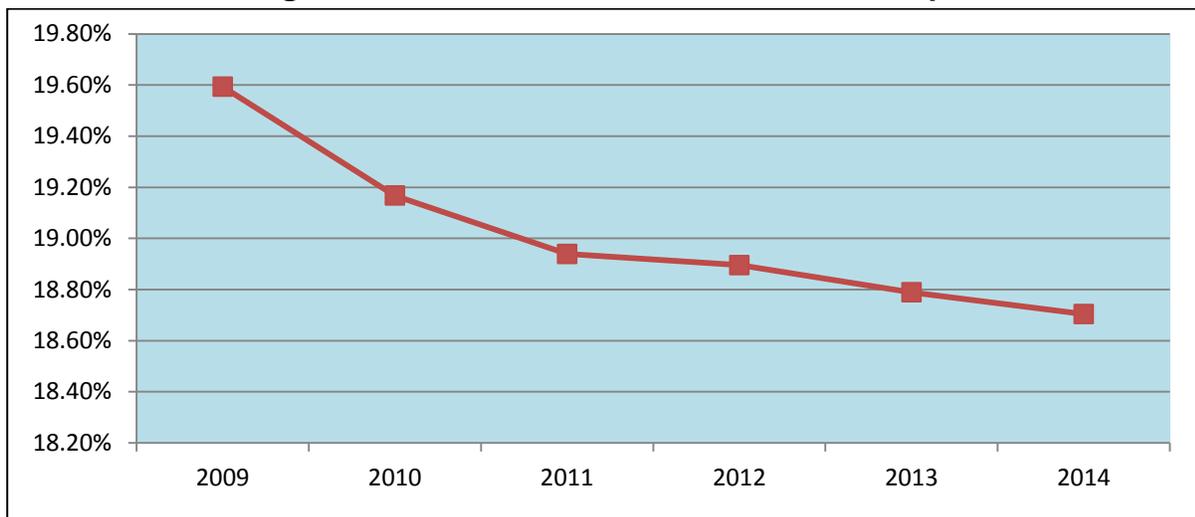
Figure 5. Historical Data of P.Eng. Full Fee Members vs. Retired Members



In the future, the number of retirees is expected to remain stable, while the growth of regular members is expected to increase and be higher than the historical annualized growth rate of 1 to 1.5 per cent, due to an increased number of applications.

As shown in Figure 6, the ratio of retirees to full members has shown a decreasing trend. This trend is expected to continue as the number of full members is expected to increase in the years ahead.

Figure 6. Ratio of Retirees to Full Membership Holders



2.1.3 What is PEO doing to increase membership?

PEO is not mandated under the *Professional Engineers Act* to increase its membership, but rather to regulate the practice of professional engineering and to govern its members and various licence holders.

As per Council direction, PEO implemented an EIT Financial Credit Program on May 1, 2007. This program enables qualified applicants to apply for their P.Eng. licence at no cost and will cover their first year of membership in the Engineering Intern program.

It is also expected that such initiatives as PEO promoting the relevance of the profession to engineering graduates, raising awareness among employers of the added value licensed engineers provide, and increasing the public's confidence in the licence will be incentives for engineering graduates to join PEO and to maintain their licences.

Such initiatives are intended to serve as building blocks to:

- ◆ attract/engage unlicensed engineering graduates;
- ◆ retain licensed engineers who no longer practise engineering;
- ◆ increase licence uptake by graduates of Canadian Engineering Accreditation Board-accredited engineering programs; and
- ◆ encourage international engineering graduates to apply to PEO upon landing in Canada.

3. Fees

3.1.1 What is the annual licence fee charged by the other engineering associations?

Research was conducted to compare how the annual licence fees are charged in various provinces. As Table 3 illustrates, PEO has the lowest annual licence fee of Canadian professional engineering associations, and the fees have been frozen for six years, including 2014. P.Engs in Ontario are paying less than their peers in other provinces.

Table 3. Provincial Engineering Associations' Annual Licence Fees at December 31, 2014

Association	*No. of Members	*Annual Licence Fee (P.Eng.)
Professional Engineers Ontario	78,422	\$220
Association of Professional Engineers of Yukon	835	\$240
Association of Professional Engineers and Geoscientists of Newfoundland and Labrador	4,415	\$246
Association of Professional Engineers of Nova Scotia	6,001	\$250
Association of Professional Engineers and Geoscientists of New Brunswick	5,441	\$260
Association of Professional Engineers and Geoscientists of Alberta	65,981	\$290
Association of Professional Engineers of Prince Edward Island	632	\$300
Ordre des Ingénieurs du Québec	61,102	\$310

Association of Professional Engineers, Geologists and Geoscientists of Nunavut and the Northwest Territories	2,339	\$340
Association of Professional Engineers and Geoscientists of Manitoba	6,715	\$360
Association of Professional Engineers and Geoscientists of British Columbia	29,000	\$380
Association of Professional Engineers and Geoscientists of Saskatchewan	11,866	\$450

**Data are based on web research and from information provided by the associations. Some associations did not respond. For these associations, membership and fee information was obtained from their respective websites.*

4. External Relations

4.1 **Engineers Canada**

PEO is one of Engineers Canada’s 12 constituent associations. Engineers Canada exists so the constituent associations have support for an advancing engineering profession and its self-regulation in the public interest at a cost that is justified by the results.

4.1.1 **At what frequency does the fee that PEO pays to Engineers Canada change?**

The rate for the assessment for all constituent associations is \$10.21/member and engineering intern and remains unchanged since 2006.

Engineers Canada’s 2014 audited operational expenses totaled just over \$9.43 million. Just over 29 per cent of the cost of these programs was borne by the 12 provincial/territorial associations.

4.1.2 **What does Engineers Canada do for Professional Engineers Ontario?**

In 2014, PEO had five representatives on the Engineers Canada Board, which comprises 22 members and five advisors. These representatives were: Annette Bergeron, George Comrie, Diane Freeman, Chris Roney and Rakesh Shreewastav. PEO also has representatives on Engineers Canada committees who actively participate in all of the organization’s undertakings, decisions and long range planning.

As noted in 4.1, Engineers Canada exists so the constituent associations have support for an advancing engineering profession and its self-regulation in the public interest at a cost that is justified by the results.

Engineers Canada has four Ends Policies that support this purpose.

The highest priority among the Ends Policies is: *Consistency among the constituent associations’ regulatory standards and practices to protect and serve the public interest.*

Engineers Canada is undertaking numerous initiatives to achieve this End, including:

- ◆ developing the Framework for Regulation, a set of aspirational elements that form the baseline for engineering regulators. Its purpose is to support the engineering regulators in their mandate to regulate the practice of engineering, license the members of the profession and serve and protect the public interest by capturing excellent national and international practices; responding to emerging trends and challenges; and facilitating fair practices that are accessible, timely, monitored, transparent, objective, impartial and just. The constituent

- associations participate in developing elements and decide if, when, and how to adopt elements in their jurisdictions.
- ◆ clarifying policy and draft legislation to ensure consistency in language and all aspects of self-regulation, and making national and international information and trends on self-regulation available to the constituent associations. This addresses with the regulators the challenges of continuing relevance of the engineering profession to maintain a strong profession today and in the future;
 - ◆ publishing national practice standards and guidelines by the Canadian Engineering Qualifications Board on the qualifications for registration, and standards of practice and ethics expected of professional engineers, for adoption by constituent associations and use by licence holders in their engineering practice.
 - The Canadian Engineering Qualifications Board also publishes the *Engineers Canada Examination Syllabus*. The syllabus describes an examination program to assess the academic qualifications of those who have not graduated from an accredited Canadian engineering program, an engineering program offered outside Canada but recognized to be equivalent to a Canadian program under a mutual recognition agreement, or a program offered outside Canada that has been evaluated by the Canadian Engineering Accreditation Board and deemed to be “substantially equivalent” to a Canadian program. The academic qualifications to be licensed as a professional engineer in Canada are outlined in the *National Guideline on the Admission to the Practice of Engineering in Canada*;
 - ◆ ensuring full mobility within jurisdictions, while maintaining the high standard of engineering practice, where public accountability of engineering practice is required—and promoting the recognition and use of international registers.
 - The National Membership Database further enhances the ease of movement of engineers across Canada;
 - ◆ ensuring, through the Canadian Engineering Accreditation Board, that the accreditation of engineering programs is to a level that meets the requirements for licensure as a professional engineer and the standards of the Washington Accord.
 - The Canadian Engineering Accreditation Board also plays a key role in international activities by assessing the equivalence of the accreditation systems used in other nations relative to the Canadian system by negotiating international agreements at the educational level and monitoring the accreditation systems of the engineering bodies that have entered into mutual recognition agreements with Engineers Canada. The agreements make it easier for the constituent associations to evaluate the academic qualifications of international engineering graduates applying for engineering licensure in Canada;
 - ◆ Ensuring that foreign credential recognition is done in a consistent and timely manner to meet the requirements for immigration and licensure in Canada.
 - Engineers Canada developed the International Institutions and Degrees Database with support from PEO. The database provides timely information on various degrees and institutions around the world that have been compared to Canadian standards.
 - The International Engineering Graduate Roadmap to Engineering in Canada, newcomers.engineerscanada.ca, provides a central location for international engineering graduates to access information on Canada’s engineering profession, the steps to licensure, finding work in Canada, and an Academic Info Tool to compare their educational qualifications with those of a Canadian education.
 - Engineers Canada’s Competency-Based Assessment Project created an engineering work experience requirement that is defensible, clear and transparent; ensures only qualified individuals are permitted to practise professional engineering; makes it easier for applicants to understand what information must be submitted through the development of

specific criteria; and allows assessors to make more objective decisions on whether an applicant has met the requirement.

The second Ends Policy is: *The public has confidence that engineers practise with competency and integrity and recognize that their work benefits society.*

Engineers Canada is undertaking numerous initiatives to achieve this End, including:

- ◆ developing and executing new communications strategies, content and media infrastructures to promote public awareness and acceptance of self-regulation and consistency in communications among Engineers Canada and the constituent associations.
 - Engineers Canada distributes a daily media report and weekly newsletter to showcase the role engineering plays in peoples' lives. Contact communications@engineerscanada.ca to sign up to the daily media report, and go to www.engineerscanada.ca/newsletter to sign up for the weekly newsletter;
- ◆ developing and coordinating a social media, print and broadcast presence; follow Engineers Canada on Twitter, LinkedIn and Facebook;
- ◆ raising the profile of engineering through various activities, such as participating in National Engineering Month and Canadian Federation of Engineering Students activities;
- ◆ working interactively with the federal government and policy-makers to identify and address public interest concerns of the profession.
 - Engineers Canada works with the federal government on public policy where issues pertaining to public health and safety can be directly influenced by the engineering profession.
 - Engineers Canada supports PEO's Government Liaison Program and the Ontario Centre for Engineering and Public Policy;
- ◆ promoting an understanding by the public that the practice of engineering is carried out only by individuals licensed by regulators to practise engineering and by permit holders authorized by the regulators; and
- ◆ publicly celebrating the Engineers Canada award and scholarship recipients. The awards and scholarship programs honour the work of Canada's professional engineers, teams of engineers, engineering projects, and engineering students.

The third Ends Policy is: *Engineering is recognized as an attractive profession.*

Engineers Canada is undertaking numerous initiatives to achieve this End, including:

- ◆ developing and executing programs to ensure sustainable membership of the constituent associations.
 - The Career Action Program, careeraction.engineerscanada.ca, helps high school and university students to decide if engineering is a good area of study for them.
 - Targeted communications programs to actively promote the benefits of the P.Eng. designation to Canadian Engineering Accreditation Board-accredited undergraduate program students, graduates and international engineering graduates;
- ◆ developing programs to increase diversity in the profession, including women and Indigenous people. The organization has a Women In Engineering Committee, which developed a seven-point action plan with strategies and related goals to address barriers to the full participation of women in our profession.
 - Engineers Canada is committed to raising the percentage of newly licensed engineers that are women to 30 per cent by the year 2030. The 30 by 30 goal is a key component of Engineers Canada's objective to achieve sustainable membership of the constituent associations that is reflective of Canadian demographics.

- Engineers Canada supports the Canadian Engineering Memorial Foundation, which is dedicated to increasing the participation of women in the engineering profession.
- Engineers Canada developed a welcoming workplaces program that includes establishing a recognition program for workplaces that have programs to attract/retain women engineers or other under-represented groups.
- Engineers Canada is developing an affiliate membership program to engage individuals in the profession and facilitate their advancing to become members of the constituent associations;
- ◆ enhancing the professional, social and economic welfare of engineers by sponsoring insurance plans, financial services and other services—from home and auto insurance to life insurance to professional liability insurance—as well as a financial security program and special discounts on car rentals. These activities create about 59 per cent of Engineers Canada’s revenue; the remaining revenue comes from government and non-governmental organization funding, as well as revenues from the 12 provincial/territorial associations;
- ◆ spearheading many collaborative projects that have been of mutual benefit to its constituent associations, including PEO. In most cases they have resulted in cost savings to PEO and in other cases have resulted in increased efficiencies and enhanced benefits. For example: directors/officers and errors/omissions insurance, commercial crime insurance and corporate identity protection insurance and employee benefits;
- ◆ initiating and executing studies and related communications regarding trends and information to be used in decision making by policy-makers, such as the *Undergraduate Enrolment Report* and the *Engineering and Technology Labour Market Study*; and
- ◆ developing and executing programs to ensure the recognition of new areas of practice.

The fourth and final Ends Policy is: *The public is not misled by persons improperly using engineering terms, titles, images, and words in federal corporations and trade-marks.*

Engineers Canada is undertaking numerous initiatives to achieve this End, including:

- ◆ providing public access to a database of the decisions of the Trade-mark Opposition Board and Federal Court related to Engineers Canada matters;
- ◆ supporting constituent associations’ defense of improper use of engineering terms, titles, images, and words in provincial/territorial corporations and trade-marks; and
- ◆ promoting an understanding by the public that the protected titles “engineer”, “engineering”, “professional engineer”, “consulting engineer”, “P.Eng.”, and the French equivalents are used only by individuals and organizations authorized by the constituent associations to use these titles.

More information on these and other Engineers Canada activities is available at www.engineerscanada.ca.

4.2 Ontario Society of Professional Engineers

4.2.1 What is the Ontario Society of Professional Engineers?

The Ontario Society of Professional Engineers (OSPE) is the voice of professional engineers in Ontario. Founded by engineers in 2000, OSPE connects a community of more than 225,000 engineers and students across the province. OSPE advances the professional and economic interests of its members and elevates the profile of engineers by advocating with governments, offering valued member services, and providing opportunities for ongoing learning, networking and community building.

4.2.2 How are PEO and OSPE working together for the engineering profession?

Although we have different mandates, PEO and OSPE have been working together in partnership for many years. Both organizations help EITs become licensed in Ontario through promotional and educational programs, participate at accredited schools of engineering in Ontario to promote licensure and inform students about each organization's activities; create programs to help internationally trained engineering graduates become licensed; and work as partners to put together the Ontario Professional Engineers Awards (OPEA) Gala, an annual event celebrating the province's most accomplished and respected engineers. Over the past few years, OSPE has collaborated more closely with PEO chapters to deliver technical talks and policy seminars on a wide range of advocacy topics, such as engineering labour market data.

4.2.3 What are the differences between PEO and OSPE?

Professional Engineers Ontario regulates. The Ontario Society of Professional Engineers advocates.

Professional Engineers Ontario's role is to administer the *Professional Engineers Act* by licensing practitioners and by setting standards for and regulating engineering practice in Ontario. PEO is mandated to serve and protect the public.

The Ontario Society of Professional Engineers is a voluntary professional association that represents the interests of the province's engineers, including students, interns and internationally trained engineering graduates who are pursuing licensure in Ontario. OSPE advocates on behalf of Ontario's engineers with governments, industry, PEO and the public in an effort to influence public policy and build awareness of the many ways engineers enhance Ontario's economy and quality of life. OSPE provides professional development and career services for engineers and offers substantial member savings on products and services.

4.2.4 In what ways does OSPE advocate for engineers in Ontario?

OSPE works with all levels of government—and with all political parties—to ensure the valuable insights and input of professional engineers are considered when policies are made. OSPE monitors policy proposals and decisions that have an impact on engineers and provides specific recommendations on issues of importance to the profession, such as energy, environment and climate change, infrastructure, research and development, employment, safety and more.

OSPE also promotes the achievements of engineers and the importance of engineering through editorial content in major newspapers; contributed articles in trade magazines; issues-based symposia and conferences; and the Political Action Network—a successful program through which OSPE volunteers meet and engage regularly in face-to-face dialogue with MPPs and Ontario-based MPs from all parties across the province. Executive members of OSPE's Board of Directors and staff also meet with government officials on a regular basis to discuss matters of importance to engineers and the profession, and have appeared on both radio and television to discuss various advocacy issues

OSPE's mandate also includes advocating with PEO to ensure our distinct responsibilities do not overlap and that the professional and economic interests of engineers are protected and promoted under the current regulatory framework.

4.2.5 What is the impact of two voices talking to governments about engineering issues—one from PEO's Government Liaison Program, and the other from the Ontario Society of Professional Engineers' Political Action Network?

Professional Engineers Ontario's role is to administer the *Professional Engineers Act* by licensing practitioners and setting standards for and regulating engineering practice in Ontario to

protect and serve the public interest. One of its objects under the Act is to raise awareness of the role of Professional Engineers Ontario. It is strictly within this framework that PEO communicates with government.

OSPE's mandate is to act as the voice of Ontario's engineers and to advocate on their behalf. It is within this mandate that it communicates with government.

At times, PEO and OSPE messages to government are complementary. However, for the most part, each organization addresses distinct subject matter.

4.2.6 Are there ways in which PEO and OSPE pursue the same objectives?

Both organizations are strongly committed to the future of engineering, as well as celebrating engineering excellence. Through initiatives such as National Engineering Month programming, both organizations recognize the importance of community outreach to ensure young people understand and consider careers in engineering. Both recognize the importance of working together with accredited engineering schools in Ontario to promote licensure and the benefits of becoming a professional engineer. Both organizations have developed programs to help internationally trained engineers pursue the path to licensure in Ontario. Both organizations also collaborate to host the annual Ontario Professional Engineers Awards (OPEA) Gala. In 2014, joint OSPE PAN (Political Action Network) and PEO GLP (Government Liaison Program) meetings were piloted and then formally adopted with guidelines produced. The OSPE PAN representative addressed advocacy issues, while the PEO GLP representative addressed any regulatory issues. OSPE and PEO are still free to schedule individual meetings as they see fit. Politicians were appreciative of seeing both organizations represented and working together at the same meeting.

4.3 Government Liaison Program

4.3.1 What is PEO's Government Liaison Program?

PEO's Government Liaison Program (GLP) was established to ensure government, PEO members and the public continue to recognize PEO's regulatory mandate, in particular its contributions to maintaining the highest level of professionalism among engineers working in the public interest. Ultimately, the goal is to have government view PEO as a partner, and understand and support PEO's policy direction.

The main messages of the program are:

- ◆ PEO has a legislated mandate under the *Professional Engineers Act* to regulate the practice of professional engineering in the public interest.
- ◆ The self-regulating engineering profession in Ontario—comprising almost 80,000 professionals—has been successfully protecting the public for more than 90 years.
- ◆ PEO has unique knowledge and expertise and it is in the best interest of government to consult with it before considering new policy directions that may have the potential to impact regulation of the practice of professional engineering.

4.3.2 Why is it necessary for PEO to become engaged in such a program?

As a leader in the professional community, whose practitioners make significant contributions to the economy and many aspects of our everyday lives, PEO ought to have influence and an impact on policy direction, as it applies to the regulation of the profession. By not taking action, PEO would be falling short in its legislated mandate to serve the public interest.

While engineering has historically taken a back seat to medicine and law when it comes to being vocal about its professional interests, PEO sees its GLP opening doors so it is, increasingly,

being invited to the decision-making tables. PEO believes professional engineers have much to contribute to the development of government policy as it relates to the regulation of the practice of professional engineering.

Through the GLP, PEO's dedicated volunteers from across the province are building the necessary relationships to ensure PEO's perspective is heard.

4.3.3 How is the program structured?

To ensure chapter involvement in the program, each chapter has a GLP subcommittee to oversee the program at the grassroots level.

The subcommittee chairs are volunteer spokespeople for their chapter ridings and are responsible for organizing the chapter objectives/activities, which include:

- ◆ inviting MPPs to chapter events;
- ◆ coordinating meetings with local MPPs;
- ◆ participating in MPP events; and
- ◆ ensuring members are well informed of engineering and non-engineering matters so they can thoroughly comprehend issues important to MPPs.

Liaison with federal politicians is coordinated with Engineers Canada's Bridging Government and Engineers program.

To help facilitate the GLP, PEO has retained the services of Brown & Cohen Communications and Public Affairs to:

- ◆ provide spokesperson training for GLP members;
- ◆ help facilitate spokesperson activities with MPPs in local chapters, events and meetings; and
- ◆ provide guidance on the activities/steps that chapters can take to engage politicians.

In 2009, Council approved in principle a standing committee to coordinate GLP efforts and develop and execute new strategic initiatives for the program. Council directed the then CEO/registrar to report in early 2010 on the ways and means of establishing a standing committee. The establishment of a Government Liaison Committee (GLC) to provide oversight to the GLP was proposed and approved by Council. The GLC was formed and held its first meeting on May 5, 2011.

For the first time in engineering history, representatives from PEO's GLP, Engineers Canada, the Ontario Society of Professional Engineers, Consulting Engineers of Ontario, the Ontario Centre for Engineering and Public Policy, engineering interns and students joined together to determine the direction of government relations for engineers in the province.

4.3.4 What did the program do during the past year?

The Government Liaison Committee met regularly throughout the year to create and execute a work plan, provide advice and feedback on the direction of government relations activities, consult with stakeholders, monitor trends, develop and issue *GLP Information Notes* to brief spokespeople on regulatory issues, organize events and training initiatives, and encourage involvement in public policy development.

- ◆ **GLP Oversight.** The GLC provided oversight to the activities of the GLP. Continuing the GLP's initiatives to better inform PEO chapter members of the value of getting involved with public policy and to provide training in government liaison activities, three Regional Academies and Congresses were conducted in 2014. These informational events, which feature local MPPs as guest speakers, were held for the Western Region (London, March 1), Eastern Region (Belleville, November 15) and East Central and West Central regions (Toronto, December 6).
- ◆ **PEO Queen's Park Day.** Another successful PEO Queen's Park Day on November 5 saw 50 MPPs attend, comprising 24 Liberals (including eight ministers), 13 Progressive Conservatives and 13 New Democrats. During the two-hour reception, engineers and MPPs from across the province discussed key PEO issues and current events.

Several key MPPs delivered remarks at the reception, including Attorney General Madeleine Meilleur, MPP (Ottawa-Vanier), PC Attorney General Critic Sylvia Jones, MPP (Dufferin-Caledon), and NDP Attorney General, Government and Consumer Services Critic Jagmeet Singh, MPP (Bramalea-Gore-Malton). Attorney General Meilleur highlighted the importance of PEO's role in ensuring the implementation of the recommendations from the Elliott Lake Commission of Inquiry.

The third annual GLP MPP Awards were given to three MPPs, one from each party, to recognize their exceptional support for PEO. The recipients were Minister of Community and Social Services Helena Jaczek, MPP (Oak Ridges-Markham), PC Deputy Opposition House Leader Julia Munro, MPP (York-Simcoe), and NDP Finance and Treasury Board Critic Catherine Fife, MPP (Kitchener-Waterloo). Upper Canada Chapter was recognized for leadership in its GLP work; Brampton Chapter received honourable mention.

- ◆ **Take Your MPP to Work Day.** Building on the success of the program launched last year, PEO welcomed three MPPs to learn more about the professional scope of engineering across a variety of industries.

PEO Lambton Chapter invited PC Natural Resources Critic Bob Bailey, MPP (Sarnia-Lambton), to tour Shell's Sarnia Manufacturing Centre, where he and PEO members discussed how the government can assist in ensuring newly licensed engineers have the skills to succeed.

PEO West Toronto Chapter hosted MPP Mike Colle (Eglinton-Lawrence), Parliamentary Assistant to the Minister of Transportation and Infrastructure, at the Toronto Rehabilitation Institute, where hospital staff demonstrated new technology for injury prevention and rehabilitation.

PEO's London Chapter welcomed Teresa Armstrong, MPP (London-Fanshawe), to the Upper Thames River Conservation Authority, where they discussed the role of engineers in environmental protection.

- ◆ **Regulatory Issues Subcommittee.** The GLC Regulatory Issues Subcommittee continued to prepare and issue one-page *GLP Info Notes* to provide GLP chairs with background information to enable them to effectively communicate with their MPPs when they meet them. New additions were:
 - GLP Info Note 9.0—Electrical Safety Authority, Issue 1;
 - GLP Info Note 10.0—Electrical Safety Authority, Issue 2;

- GLP Info Note 11.0–Primary Engineering Organizations; and
- GLP Info Note 12.0–Explanations of PEO Licences, Certificates and Designations.

4.3.5 Is it too late for me to get involved in the program?

PEO is always actively recruiting volunteers for the program. If you are interested in joining the Government Liaison Program, contact your chapter chair or Jeannette Chau, P.Eng., manager, student and government liaison programs, at jchau@peo.on.ca or (647) 259-2262.

5. Ontario Centre for Engineering and Public Policy

5.1.1. Can you give me an update on the activities of the Ontario Centre for Engineering and Public Policy?

In 2014, the Ontario Centre for Engineering and Public Policy (OCEPP) continued to engage engineers, policy specialists and other professionals through its five core activities: an annual conference, publication of engineering and policy articles, seminars and other events, collaborations, and a student essay competition.

◆ **Annual public policy conference.**

- sixth conference, held May 30, the second time the annual OCEPP conference was held separately from PEO's annual general meeting;
- **Theme:** *Getting Engineering to the Policy Table*;
- **Speakers** included: **Carol Wilding**, president and chief executive officer, Toronto Region Board of Trade; **Stephan Schott**, associate professor, School of Public Policy and Administration, Carleton University; **Rick Jennings**, P.Eng., assistant deputy minister, Ontario Ministry of Energy; **Warren Mabee**, associate professor, Queen's University; **Chris Roney**, P.Eng., president, Roney Engineering Ltd.; **Vic Pakalnis**, P.Eng., MIRARCO–Mining Innovation; and **Christine Kaszycki**, Ontario Ministry of Northern Development and Mines;
- **Topics**
 - Moving the Toronto Region from Good to Great,
 - The Future Direction of Policy-Making: What Role Can Engineering Play?,
 - Exploring Ontario's Long-Term Energy Plan,
 - Going Forward from the Elliot Lake Inquiry, and
 - Heating up in the Ring of Fire;
- **93 attendees**, including engineers, policy advisors, senior government officials, business people, and university faculty and students;
- **sponsors:** Engineers Canada, Consulting Engineers of Ontario and Ontario Power Generation;
- post-event **survey:** overall good/excellent rating of 93 per cent.

◆ **Publication of articles.**

- seven **articles** published in the Policy Engagement section of *Engineering Dimensions*; **Authors** included: **Mary Gallerneault**, undergraduate student at McMaster University, winner of the undergraduate prize in the 2013 OCEPP student paper competition; **Jack Wallace**, master's student at Queen's University, who won the 2013 OCEPP student essay competition in the graduate student category; **Jatin Nathwani**, PhD, professor and Ontario research chair in public policy for sustainable energy, and the executive director, Waterloo Institute for Sustainable Energy, University of Waterloo; **Pat Abbey**, president, Ontario Association of Public Health Dentistry and director, oral health division, Durham Region Health Department; **Michael Finkelstein**, MD, associate medical officer of health

at Toronto Public Health, member of the Royal College of Physicians of Canada, and vice chair, Council of Ontario Medical Officers of Health; **Dick Ito**, public health dental specialist, member of the Royal College of Dentists of Canada; **Kevin Pope**, PhD, assistant professor of mechanical engineering; **Greg F. Naterer**, PhD, dean of the faculty of engineering and applied science, and professor of mechanical engineering, Memorial University of Newfoundland; **Emily Ghosh**, P.Eng., environmental engineer; **Bonita Costigane**, P.Eng., sustainability consultant and engineer, and a senior management consultant, EC Harris LLP; **Kerry Freek**, a WaterTAP's manager of marketing and communications, whose first book, *Flood Forecast: Climate Risk and Resiliency in Canada*, was published in May 2014;

- **Titles** included:
 - A Question of Priority and Policy in Melancthon: Agriculture or Aggregate?,
 - Sustainability Potential and Policy Framework of Constructed Wetlands for Wastewater Treatment: An Ontario Perspective,
 - The Facts About Community Water Fluoridation,
 - Poisoned Politics of Power Plants,
 - Energy Policies and Social Acceptance of Small Wind Turbines,
 - Adapting Engineering for Climate Change,
 - Changing How Funding Flows to Municipalities May Lead to Efficient, Sustainable Water Infrastructure;
- **Publication of the fifth annual *Journal of Policy Engagement***, containing all OCEPP articles published in 2013 in *Engineering Dimensions*; audience included Ontario MPPs, senior Ontario bureaucrats, business and association executives, university engineering deans and libraries, Queen's Park Press Gallery, Ontario Legislative Library, Library and Archives Canada.
- ◆ **Other events.**
 - January 13, 2014—OCEPP/Work in a Warming World (W3) workshop, *Climate Change, Sustainable Infrastructure and the Implications for Engineers*, a half-day workshop, based on a Policy Engagement paper published by OCEPP in the September/October issue of *Engineering Dimensions*,
 - presented by York University Assistant Professor Kean Birch and the Ontario Centre for Engineering and Public Policy (OCEPP),
 - **Speakers: Spiros Pagiatakis**, associate dean, research and graduate studies, Lassonde School of Engineering, York University; **Mehemed Delibasic**, chair, Infrastructure Task Force, Ontario Society of Professional Engineers; **Travis Allen**, partner, Zizzo Allan Professional Corporation; and **Peter Nimmrichter**, senior water resources engineer, AMEC,
 - 38 attendees,
 - post-event survey: overall good/excellent rating is 78.6 per cent.
- ◆ **Collaborations/special projects.**
 - continued participation in the Work in a Warming World (W3) research project, including helping augment a \$2.5-million proposal to the Social Sciences and Humanities Research Council for a new project titled Adapting Canadian Workplaces.
- ◆ **Annual student essay competition.**
 - sixth annual competition, 19 entries,
 - winners: **Mary Gallerneault**, fourth-year student, materials science and engineering program, McMaster University (undergraduate category); **Jack Wallace**, master's candidate, applied sustainability program, Queen's University (graduate category),

- award: each received \$1,000 and registration to the 2014 OCEPP conference.

6. 40 Sheppard Avenue West

6.1.1 Can you tell me when PEO purchased 40 Sheppard Avenue West and the details of the purchase?

PEO purchased 40 Sheppard Avenue West on March 11, 2009 for \$22,575,000. It is an eight-storey building with a floor plate of about 14,000 square feet. The building has 102,601 square feet of rentable area. PEO moved into 40 Sheppard Avenue West on December 18, 2009. PEO occupied 38,113 square feet as of December 31, 2014.

6.1.2 Who is PEO's current property manager?

The building at 40 Sheppard is managed by Brookfield Johnson Controls. The building was previously managed by Colliers International. The change to Brookfield Johnson Controls was made in February 2011 after a thorough tendering process.

6.1.3 Was the building profitable in 2014?

The building generated \$2,803,190 in revenue, including PEO's share of recoverable expenses but excluding base rent (had PEO paid market rent for its space) and total expenses of \$3,083,010, creating a deficiency of revenue over expenses of \$279,820 (after all expenses, including loan interest), compared to a surplus in 2013 of \$554,638. The decrease is attributable to lower revenues in 2014 as a major tenant downsized and leasing the space was delayed so HVAC renovations could be completed.

Total recoverable expenses were \$2,134,164 with PEO's share of this \$720,125. These costs were reclassified from building operations to occupancy costs in the financial statements. Total occupancy costs for 2014 were \$732,760, which included storage and other occupancy costs. PEO's total accommodation expense (including interest) was \$1,217,746. PEO occupied a total of 38,113 square feet at December 31, 2014. The market rent of this space is approximately \$20 a square foot and operating costs are \$20.80 a square foot. Therefore, PEO's equivalent costs for rent and operating costs would be \$1,555,010 for 2014, leading to a net value to PEO of \$337,264 for 2014.

Another benefit of ownership of the building is reduced municipal property taxes, as allowed under the *Municipal Act*, since PEO is a not-for-profit organization. In November 2012, PEO received a municipal tax rebate of \$491,499.37 for the years 2009-2012. Since 2013, PEO has been billed at the reduced municipal tax rate.

6.1.4 Can you provide us a breakdown of the major building improvements made in 2014?

The following major projects were completed in 2014:

- ◆ **Computer room relocation from second to fifth floor (PEO space).**
 - The IT room was moved from the second floor to the fifth floor with the project closing in June 2014;
- ◆ **Elevator upgrades,** Elevator upgrades, including replacement of a car door restrictor and other safety equipment;
- ◆ **Exterior wall upgrade.**
 - First phase of a precast and window sealant project was completed in September 2014;

- ◆ **Blinds replacement for floors one to four.**
 - Replacement of existing 27-year-old venetian blinds with new manual blinds on all faces of the building for floors one through four, including both PEO and tenant spaces;
- ◆ **Fourth floor demolition and installation of new HVAC system.**
 - Demolition and installation of new HVAC system to prepare space to lease out.

6.1.5 Can you give us an update for 2015 plans?

Planned 2015 capital spending on PEO's space includes completion of the Suite 103/105 rebuild and eighth floor preparation for new tenants, once HVAC work is completed.

Planned 2015 capital spending on common area space, and recoverable from tenants, includes:

- ◆ eighth floor preparation for a new tenant and accompanying HVAC upgrades;
- ◆ heat generating system that includes two gas-fired boilers;
- ◆ emergency light and power systems, replacing generator;
- ◆ exterior wall project completion with precast and window sealant replacement;
- ◆ parking garage traffic membranes, including traffic deck coating renewal; and
- ◆ pedestrian pavement replacement to address safety concerns.

6.1.6 What monies have been set aside for future renovations beyond 2015, for example a future Council Chambers?

Future Council Chamber plans have been discontinued with the decision to lease the vacant eighth-floor space to new tenants once the renovation work is complete.

6.1.7 Do we still have vacant space? If so, what are the plans? Will some portion be occupied by PEO staff/volunteers and what portion will be dedicated to future tenants?

Currently, the entire fourth floor is vacant and a portion of the eighth floor will become vacant at the end of the first quarter of 2015. PEO is endeavoring to market these spaces. Also, there is a space of 2217 square feet on the ground floor that PEO will occupy for reception and meeting room purposes.

6.1.8 Is it true that PEO applied for LEED (Leadership in Energy and Environmental Design) certification?

Yes, on January 30, 2013, the Canada Green Building Council granted PEO LEED CI-Silver certification for its 2009 and 2010 initial renovations of 40 Sheppard Avenue West.

On January 10, 2014, the Canada Green Building Council awarded PEO LEED CI-Gold Certification for the extensive renovations to upgrade mechanical and electrical equipment and to create improved volunteer and staff spaces at 40 Sheppard Avenue West.

7. Capital expenditures

7.1.1 Can you provide us with a breakdown of the capital expenditures made in 2014?

Total capital expenditures were \$2,124,541 in 2014. Building-related capital improvements are outlined under section 6.1.4. The remaining capital expenditures in 2014 were:

- ◆ **Aptify.** At the end of 2014, PEO had not completed the migration from its current licence holder management system (LHMS), LicenseEase, to the new LHMS system, Aptify. The total cumulative capital costs incurred from project start in 2013 to December 31, 2014 (approximately \$1.3 million) are included in Work in Progress. The project team was re-

engaged in 2015 under an enhanced governance structure to ensure a focus on quality assurance, thorough testing and a successful implementation of the product. With requirements well understood and budget approved, the project team is well underway to complete the migration.

- ◆ **Computer hardware and software.** The expenditure of \$77,096 comprises hardware replacement of desktop computers and several printers (\$46,050) and software for the Aptify membership database project and several smaller projects (\$31,046).
- ◆ **Furniture, fixtures.** The expenditure of \$23,798 included ergonomic chairs and filing cabinets.
- ◆ **A/V equipment.** The expenditure of \$23,328 was part of an A/V project to enhance the Experience Requirements Committee's workflow, which was completed in 2014.

PEO Core Values

Accountability

Respect

Integrity

Professionalism

Teamwork



Professional Engineers
Ontario

101-40 Sheppard Avenue West
Toronto, ON M2N 6K9
Tel: 416 224-1100 or 800 339-3716
www.peo.on.ca

Enforcement Hotline:
416-224 9528, Ext. 1444; 800-339-3716, Ext. 1444