



Professional Engineers
Ontario

Questions and Answers on PEO Operations
as at March 22, 2013

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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, PEO council, and the Audit and Finance committees.

The figures in this document are based on the audited financial statements for 2012. The audited statements show the association's financial position as of December 31, 2012. 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 generally accepted accounting principles.

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).

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1. 2012 Financial Statements

1.1 Revenue and Expenditures

1.1.1 Why is there a change in the format of the financial statements this year?

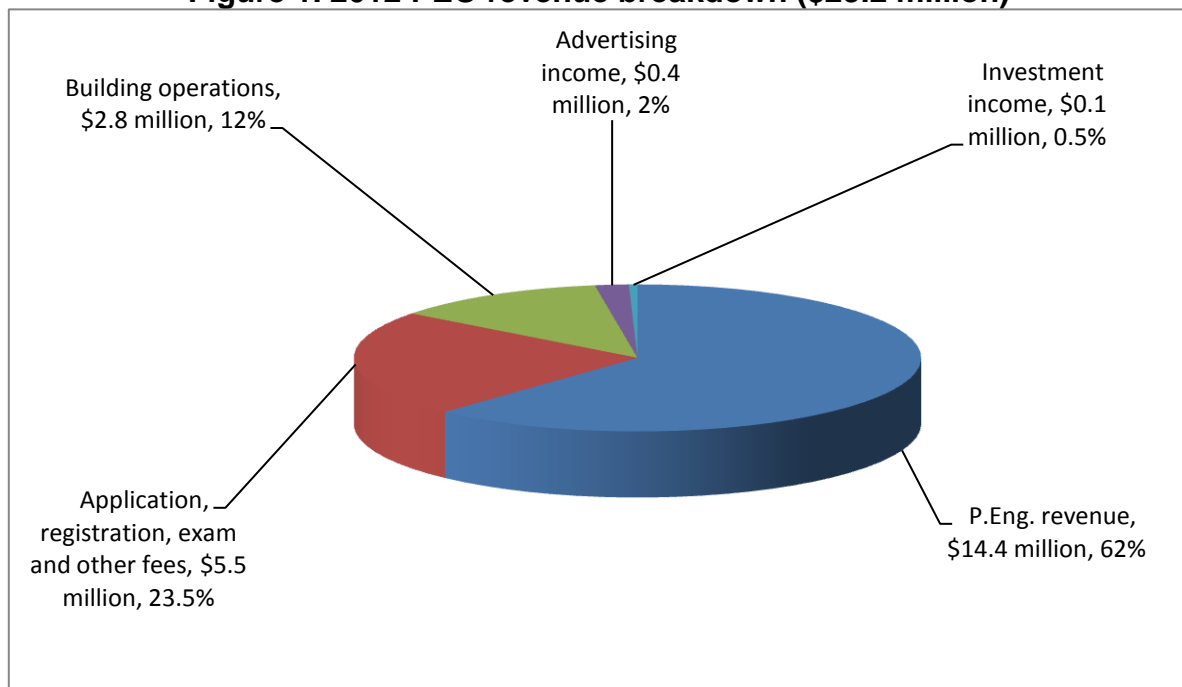
In September 2010, the Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) approved two new framework choices for not-for-profit organizations (NPOs) in the private sector and required adoption of one of these frameworks for fiscal periods beginning on or after January 1, 2012. In accordance with this new requirement and section 1501 of the *CICA Handbook*, the Audit Committee and Council approved adopting the new Part III of the *CICA Handbook* – “Accounting Standards for Not-for-Profit Organizations” (ASNPO). The date of transition to the new standards is January 1, 2011 and PEO prepared an opening balance sheet at the date of transition to the new standards. The impact of adopting new standards is outlined in Note 2 of the Audited Financial Statements.

1.1.2 Revenue increased by 3 per cent in 2012 over the previous year. What accounted for the increase?

The total revenue in 2012 was \$23.2 million compared to \$22.5 million in 2011. The major sources of increase in revenue were:

- ◆ an increase of \$493,641 or 21 per cent from building operations, due to higher recoverable expenses, higher base rent charged to tenants and higher parking and storage rent;
- ◆ an increase in application, registration, exam and other fees of \$262,224 or 5 per cent, due to a greater EIT membership base, more P.Eng. applications and higher C of A renewal revenue;
- ◆ an increase in membership fee revenue of \$143,178, which represents a 1.6 per cent increase in membership base, consistent with prior years;
- ◆ an increase in advertising revenue of \$37,468 or 9 per cent; and
- ◆ partial offset of the above by a reduction of \$197,109 or 63 per cent in investment income, due to significant sales of investments in 2011 (net \$10 million) to fund capital projects, and related capital gains and smaller average asset base for the investment portfolio during 2012.

Figure 1. 2012 PEO revenue breakdown (\$23.2 million)



1.1.3 In 2012 PEO experienced an increase of \$1.4 million in its net assets in comparison to 2011. What factors contributed to the increase?

In 2012, the net assets balance was \$15.6 million, compared to \$14.2 million in 2011. The increase was due to the surplus of revenue over expenses of \$1.5 million in 2012, offset by Council discretionary reserve expenses of \$0.1 million.

There was a one-time write-down of \$1 million for building improvements in 2011, which was the result of writing off previously capitalized building improvement costs that were incurred in 2009 and 2010 and that were temporary in nature. There was no write-down required in 2012.

1.1.4 What areas in PEO's operation experienced savings as compared to previous year?

The main factors contributing to a decrease in costs over 2011 are:

- ◆ **Legal (corporate, prosecution and tribunal).** A decrease of \$644,603 or 56 per cent, because in-house legal counsel was hired in December 2011, thereby significantly reducing the requirement for external legal assistance and lowering prosecution expenses related to discipline prosecution.
- ◆ **Purchased services.** A decrease of \$151,643 or 11 per cent, due mainly to lower expenses for producing *Engineering Dimensions* as a result of more members switching to the digital edition, lower graphic design costs and fewer pages in some issues; and lower costs for the Order of Honour gala (entertainment, AV rentals, video, etc.).
- ◆ **Postage and courier.** A decrease of \$97,074 or 15 per cent, primarily due to lower postage expenses from the Going Electronic initiative approved by Council, which decreased mailings of *Engineering Dimensions*, member invoices, receipts and other correspondence, and a decrease in Council election-related costs. As well, referendum costs, regarding PEO-OSPE relations, were incurred in 2011 but not 2012.
- ◆ **Volunteer business expenses.** A decrease of \$75,864 or 8 per cent, mainly due to lower expenses for mileage, meals, accommodation, air fare/train fare, registration fees, etc. for attendance at various events, such as the AGM, meetings for the Government Liaison Program, Order of Honour gala, Council workshop, etc.
- ◆ **Advertisement.** A decrease of \$74,650 or 40 per cent, due to lower advertising expenses for staff recruitment and fewer advertisements placed in both electronic and print media.
- ◆ **Staff Business expenses.** A decrease of \$59,854 or 36 per cent, due to lower staff expenses for accommodation, meals, mileage and travel across all departments for attending various committee meetings, Council meetings, conferences, etc.

1.1.5 PEO's total expenditures of \$21.7 million for regular operations increased 1 per cent or \$260,773 in 2012 over the previous year. What accounted for the increased cost?

The main factors contributing to the increase in costs for PEO operations are:

- ◆ **Staff and retiree expenses.** An increase of \$823,940 or 9 per cent, due to an increase in staff salaries and benefits, since approximately 14 positions previously vacant in 2011 or earlier were filled in 2011 or early 2012, and an increase in pension and future benefits expense due to the revaluation of the basic, supplemental and non-pension benefits plans at December 31, 2012 by PEO's actuaries.
- ◆ **Amortization.** An increase of \$232,149 or 32 per cent, resulting from higher capital expenditures in 2011 of over \$10 million and the full-year impact in 2012.
- ◆ **Occupancy costs.** An increase of \$194,002 or 30 per cent. Occupancy costs represent PEO's share of operating costs of the building of \$1,001,307, an increase of \$228,228 over 2011, as well as moving expenses and storage fees, which decreased in 2012. The \$1,001,307 was partially reduced by a realty tax rebate of \$176,000 received in 2012, due to PEO's status as a not-for-profit organization and preferred property tax rates (residential instead of commercial).

- ◆ **Building operations.** An increase of \$80,058 or 4 per cent, due primarily to higher recoverable expenses as a result of significant building improvements completed at the end of 2011 with the full impact on amortization reflected in 2012. These expenses are recovered on a proportionate share by tenants, with that revenue reflected in building operations revenue. The increase is offset somewhat by lower interest expense on the mortgage, as the principal balance declines yearly and higher interest income imputed on recoverable expenses.
- ◆ **Transaction fees and commission.** An increase of \$73,341 or 18 per cent, due to higher credit card service fees as a result of a higher number of payments being made via credit card, as well as higher sales commissions for *Engineering Dimensions* in line with higher advertising revenue.

1.1.6 What are the various items included in purchased services?

The main items under purchased services include expenses for producing *Engineering Dimensions* including printing, etc. (\$216,315), costs for technical exam setting, invigilation and marking (\$141,019); costs for professional practice exam setting, invigilation and marking (\$91,374); costs for the Engineer-in-Residence program (\$64,000); expenses for printing, event meals, catering, etc. for the Ontario Centre for Engineering and Public Policy (\$50,612); counting of election ballots (\$50,377); Order of Honour ceremony and related expenses (\$47,830); expenses for meal, audio visual rentals and entertainment for the AGM (\$43,044); scanning of records for storage (\$41,201); costs associated with Council elections, which include costs for printing (\$36,929); freelance administrative services for the chapter regional offices (\$33,711); the electronic voting agent (\$27,518); mail preparation, stock photography, etc. (\$26,078). In addition, there were expenses for such services as professional engineer seals, surveys, catering, freelance photography, trainers or facilitators, rental of audio visual equipment and technical services, etc.

1.1.7 What is the breakdown of the costs for consultants?

The costs for consultants in 2012 were \$248,933, compared to \$274,272 in 2011. These costs include expenses for a government relations consultant (\$104,795); various consultants for IT systems operations and maintenance (\$21,874); management consultants for the Executive office (\$40,600); expenses for the audit, portfolio investment management and pension management (\$56,967); consultant expenses for the Equity and Diversity Committee and Human Resources Committee (\$24,697).

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

The revenue foregone by way of the Financial Credit Program was \$438,000 (compared to \$364,500 in 2011). The number of EITs (engineering interns) as of December 31, 2012 was 8510 (compared to 7503 in 2011).

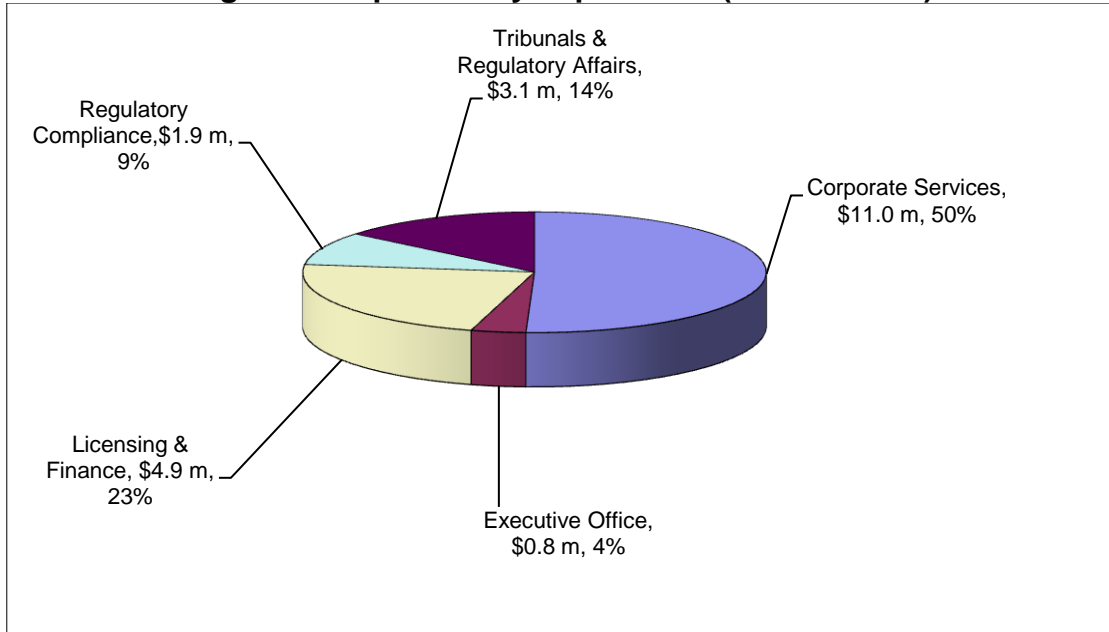
1.1.9 What were the expenses for tribunal operations?

The expenses for operating PEO's tribunals, which included fees for independent legal counsel, court reporters etc. were \$187,121 in 2012, compared to \$205,798 in 2011.

1.1.10 What are the 2012 figures for department expenditures?

Figure 2 illustrates the 2012 department expenditures.

Figure 2. Expenses by department (\$21.7 million)



1.1.11 Has chapter funding changed in 2012?

Chapter budgetary allotments were increased to \$400,000 in 2012 compared to \$391,000 in 2011.

1.1.12 How much did it cost PEO in 2012 to fund its chapters?

During the year, PEO paid chapter expenses totaling \$590,794 (compared to \$598,260 in 2011), including \$388,540 in allotments and other disbursements to individual chapters. In addition, the association incurred additional costs of \$487,167 (compared to \$499,302 in 2011) related to chapter operations, including staff salaries and benefits and various other support activities.

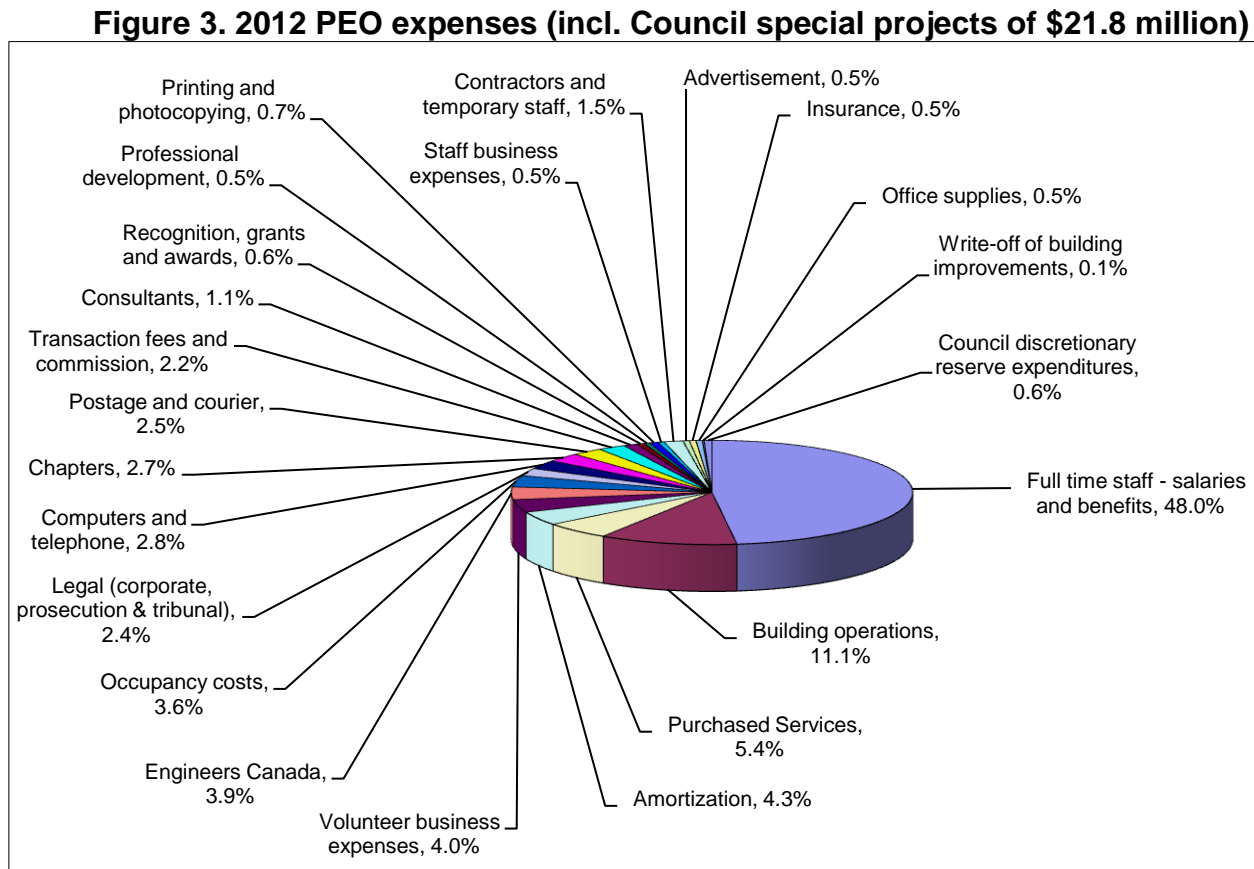
1.1.13 How does PEO manage its expenditures?

Please see the answer to Question 1.3.2.

1.1.14 How is my annual PEO licence fee spent? Can you give me a breakdown of PEO's expenditures?

The annual licence fee is only one component, 62 per cent, of PEO's total revenue. The breakdown of PEO's revenues is illustrated in Figure 1. In addition to annual fees, PEO also receives revenues from application, registration, examination and other fees, which constitute 23.5 per cent of total revenue. Revenue from building operations was 12 per cent of the total 2012 revenue. Advertising and investment income were 2 per cent and 0.5 per cent, respectively, of total revenue in 2012.

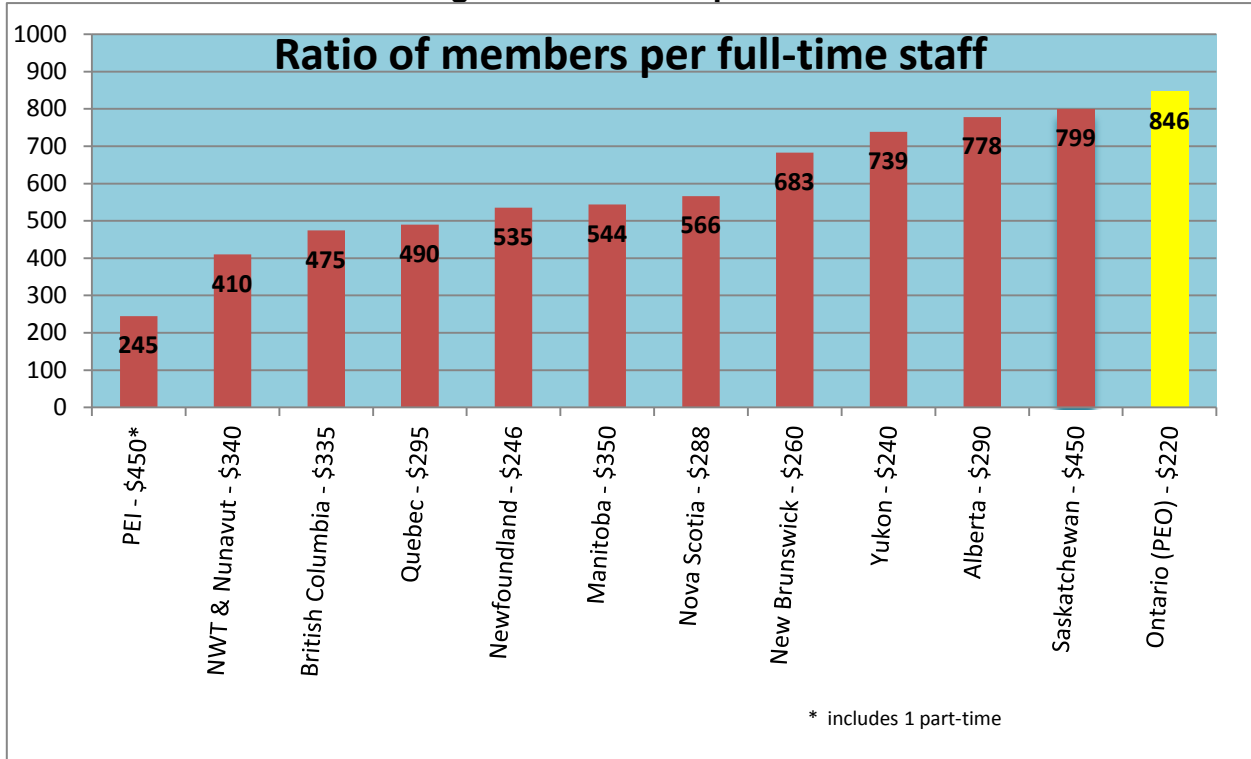
Figure 3 illustrates the areas in which PEO's revenues are spent.



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. A higher value of this metric indicates greater 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 846 members for each staff, placing it at the top of all engineering associations in Canada. This suggests that PEO's current staffing levels are competitive.

Figure 4. Members per staff



PEO member fees are also the lowest of all the engineering associations in Canada and have been frozen for five years, including 2013. Refer to section 3 for further details.

1.2 Net Assets (formerly called “Operating Reserve”)

The original operating reserve policy was developed in 2004 to ensure the association’s operations are managed conservatively and that PEO always has an adequate buffer at hand for unexpected contingencies. The operating reserve targets were annually updated and approved by Council on recommendations from the Finance Committee up to 2012.

Since the purchase of the building in 2009, the operating reserve has been fully restricted to the building. Since by 2012 PEO’s net assets included the investment in capital assets of \$25,367,068 (capital assets of \$36,467,068 less current and long-term portion of the building mortgage of \$11,100,000), the Finance Committee decided to develop a minimum cash balance policy instead. At this time, the operating reserve was renamed net assets (refer to 2012 Balance Sheet), which is consistent with terminology used by most not-for-profit organizations.

The minimum cash balance policy is monies set aside for financing cash flow uncertainties due to unexpected emergencies or such unplanned events as economic volatility, leading to unexpected declines in P.Eng. memberships; and tenant credit issues, leading to a reduction in rental revenues; funding of unplanned capital repairs; unplanned expenses that are not included in the annual budget; and other unusual or unexpected spending requirements. Its main purpose is to ensure that PEO can sustain its operations in the event of unexpected or unusual occurrences.

After a review of PEO’s operations and using a risk assessment approach, the minimum cash balance requirement was set at \$4.5 million by the Finance Committee and approved by Council for 2012-2013. 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 current cash balance (cash and marketable securities) as of December 31, 2012 is \$6.6 million—well above the \$4.5 million requirement indicated in the minimum cash balance policy.

1.2.1 What is the purpose of having a minimum cash balance 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 PEO’s 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 PEO’s growth and expansion of its regulatory support activities;
- ◆ fulfill contractual agreements; and
- ◆ fulfill legal requirements.

1.2.2 Why does PEO need a minimum cash balance policy?

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

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

The minimum cash balance policy is monitored on an ongoing basis by the Finance Committee and is formally reported to, and must be approved by, Council annually. It is an integral part of the business 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 2012

In 2012, \$139,639 was spent on Council projects (compared to \$324,011 in 2011). This amount includes \$73,875 primarily for the Elliot Lake enquiry; \$23,370 for the Council elections webcast; \$14,084 for the Overlapping Practices Committee; \$14,074 for the Emerging Disciplines Task Force; \$7,417 towards Engineers Without Borders sponsorship; \$3,600 for the Experienced Practitioners Task Force; \$1,517 for the Professional Technologist Task Force; \$1,355 for the Industrial Exception Task Force and \$347 for the National Framework Task Force. Legal costs associated with the Adams’ judicial review legal challenge were almost fully covered by PEO’s insurer.

1.2.5 How much is being collected annually for the building reserve?

A portion of the annual membership fee (\$20) is collected in a building reserve fund, which is used to pay down the mortgage on the building and to fund current and future capital expenditures on the building. The mortgage on the building should be fully repaid in 2024.

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. Additional work requested by the Audit Committee for the 2012 audit relating to review of a sample of employee and volunteer expense reports did not identify any deficiencies.

1.3.1 What is PEO's internal control system?

PEO has established an internal control system that provides for safeguarding of assets, proper recording of transactions, and the efficient and effective accomplishment of its goals and objectives, including compliance with federal and provincial rules and regulations. The internal control system developed strengthens Council and members' confidence that PEO's financial resources are being used effectively and according to sound and consistent procedures.

PEO's internal control system comprises, but is not limited to:

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 control 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 were implemented. The auditors, however, are not required in an audit to determine whether all relevant controls are operating effectively.

Canadian Auditing Standards requires auditors to report to the Audit Committee on any significant deficiencies in internal control that have come to their attention during the audit. The auditors did not identify any deficiencies in the audit that have a material or significant impact on the financial statements.

1.3.3 How does PEO manage its expenses?

It is PEO policy that all expenses 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 line 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 the expenses are charged accurately against the appropriate general ledger accounts.

Invoices and transactions for payment of all department or committee budgeted expenses incurred in the conduct of the affairs of the association 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 CEO/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. Council is provided the financial statements quarterly. 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 1.3.2.

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 and Council 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. See the answer to Question 1.1.10.

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 a large contingent of 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 is employed by a third party (agency) for the period of time they are with PEO and will work a normal work week.
- ◆ **Consultants** are hired for a specific project and will 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, 2012, the actual staffing level was 92 regular full-time staff and eight contracts for a total of 100 staff in 2012. The figures approved in the 2012 budget were 99 full-time staff and four contractors.

Table 1. Actual and budgeted staffing levels, 2008-2012

Year	Budgeted regular full-time staff, including contract and temporary (Note 1)	Actual full-time staff, excludes contract and temporary (Note 2)	Actual staff salaries and benefits (Note 3)	Actual staff, including contract and temporary
2008	85	84	\$7,430,078	93
2009	91	92	\$8,114,249	94
2010	96	93	\$8,374,414	95
2011	97	95	\$8,733,986	101
2012	104	92	\$9,191,735	100

Notes:

(1) Approved in budget. For 2012, includes known contract and temporary staff to cover a number of maternity and other leaves.

(2) Figure as at December 31. For 2011, significant number of positions vacant during year filled in last quarter. In 2012, several positions became vacant during later part of year due to retirement and resignation.

(3) Includes salaries and benefits allocated to Council Discretionary Reserve Expenses

1.4.3 I understand that PEO uses temporary staff, contractors and consultants in addition to full-time staff. Why?

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. The use of contractors and temporary staff are 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 2012, PEO used:

- ◆ two contract staff in Corporate Services;
- ◆ three contract staff in Licensing and Registration—one maternity leave in the Examination Centre, one to assist with increased workload in Examinations and one to assist with backlog and increased number of Experience Requirements Committee interviews;
- ◆ two contract staff in Regulatory Compliance—one disability leave replacement and one to assist with the implementation of the Industrial Exception;
- ◆ one contract staff to cover a maternity leaves in the Tribunals Office;
- ◆ consultants for the following projects:
 - to provide pension management data and reports related to employee future benefits,
 - to manage PEO's pension fund,
 - to manage PEO's investment portfolio, and
 - to facilitate the Human Resources and Compensation Committee activities.

1.5 Employee Future Benefits

1.5.1 What are employee future benefits?

Employee future benefits are defined in paragraph 3461.005 of the *Canadian Institute of Chartered Accountants Handbook* as benefits earned by active employees, which 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.

1.5.2 What are the components that make up employee future benefits?

PEO's employee future benefits comprise pension and other retirement benefits, including pension income, health care and dental care benefits.

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

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

1.6 Process Improvement and Cost Savings

The CEO's Financial Report (formerly "Treasurer'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 and is published in the May/June 2013 issue of *Engineering Dimensions*.

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 workshop, a presentation was made by staff to Council outlining opportunities which existed to reduce costs (paper, postage, etc.) by Going Electronic. A summary of the Council approved initiatives and status is presented below:

- ◆ **Electronic *Engineering Dimensions*.** An digital version of *Engineering Dimensions* has been available to members since 2008. To reduce costs of postage and paper even further, Council approved the digital version becoming the default version provided to all members, unless they opted-in to receive the printed version. During 2012, members were given six months of notice (notices in three issues of *Engineering Dimensions*). By early in 2013, approximately 16,000 members had opted back in or did not have an email address on file with PEO. Another 2000 copies are being printed for promotional or other purposes. Effective with the March/April 2013 edition of *Engineering Dimensions*, all other members began receiving the digital edition of the magazine. A PDF version is also available for those who prefer this electronic format.
- ◆ **Electronic elections.** Some of the initiatives undertaken in this area include: for the 2013 Council election, the candidate platforms were not included in mailings and members were referred to the website and *Engineering Dimensions*; voting was by electronic means, either via the Internet or telephone.
- ◆ **Electronic membership cards and e-receipts.** PEO started issuing membership cards and e-receipts during 2012 electronically, and effective January 1, 2013, the permanent 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, notices of licence approval, renewal and cancellation, etc., are being sent via email.
- ◆ **Electronic funds transfer (EFT).** While EFT has been offered by PEO for several years, in 2012, the finance team started a protracted campaign targeting our key vendors and volunteers to sign up for EFT. This initiative resulted in an increase of over 35 per cent (as of December 31, 2012) in

the number of vendors/volunteers signing up for this mode of receiving payments. This mode of payment is safe, fast and reduces paper, postage and printing costs.

Other new measures adopted in 2012 include:

- ◆ The feasibility of introducing a new licence holder management system at PEO based on a system recently introduced at the Association of Professional Engineers and Geoscientists of Alberta was assessed, with a recommendation to proceed. The new system will streamline applicant interaction with PEO through the resulting online licensing process.
- ◆ The main PEO website was redesigned and rebuilt to provide the public, applicants and members with simplified access to the information and online services they seek.
- ◆ Meeting efficiency and remote participation were enhanced through the introduction of audio, video and teleconference resources in the interim council chamber, tribunal hearing area and Experience Requirements Committee interview rooms.
- ◆ The underlying computing infrastructure for PEO was migrated to virtual servers from physical servers to improve operational efficiencies.
- ◆ Numerous application enhancements and software upgrades were applied to ensure effective support and alignment with PEO business processes and needs.
- ◆ The use of accounts payable (AP) stamps for processing invoices instead of regular paper forms was introduced in 2011 and fully functional in 2012. It involves stamping actual invoices with a self-inking stamp that has the template of a standard AP form instead of using paper forms. This initiative has resulted in a reduction in the use of paper by over 6000 fewer paper forms.
- ◆ Printing on PEO printers was defaulted to double sided printing.
- ◆ Conference call technology for committee meetings is being used whenever feasible to reduce volunteer business costs.
- ◆ An application was developed in-house to assist the finance and reception teams in issuing and emailing receipts to members and applicants.

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

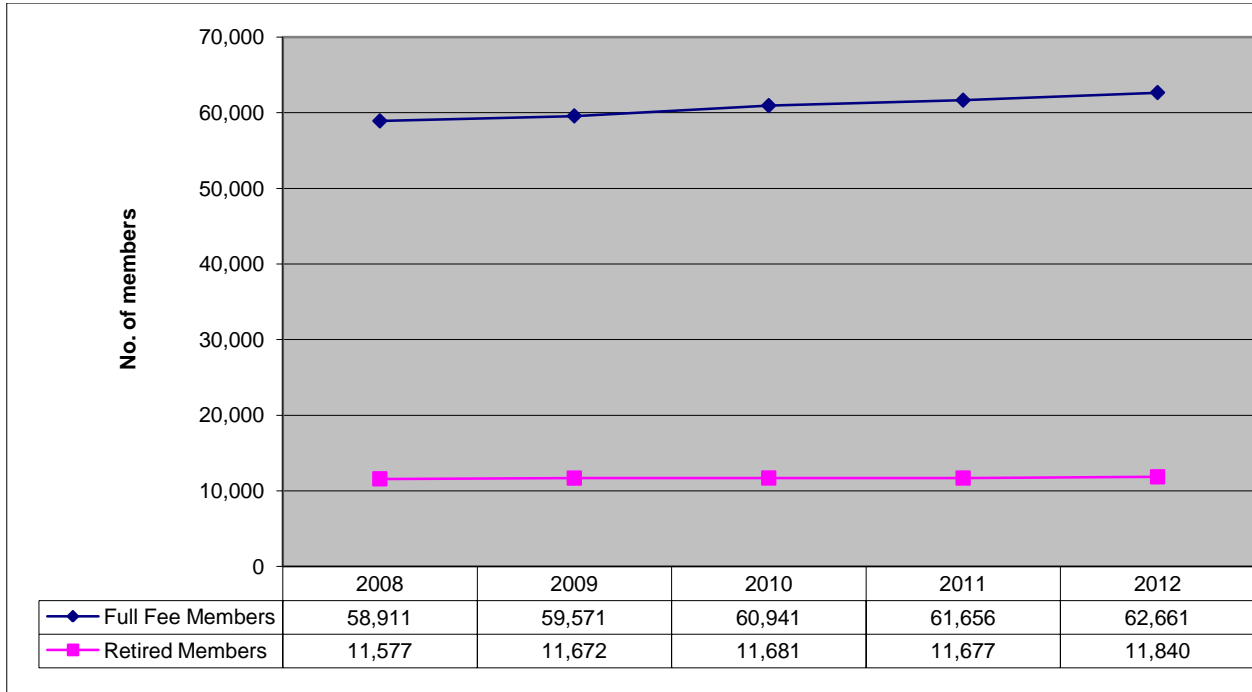
2.1.1 What is PEO's financial state, based on the 2012 audited financial statements?

PEO's net assets at the end of 2012 were \$15.6 million (compared to \$14.2 million in 2011), representing an increase of \$1.4 million.

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 1.1 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 continue to have a positive impact on membership growth in the years ahead. 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 mainly to the repeal of section 12(3)(a) of the *Professional Engineers Act*, which is scheduled to take effect in late 2013 and expected to result in an increase in the number of applications.

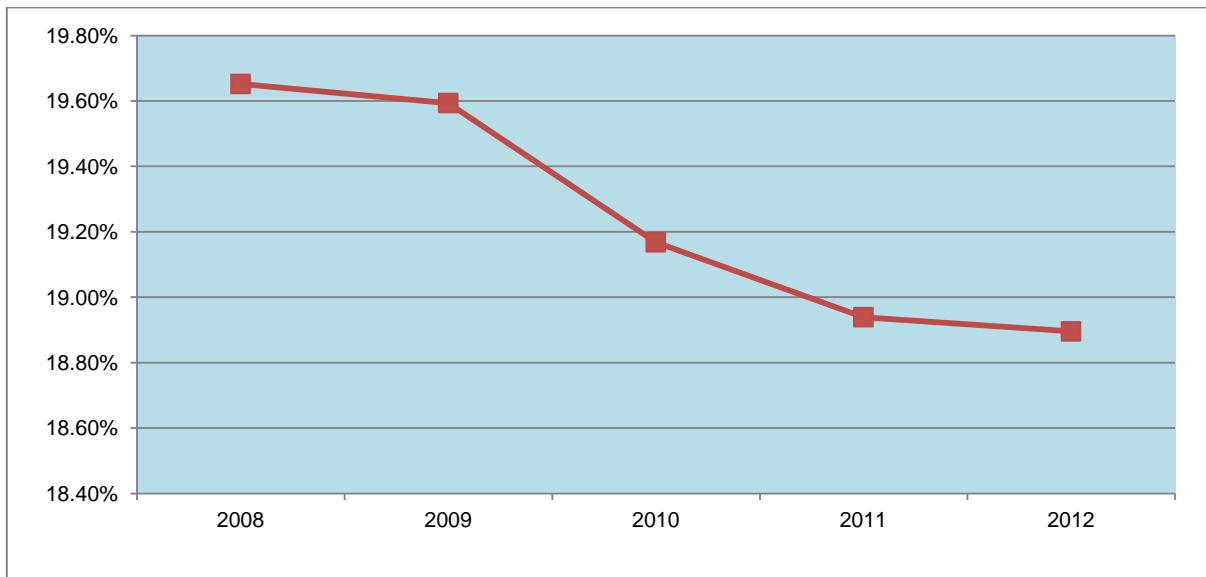
Figure 5. Historical data of P.Eng. full fee members vs. retired members



Going forward, the increase in the number of retirees is expected remain within the annualized rate of 1.5 to 2 per cent.

As shown in Figure 6, the percentage of retirees to full fee members has been decreasing since 2008. The actual number of retirees has remained static. This trend is expected to continue as the regular base of full-fee-paying 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.

Effective September 1, 2013, section 12(3)(a) of the *Professional Engineers Act* is scheduled to be repealed. As a result, any employee who does professional engineering in relation to machinery or equipment used to produce a product for their employer will need to be a licence holder or supervised by a licence holder. This requirement is expected to result in an increase in the number of applications and subsequent number of licences issued to applicants meeting the required criteria.

In addition, as directed by Council, PEO implemented an EIT Financial Credit Program, effective 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 licence holders 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:

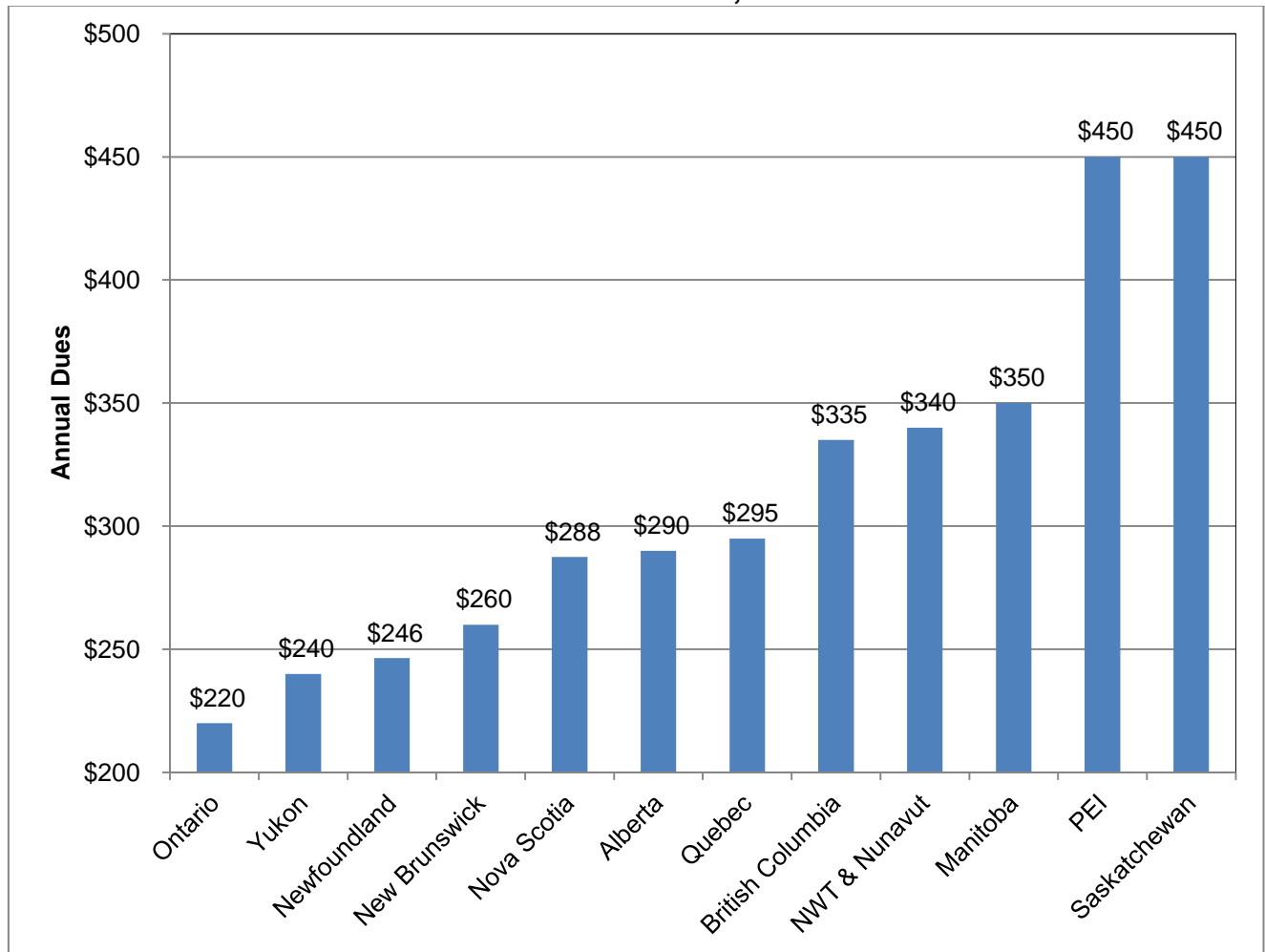
- ◆ attract/engage unlicensed engineers;
- ◆ retain licensed engineers who no longer practise engineering;
- ◆ increase licence uptake by graduates of Canadian Engineering Accreditation Board-accredited engineering programs; and
- ◆ encourage international engineering graduates to apply to PEO upon landing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

3. Fees

3.1.1 How much are the other engineering associations charging their members for the annual licence fee?

Research was conducted to compare how the annual licence fees are charged in various provinces. As Figure 7 illustrates, PEO has the lowest rate for annual licence fees among Canadian professional engineering associations and have been frozen for five years including 2013. Due to efficient and effective operations and advantages of economy of scale, Professional Engineers in Ontario are paying less compared to their peers in other provinces.

Figure 7. Provincial engineering associations’ annual licence fees as of December 31, 2012



4. PEO Envisioned Future and Strategic Intent

4.1.1 What is PEO’s envisioned future and what are the strategic intents?

At its 2009 workshop, Council developed a draft envisioned future and strategic intents. The envisioned future is the vivid description of the “desired” PEO in 25 years and the strategic intents are the strategic principles to progress towards the envisioned future. At the September 2009 Council meeting, Council approved the following envisioned future and strategic intents.

- ◆ **Big audacious goal.** Be the global leader in professional self regulation that responsibly improves the quality of life for all.
- ◆ **Vivid descriptions.**
 - P.Engs will achieve a position as the highest publicly trusted profession, and will be sought after worldwide for their valued expertise.
 - Licence holders will be regarded as exemplary practitioners from the perspective of integrity, competence, ingenuity and cost effectiveness.

- Licence holders will be the best educated individuals so that they can be accountable for protecting the public interest by preventing failure and accidents in all fields of engineering practice.
 - PEO will be the world leader in engineering regulation and development. We will be the model for self-regulation, and will be the leader in global standards development. Governments worldwide will view PEO as leaders in the development of public policy.
 - PEO will promote and implement inclusiveness and diversity that drives innovation. The profession will reflect the diversity of society.
 - Licence holders will be proud to belong to PEO and to be a P.Eng.
 - Students will be excited to become a P.Eng. and consider engineering a rewarding career.
 - Engineers-in-training will increase uptake for engineering graduates to register as engineering interns.
 - Governments will have total confidence and trust in the ability of PEO to administer the Act.
 - The public will be more aware of the relevance of an engineering licence.
- ◆ **PEO strategic intents.**
- Self-regulation–public trust. PEO will increase the confidence of the public, governments, and members in the value of self-regulation and licences to practise engineering by actively enforcing the provisions of the Act.
 - PEO’s global influence. PEO will achieve effective participation with colleagues in the regulatory community abroad with the intent of improving PEO’s international profile.
 - Diversity/inclusion–a profession that reflects society. PEO will continue to impose licensing requirements for the practice of engineering to protect the public interest and safety on the basis that all applicants, regardless of age, sex or ethnic background, who meet these requirements will be able to obtain a licence in a timely manner. PEO will strive to expand its “acceptable alternatives” to recognize the skills and knowledge of applicants toward achieving the licensing requirements.
 - Education/professional development/competence. Professional development is an essential function of licensure, and PEO will continue to integrate professional development with the licence.
 - Highest standards of practice. PEO will develop appropriate practice standards to prevent failure and accidents in all fields of engineering practice.
 - Ethics and professional responsibility. PEO will increase practising engineers’/public awareness that PEO members uphold professional responsibility and ethics to the highest standards.

5. External Relations

5.1 *Engineers Canada*

PEO is one of the 12 constituent associations of Engineers Canada.

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

The rate for the assessment for all constituent associations is \$10.21/member and engineering intern and remains unchanged in 2012 from the past six years.

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

Engineers Canada coordinates the development of national policies, positions and guidelines on behalf of the engineering regulators such as PEO.

- ◆ PEO is one of the 12 constituent associations of Engineers Canada. In 2012, it had five representatives on a board comprising 22-members and five advisors. These representatives are:

Catherine Karakatsanis, P.Eng. (Engineers Canada's president for 2012), Chris Roney, P.Eng., David Euler, P.Eng., Diane Freeman, P.Eng., and Phil Maka, P.Eng.

- PEO also has representation on the committees that actively participate in all of the organization's undertakings, decisions and long range planning (see below for short descriptions of key activities).
- ◆ Engineers Canada conducted business activities in 2012 in direct support of the constituent associations' regulatory activities (admissions, practice, discipline and enforcement) and therefore helped constituent associations ensure that all people practising engineering are licensed, at a cost of \$5.7 million, which is just over 60 per cent of its budget.
 - Engineers Canada's 2012 unaudited operational expenses totaled just over \$9.12 million. Just under 28 per cent of the cost of these programs was borne by the 12 provincial/territorial associations.
- ◆ Through the Canadian Engineering Accreditation Board (CEAB), Engineers Canada accredits undergraduate engineering programs that provide the academic requirements necessary for licensure as a professional engineer in Canada. The CEAB also plays a key role in Engineers Canada's international activities by assessing the equivalence of the accreditation systems used in other nations relative to the Canadian system, and by monitoring the accreditation systems employed by the engineering bodies that have entered into mutual recognition agreements with Engineers Canada.
- ◆ Through the Canadian Engineering Qualifications Board, Engineers Canada develops national guidelines on the qualifications for registration, standards of practice and ethics expected of professional engineers. It also publishes the *Engineers Canada Examination Syllabus* and the *International Institutions and Degrees Database*.
 - The syllabus describes an examination program to assess the academic qualifications of individuals 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 CEAB and deemed to be "substantially equivalent" to a Canadian program. The academic qualifications requirement to be licensed as a professional engineer in Canada is outlined in the *National Guideline on the Admission to the Practice of Engineering in Canada*.
 - The ongoing activities associated with foreign qualifications recognition have become core business for the constituent associations and Engineers Canada. In particular, and with great support from PEO, Engineers Canada developed the International Institutions and Degrees Database, which 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, launched in January 2013 and located at www.newcomers.engineerscanada.ca, provides a central location for international engineering graduates to access information on Canada's engineering profession, how to get started (information on required qualifications to enter the profession, social and cultural orientation, preparation prior to immigration), labour market, training, processes (immigration, licensing, employment), and available support when seeking help. And Engineers Canada's competency-based assessment project aims to develop and pilot competency-based assessment tools and processes to assess engineering work experience, satisfying the need for an equitable licensure process for both Canadian and internationally educated graduates.

- ◆ Engineers Canada is leading in the development of the Canadian Framework for Licensure, which will help engineering regulators across Canada improve their legislative framework to enhance equity, consistency, fairness and timeliness of services. These changes will result in enhanced national and international mobility through uniform qualifications recognition, admissions, and discipline and enforcement procedures. The guiding principles for each element were developed collaboratively by the engineering regulators with extensive consultation to identify best practices and details for use by the engineering regulators.
- ◆ Engineers Canada attempts to achieve “engineering without borders” through activities that result in national and international mobility, while maintaining the high standard of Canadian engineering practice. A nationwide database has been created to further enhance the ease of movement of engineers across Canada.
 - Engineers Canada negotiates international agreements on behalf of its constituent associations, primarily at the educational level through the CEAB, to facilitate increased international mobility for Canadian engineers. The agreements also make it easier for the constituent associations to evaluate the academic qualifications of international engineering graduates applying for engineering licensure in Canada.
 - The CEAB 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, and by monitoring the accreditation systems employed by the engineering bodies that have entered into mutual recognition agreements with Engineers Canada.
- ◆ Engineers Canada maintains official marks on the terms: “ENGINEER, ENGINEERING, PROFESSIONAL ENGINEER, P.ENG., CONSULTING ENGINEER, INGÉNIEUR, ING., INGÉNIEUR CONEIL, GÉNIE AND INGÉNIERIE.” This helps its constituent associations to enforce the provisions of their engineering acts, and protect the Canadian public through the regulation of engineering practice.
- ◆ Engineers Canada proactively addresses with the regulators the challenges of continuing relevance of the engineering profession to maintain a strong profession, today and in the future.
- ◆ The research activities of Engineers Canada monitor the pulse of the engineering profession in Canada, from coordinating its ongoing research on the nature of engineering work in Canada, to undertaking its trends in engineering student enrolment and number of degrees awarded study and its annual membership surveys.
 - The research activities of Engineers Canada also include collecting and analyzing labour market information through the *Engineering and Technology Labour Market Study*. The objectives of this work are to inform the planning and integration of international engineering graduates; better understand the changing work and skill sets required by the engineering team today and in the future; depict a detailed picture of supply and demand; and identify labour force and skills implications from various economic realities.
 - Engineers Canada coordinates a national survey of the engineering profession, as well as monitoring emerging areas of engineering practice.
 - Engineers Canada produces key research publications, including *Canadian Engineers for Tomorrow—Engineering Enrolment and Degrees Awarded Report* and summary findings from its national surveys of the engineering profession in Canada.
- ◆ Engineers Canada is a driving force in developing programs that aim to increase diversity in the profession, including women and Indigenous people. The organization has a standing committee on women in engineering, which developed a seven-point action plan with strategies and related

goals to address barriers to the full participation of women in the profession and is a participant in the Women in Engineering Advisory Group. In addition, Engineers Canada supports the Canadian Engineering Memorial Foundation, which is dedicated to increasing the participation of women in the engineering profession.

- ◆ Engineers Canada raises the profile of professional engineering through various activities, such as participating in National Engineering Month, activities of the Canadian Federation of Engineering Students and the printing of a national media insert.
 - In addition, the organization currently produces several annual publications, including the *Accreditation Criteria and Procedures Report*, an annual report and numerous news releases.
 - It presents the Engineers Canada Awards to honour Canada's outstanding engineers, teams of engineers, engineering students and engineering projects as well as to recognize excellence in journalism in the area of engineering.
- ◆ Engineers Canada offers a national scholarship program to support exceptional engineers undertaking studies at the university level.
- ◆ Engineers Canada enhances the professional, social and economic welfare of engineers through the provision of high quality affinity programs. These activities create about 53 per cent of Engineers Canada revenue; the remaining revenue comes from government and NGO funding, as well as revenues from the 12 provincial/territorial associations.
 - It sponsors insurance and investment products for Canada's engineers, from home and auto insurance to life insurance to professional liability insurance, as well as special discounts on car rentals.
- ◆ 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.
- ◆ Finally, Engineers Canada has spearheaded 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 additional services to PEO's own membership. For example: Directors/Officers and Errors/Omissions Insurance, Commercial Crime Insurance, and Corporate Identity Protection Insurance and Employee Benefits.

5.2 Ontario Society of Professional Engineers

5.2.1 What is the Ontario Society of Professional Engineers?

The Ontario Society of Professional Engineers (OSPE) is the advocacy and member services body for the engineering profession in Ontario. OSPE advances the professional and economic interests of Ontario's engineers by advocating with governments, industry and the public and by offering valued services and opportunities for ongoing professional development.

5.2.2 How are PEO and the Ontario Society of Professional Engineers (OSPE) working together for the engineering profession?

Each organization has a distinct and separate mandate: PEO regulates the profession for the benefit of the public; OSPE advocates and provides services for the benefit of engineers. PEO and OSPE work in a complementary fashion and collaborate on several initiatives.

For example, both organizations:

- ◆ host National Engineering Month activities that promote the engineering profession to youth and families across Ontario;
- ◆ work with accredited engineering schools in Ontario to promote licensure;
- ◆ help engineering interns to become licensed in Ontario through promotional and educational programs;
- ◆ offer programs to help internationally trained engineering graduates become licensed in Ontario;
- ◆ work in partnership to host the Ontario Professional Engineers Awards (OPEA) gala, a highly anticipated annual event that recognizes and celebrates the professional and civic achievements and contributions of Ontario engineers.

5.2.3 What are the differences between PEO and OSPE?

Professional Engineers Ontario's role is to administer the *Professional Engineers Act* by licensing practitioners, setting professional standards 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 and promotes the professional and economic interests of the province's professional engineers, engineering graduates, engineering students, interns and internationally trained engineering graduates. OSPE advocates on behalf of Ontario's engineering community with governments, industry, PEO and the public.

OSPE also provides a wide range of professional development opportunities to help engineers maintain their technical competence, as well as add new skills. OSPE operates an online Career Centre exclusively for engineers, where engineers can view job postings, post their résumés and access career-related services. As a benefit of membership, OSPE also offers member savings on products and professional services through its EngineersFirst program. OSPE facilitates opportunities for networking and discussion, and delivers thought leadership on a wide range of subjects of interest to the engineering profession.

5.2.4 In what ways does the Ontario Society of Professional Engineers advocate for engineers in Ontario?

OSPE works with all levels of government and with all political parties to ensure that the valuable insights and input of engineers is considered when policy decisions are made. Through OSPE's Political Action Network (PAN), OSPE volunteers engage in regular face-to-face meetings with provincially and federally elected officials from all parties in all parts of the province. Executive members of OSPE's board of directors and staff also meet regularly with government officials and provide specific recommendations on issues of importance to engineers and the public, such as energy, infrastructure, research and innovation, engineering employment issues and other policy areas.

In the public arena, OSPE promotes the achievements of engineers and the importance of engineering through editorial content in major local and national publications, issues-based events and conferences, and family-oriented public events.

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

5.2.5 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, setting professional standards and regulating engineering practice in Ontario to protect public safety and wellbeing. It is within this framework that PEO communicates with government. As outlined under the act, PEO also works with governments to raise awareness of the role of Professional Engineers Ontario and the importance of licensure.

OSPE's mandate is to act as the voice of Ontario's engineers and to advocate for their professional and economic interests. It is within this mandate that OSPE communicates with government.

At times, PEO and OSPE messages to government are complementary. For the most part, each organization addresses distinct subject matter. Both organizations strive to ensure that elected officials know and understand the distinctions between PEO and OSPE and their respective mandates.

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

Both organizations are strongly committed to the future of engineering in Ontario and to promoting the important role of engineers and engineering in ensuring Ontario's economic strength and quality of life. Through initiatives such as National Engineering Month programming, both organizations recognize the importance of community outreach to ensure that young people understand and consider the possibilities open to them by pursuing a career in engineering. Both recognize the importance of working 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 engineering graduates pursue the path to licensure in Ontario. Both organizations work together to host the annual Ontario Professional Engineers Awards gala, which recognizes and celebrates the achievements of outstanding Ontario engineers.

5.3 Government Liaison Program

5.3.1 What is PEO's Government Liaison Program?

PEO's Government Liaison Program (GLP) was established to ensure that 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 legislative 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 over 80,000 licence and certificate holders—has been successfully protecting the public for over 90 years.
- ◆ PEO has unique knowledge and expertise and it is in the best interest of government to consult with it before considering any new policy directions that may have the potential to impact the regulation of the practice of professional engineering.

5.3.2 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 be an association of greater political influence. By not taking action, PEO is 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 the Government Liaison Program (GLP) opening doors so PEO 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 and the setting of priorities for all levels of government.

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

5.3.3 How is the program structured?

To ensure chapter involvement in the program, each chapter has a Government Liaison Program (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;
- ◆ ensuring members are well informed of engineering and non-engineering matters to thoroughly comprehend issues pertaining to MPPs.

Through the Government Liaison Program Subcommittees, the goal is to recruit at least one spokesperson for each of the 107 provincial ridings, as well as for the federal and municipal levels. 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;
- ◆ 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 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 GLP, Engineers Canada, OSPE, Consulting Engineers of Ontario, 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.

5.3.4 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 chapter spokespeople on regulatory issues, organize events and training initiatives, and encourage involvement in public policy development.

More than ever before, chapters, councillors and PEO staff were engaged and active. From Thunder Bay to Niagara Falls, Windsor to Ottawa, engineers got involved to further the GLP's objectives by

participating in training sessions, conferences, public meetings and other public policy and MPP events.

From the success of the sixth annual Queen's Park Reception, where over 40 MPPs participated despite a prorogued government, to four GLP academies and congresses, to fostering positive discussions in the legislature, 2012 was an action packed year for PEO's Government Liaison Program under the oversight of the Government Liaison Committee.

- ◆ **Successful GLP academies and congresses held in Cambridge, Toronto, Kingston and Sudbury.** 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 academies and congresses were added in 2012 from the one held in 2011. This year, these informational events, which feature local MPPs as guest speakers, were held for the Western and West Central, East Central, Eastern and Northern regions.

The PEO Western and West Central regions GLP academy and congress was held in Cambridge on February 25. Hosted by the Grand River Chapter and GLP Chair Gabriel Tse, P.Eng., the large gathering of nearly 40 participants from across Ontario came together to hear MPP and other guest speakers and receive training in government liaison activities.

The inaugural GLP East Central Region academy and congress was held at PEO headquarters on April 21. The academy and congress was spearheaded by PEO Vice President Thomas Chong, P.Eng., and chaired by York Chapter GLP Chair Sadiq Pirani, P.Eng. The event was well attended and participants included GLP chapter subcommittee chairs and delegates from the six East Central Region chapters. A four-member panel comprising MPP Soo Wong, MPP Helena Jaczek, and two P.Eng. candidates who ran in the last provincial election, Marisa Sterling, P.Eng., and Adam DeVita, P.Eng., was the highlight of this session.

Professional engineers from Eastern Ontario met on October 27 in Kingston for the PEO Eastern Region government liaison academy and congress. The event attracted politicians from all levels of government, one MP, two MPPs, and a city councillor who spoke to the group, as well as three PEO councillors and chapter representatives from the seven Eastern Region chapters. PEO Kingston Chapter GLP Chair Hafiz Bashir, P.Eng., organized the event. The host was Kingston Chapter Chair Chantal Chiddle, P.Eng.

Representatives from PEO's Northern Region chapters participated in PEO's first Northern Region GLP academy and congress in Sudbury on November 24. Spearheaded by Sudbury Chapter Chair Alice Bom, P.Eng., and Vice Chair Syed Gilani, P.Eng., this event was the first of its kind in the north. Three northern MPPs attended and gave their perspectives on government relations.

- ◆ **PEO president introduces the Provincial Engineer concept.** On July 20, PEO President Denis Dixon, P.Eng., wrote Premier Dalton McGuinty with a recommendation for the province to consider the concept of a Provincial Engineer. The concept is based on the Ontario Chief Medical Officer of Health. The Provincial Engineer would investigate systemic issues affecting engineering.

Subsequent meetings were held with the Premier's Office in September and October and initial feedback has been very positive.

- ◆ **Working with the Opposition.** PEO and its chapters worked in 2012 to strengthen PEO's relationship with both PC and NDP MPPs. They did this by inviting MPPs to chapter events and

participating in MPP receptions. This will continue to ensure that PEO is non-partisan and demonstrate that PEO works with all parties

- ◆ **Forty MPPs participate in PEO's 90th anniversary and Queen's Park Reception despite proroguing of legislature.** PEO celebrated its 90th anniversary at its sixth annual Queen's Park Reception on October 17, 2012. Building on the relationships forged during its Bill 15 campaign, and despite the proroguing of the legislature with the resignation of Premier Dalton McGuinty just two days earlier, 40 MPPs, including six ministers, participated in the event. Guest speakers included Attorney General John Gerretsen, MPP (Kingston and the Islands); PC Attorney General Critic Sylvia Jones, MPP (Dufferin-Caledon); and NDP Attorney General Critic Jagmeet Singh, MPP (Bramalea-Gore-Malton).

5.3.5 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 growing number of professional engineers involved in the Government Liaison Program, contact your chapter chair or Jeannette Chau, manager, student and government liaison programs, at jchau@peo.on.ca or 647-259-2262.

6. Ontario Centre for Engineering and Public Policy

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

In 2008, PEO Council approved the creation of the Ontario Centre for Engineering and Public Policy (OCEPP) which included the hiring of a contract executive director. The vision was to assist with getting the centre to flourish as an independent entity. At its September 2010 meeting, Council revisited the original objective and decided to change course by voting to incorporate OCEPP into PEO operations within PEO's Tribunals and Regulatory Affairs division. As recorded in the minutes of its September 2010 meeting, PEO Council directed

"That:

- a) OCEPP be directed to focus, for the next year, on dealing with regulatory matters;*
- b) OCEPP remain a department of PEO;*
- c) a business plan and budget for OCEPP be presented at the November 2010 Council meeting;*
and
- d) Council review the mandate of OCEPP in November of each year."*

At its November 2010 meeting, PEO Council directed the formation of an OCEPP Advisory Board with representation from such areas as academe, media/government relations and the broad engineering community. At its meeting the following June, PEO Council approved the selection of the volunteers to sit on the OCEPP Advisory Board.

Bernard Ennis, P.Eng., PEO's director, policy and professional affairs, was named Director of OCEPP in spring 2011.

At its June 2012 workshop, Council made five recommendations regarding OCEPP, including exploring how to mesh the GLP and OCEPP, and the holding of a combined conference for OCEPP and the GLP.

Both recommendations were discussed at the Advisory Board's meeting in October 2012.

◆ **Main activities**

1. Annual Public Policy Conference
2. Publication of articles (Policy Engagement department of *Engineering Dimensions*)
3. Policy Engagement Series and co-sponsored events
4. Collaborations/special projects
5. Annual Student Essay Competition

◆ **2012 update**

1. Annual public policy conference
 - **Fourth** conference, held May 11 in conjunction with 2012 PEO AGM
 - **Theme:** Changing Expectations
 - **Speakers included:** Janusz Kozinski, dean, faculty of science and engineering, York University; Eric Miller, director, Cities Centre, University of Toronto; Frank Chiarotto, P.Eng., senior vice president, Hydro–Thermal, Ontario Power Generation; Jim Stanford, economist, Canadian Auto Workers; Juan Gomez, director of policy, Toronto Board of Trade
 - **Topics included:** York University’s renaissance engineer initiative; improving Toronto transit; policy and engineering challenges of high-rise buildings; the Niagara Tunnel project
 - **158 attendees including:** Barbara Bradley, vice president, marketing and business development, HH Angus & Associates; Tony Cancilliere, managing partner, Syntrophy Group; Nerissa Hernandez, director, Genivar Inc.; Rishi Kumar, president and CEO, Global Education Consulting; Sarah Paul, manager, global air issues, Ministry of the Environment; Reuven Schlozberg, policy associate, Mowat Centre
 - **Sponsorships:** a record five sponsors: Engineers Canada; Canadian Institute of Steel Construction; University of Waterloo; Consulting Engineers Ontario; Department of Civil Engineering, University of Toronto
 - **Post-event survey:** overall good/excellent rating of 89.9 per cent
2. Publication of articles
 - **Nine** articles published
 - **Authors included:** Marc Rosen, professor, engineering and applied science, University of Ontario Institute of Technology; Tom Carpenter, senior manager, Institute for Energy and Environmental Policy, Queen’s University; Patrick V. Brady, senior scientist, Sandia National Laboratories, Department of Energy, U.S.
 - **Topics included:** Ontario’s *Green Energy Act*; photo catalytic noise barriers; industrial symbiosis; fast-neutron reactors
 - **Publication of the third** bound *Journal of Policy Engagement*, containing all Policy Engagement articles published in 2011; audience included Ontario MPPs; senior Ontario bureaucrats; business and association executives; university engineering deans; Queen’s Park Press Gallery; Ontario Legislative Library; Library and Archives Canada
3. Policy Engagement Series (PES) and co-sponsored events
 - **Typically three** PES events a year; number of co-sponsored events varies
 - **April 4, 2012 PES: Narrowing the commercialization gap**
 - **content:** state of innovation and commercialization in Canada and how to improve commercialization; impact of commercialization and related policy on engineers and economy
 - **speaker:** Sorin Cohn, an engineer and international business expert
 - **40 attendees including:** Zoe Calleja, senior sector advisor, Ministry of Economic Development and Innovation; Darcy Backert; vice president operations, Prolucid

- Technologies Inc.; Debbie Fischer, senior vice president, Mount Sinai Hospital; Irene Sterian, director, Celestica Inc.
 - **post-event survey:** overall good/excellent rating of 77.7 per cent
 - **October 18, 2012 PES: Fast-neutron reactors: A wiser solution to spent nuclear fuel?**
 - **content:** overview of FNRs; sound alternative to deep burial of nuclear waste; reducing long-term toxicity of used nuclear fuel; generating non-carbon electricity
 - **speaker:** Peter Ottensmeyer, professor emeritus, University of Toronto, and former senior scientist, Ontario Cancer Institute
 - **42 attendees including:** Reza Ghanavi, manager, Candu Energy Inc.; Charles Hazell, principal, Taylor Hazell Architects; Mike Leshyk, vice president engineering, IP V Gateways Inc.; Nicole Martin, director, Standard & Poor's; Andrew Teichman, vice president corporate strategy and planning, OPG
 - **post-event survey:** overall good/excellent rating of 100 per cent; PES event was cancelled; target speakers and attendees unavailable
 - **April 19, 2012 co-sponsored presentation: The Alberta Oil Sands: An Expert Panel**
 - invited by PEO's West Toronto Chapter to co-sponsor the evening presentation
 - **content:** impact and environmental concerns of the oil sands versus economic importance to Canada and other countries
 - **speakers:** Andrew Miall, geology professor, University of Toronto; Greg Stringham, vice president, Canadian Association of Petroleum Producers
 - **approximately 200 attendees** (chapter did not collect attendees' titles or organizations)
 - **post-event survey:** overall good or excellent rating of 97 per cent
 - **October 13, 2012 co-sponsored forum: Take Back Manufacturing**
 - invited by PEO's West Toronto Chapter to co-sponsor this full-day presentation
 - **content:** overview of the Canadian manufacturing sector and its importance; how to revitalize it; economic and sectoral perspectives from education, steel industry and food processing
 - **speakers included:** Eoin O'Connor, manager, corporate finance, mergers & acquisitions group, Deloitte & Touche LLP; Myles Frost, advisor, Canadian Federation of Agriculture, and visiting academic, University of Guelph
 - **approximately 90 participants** (chapter did not collect attendees' titles or organizations)
 - **post-event survey:** overall good/excellent rating of 85 per cent
4. Collaborations/special projects
- Continued participation; met separately with a researcher from Simon Fraser University and two York University researchers; provided advice, reviewed research projects and connected them with industry experts
5. Annual Student Essay Competition
- **Fourth** annual competition
 - **Categories:** created separate undergraduate and graduate categories to make competition more equitable
 - **Co-winners** (no submissions in graduate category): a University of Waterloo student and a University of Toronto student
 - **Award:** each received a \$500 award and registration to the OCEPP Public Policy Conference

7. 40 Sheppard Avenue West

7.1.1 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 the purchase price of \$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 occupies 41,409 square feet as of December 31, 2012.

7.1.2 Who is PEO's current property manager?

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

7.1.3 Was the building profitable in 2012?

The building generated \$3,849,329 in revenue, including PEO's share of recoverable expenses but excluding base rent (had PEO paid market rent for its space), and had total expenses of \$3,348,577, creating an excess of revenue over expenses of \$500,752.

Another benefit of the building ownership 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 for the years 2009-2012.

7.1.4 Can you provide us with a breakdown of the major building improvements made in 2012 and early 2013?

In 2012, the eighth-floor interim council chamber, the seventh-floor tribunal hearing room and the Experience Requirements Committee (ERC) interview meeting rooms were further enhanced with the installation of audio/video equipment to facilitate PEO events held in these areas. AV features include microphones and overhead speakers, integrated audio-conferencing, audio and video recording in all areas, webcasting capabilities in the interim council chamber and tribunal hearing room, and a video-conferencing facility in one of the ERC interview meeting rooms. Total cost of the audio/video equipment for the seventh and eighth floors was budgeted at \$667,000 and came in at just under \$619,207.

40 Sheppard West can also now be identified as the "Professional Engineers" building, following the long-awaited installation of exterior signage. The signage, installed in January and February of 2013, includes two roof-level signs on the building's south and east faces that read "Professional Engineers" in blue lettering by day (illuminated white at night), the street address above the main building entrance facing Sheppard Avenue, and a polished aluminum monument sign with a concrete base at street level displaying the Professional Engineers Ontario logo. All the signs are lit to be seen easily at night.

Although the PEO logo was the favoured design for the rooftop signage and initially approved by council at its November 2011 meeting on the recommendation of the 40 Sheppard Task Force, the decision was reconsidered by council in February 2012 and rescinded over concerns about the sign's legibility at a distance.

Ultimately, council decided to drop the graphic element of the logo and simply use the words "Professional Engineers" for the rooftop signage to enable legibility from a distance of several blocks. Council's initial decisions on the fascia address sign and logo monument sign remained unchanged. Total cost of the signage was budgeted at \$250,000 and came in at just under \$194,000 (invoiced in 2013).

A number of notable milestones were achieved at 40 Sheppard in 2012:

- first webcast of all-candidate debates from the tribunal hearing room—January 23-26, 2012; and
- first “experimental” webcast of a Council meeting—September 21, 2012.

7.1.5 What are the planned building improvements in 2013 and beyond?

In September 2012, Council stood down the 40 Sheppard Task Force (2011-2012) and approved the 40 Sheppard Working Group (40SWG) with the following mandate and key duties:

- to develop the long term vision for 40 Sheppard West;
- to establish a five-year business plan for 40 Sheppard West;
- to make recommendations for Council’s consideration no later than the March 2013 Council meeting; and
- to be stood down at the close of the 2013 PEO Annual General meeting.

The working group’s report, *Fiscal Responsibility Going Forward: Five-Year Business Plan for 40 Sheppard West (2014-2019)*, was presented to council in March 2013. The report outlines the Vision Drivers and Considerations that will shape the operation of 40 Sheppard West, as well as proposed enhancement projects, including the circumstances in which the projects should proceed.

In early 2009, during the design phase, PEO expected to eventually occupy 52,000 s.f. of the 102,601 s.f. of rentable space. As of the end of 2012, PEO occupies 41,409 s.f. If the projects recommended by the 40SWG for 2013, plus the projects in the five-year plan are carried through, PEO will occupy 43,690 s.f. by the end of 2015.

Four projects are approved for 2013:

- ◆ **2013-1: staff relocation from second to sixth floor, with the scope:**
 - relocate staff in suites 206 and 220 to space on the sixth floor built out to the same standards as the rest of staff space on the sixth and fifth floors,
 - vacate suite 210 (meeting room) and convert suite 102 from a business/applicant centre to a meeting room and reinstate a first aid room for use by staff and volunteers;
- ◆ **2013-2: HVAC upgrade in suites 506 and 507, with the scope:**
 - upgrade the HVAC in suites 506 and 507 to the same standard as the PEO office spaces on the fifth, sixth, seventh and eighth floors,
 - temporarily relocate Executive Offices (506) while this work is in progress;
- ◆ **2013-3: tribunal adjudicator door relocation, with the scope:**
 - introduce a powered door to access the adjudicator room directly from the adjacent public corridor,
 - replace the existing door, which swings into the adjudicator room from tribunal hearing room, with a door that swings out into the tribunal room,
 - perform all necessary work to maintain the sound proofing of the adjudicator , as well as the “fit and finish” quality of the hearing room/adjudicator room; and
- ◆ **2013-4: blinds replacement for floors 5, 6, 7, and 8, with the scope:**
 - replace existing 27-year-old venetian blinds with new manual blinds (as used in suites 507, 210, and seventh-floor ERC interview rooms) on all faces of the building for floors 5, 6, 7, and 8, including both PEO and tenant spaces.

Four additional projects are proposed for 2014-2019:

- ◆ **2014/19-1: blinds replacement for floors 1, 2, 3, and 4, with the scope:**
 - in 2014, replace existing 27-year-old venetian blinds with new manual blinds (as used in suites 507, 210, and seventh-floor ERC interview rooms) on all faces of the building for floors 1, 2, 3, and 4, including both PEO and tenant spaces;

- ◆ **2014/19-2: HVAC upgrade floors 2, 3 and 4, with the scope:**
 - in 2014 (if the major tenant occupying over 32,000 s.f. vacates its space), grade the HVAC in vacated space on floors 2, 3, and 4 to the same standard as the PEO office spaces on the fifth, sixth, seventh and eighth floors;
- ◆ **2014/19-3: eighth-floor expansion, with the scope:**
 - in 2015 (if the current eighth-floor tenant vacates its space), perform a requirements assessments update to validate or adjust design concepts plus a financial impact analysis for full eighth-floor occupancy,
 - if deemed appropriate, introduce a permanent council chamber, reinstall the council table from 25 Sheppard Avenue West, expand the dining areas, add two additional large meeting rooms plus a business lounge; and
- ◆ **2014/19-4: eighth-floor audio-video facilities, with the scope:**
 - in 2015 if PEO expands to all of the eighth floor, install AV facilities comparable to those now used in the interim council chamber for the permanent council chamber and two large meeting rooms.

Notes