



**Professional Engineers  
Ontario**

## **Questions and Answers on PEO Operations As at April 1, 2017**

Prepared for the Annual General Meeting  
April 22, 2017  
Valhalla Inn, Thunder Bay

## 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 the Audit and Finance committees.

The figures in this document are based on the audited financial statements for 2016. The audited statements show the association's financial position as at December 31, 2016. 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](mailto:webmaster@peo.on.ca). Look for periodic updates to *Questions and Answers on PEO Operations* on PEO's website ([www.peo.on.ca](http://www.peo.on.ca)).

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## 1. 2016 Financial Statements

### 1.1 Revenue and Expenditures

#### 1.1.1 Revenue increased by 1.8 per cent in 2016 over the previous year. What accounted for the increase?

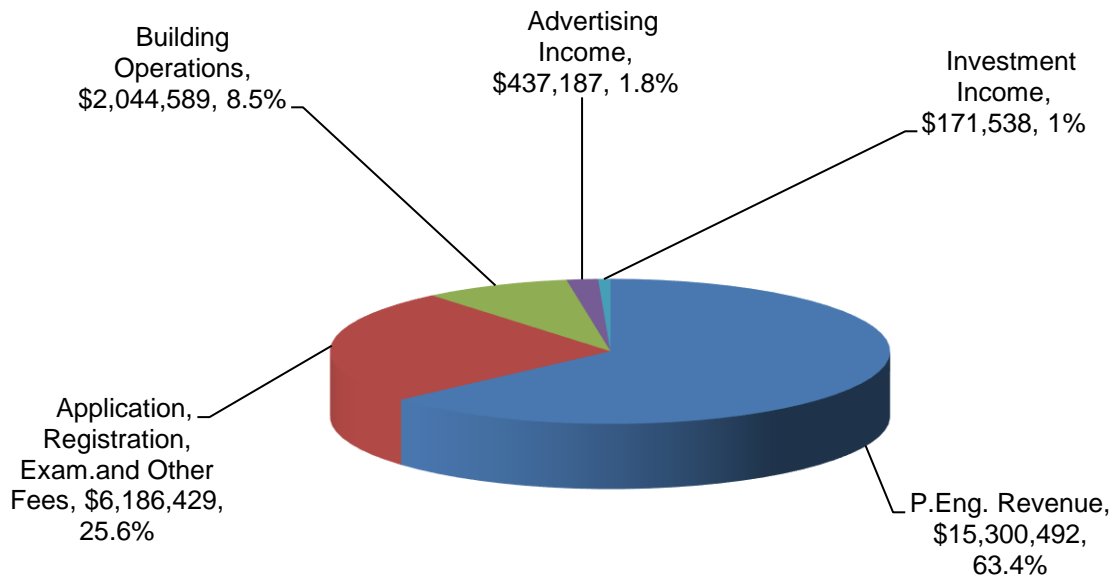
The total revenue in 2016 was \$24.1 million compared to \$23.7 million in 2015. This can be attributed to:

- an increase in membership fee revenue of \$166,221 or 1.1 per cent, which is slightly lower than in prior years;
- an increase in application, registration, examination and other fees of \$122,195 or 2.0 per cent, largely due to an increase in application fees and an increase in the engineering intern membership base;
- an increase in advertising income of \$144,508 or 49.4 per cent, due to the re-issuing of the print version of *Engineering Dimensions* magazine in 2016; and
- an increase in investment income of \$74,319 or 76.4 per cent from increased unrealized capital gains on investments due to favourable market conditions.

The above was partially offset by:

- a decrease in building operations revenue of \$82,427 or 3.9 per cent, due to a decrease in rental and recoverable income arising from unleased units.

**Figure 1. 2016 PEO Revenue Breakdown (\$24.1 million)**



**1.1.2 In 2016, PEO experienced an increase of \$1.7 million in its net assets in comparison to 2015. What factors contributed to the increase?**

In 2016, the net asset balance was \$16.0 million, compared to \$14.3 million in 2015. The change was largely due to an increase in net income and there were no effects from changes to Canadian generally accepted accounting principles.

**1.1.3 What areas in PEO operations experienced savings as compared to the previous year? What accounted for the decreased cost as compared to the previous year?**

- **Volunteer expenses.** A decrease of \$126,031, or 16.0 per cent, was due to lower meals, mileage, parking, car rental, air and train fare, and other travel related expenses.
- **Contract staff.** A decrease of \$96,355, or 19.4 per cent was due to fewer contract staff required, including an IT director, as regular full-time staff were hired.
- **Computers and telephone.** A decrease of \$86,966, or 12.1 per cent, was due to a decrease in costs for IT infrastructure and network maintenance and support contracts.
- **Printing.** A decrease of \$29,605, or 23.0 per cent, was due to lower photocopier usage, lower cost for photocopier rental and mailroom equipment rental, and cost for print forms.
- **Chapters.** A decrease of \$27,885, or 3.5 per cent, was due to decreased travel expenses for various events and lower certificate program spending.

**1.1.4 PEO's total expenditures for regular operations increased 4.5 per cent, or \$1,019,485, in 2016 over the previous year. What areas encountered increased costs?**

The factors contributing to increased costs for PEO operations are:

- **Staff salaries and benefits/Retiree and future benefits.** An increase of \$553,558, or 5.2 per cent, was largely due to the annual approved cpi/merit salary increase, as well as the filling of positions vacant in 2015.
- **Amortization.** An increase of \$317,536, or 34.3 per cent, due to almost a full year of depreciation on the Aptify software project that closed in April 2016 and a full year of amortization on the new reception area rebuild.
- **Postage and courier.** An increase of \$151,250 or 31.8 per cent, primarily due to sending out the paper copies of *Engineering Dimensions* magazine, offset by lower costs related to election mailing.
- **Occupancy costs.** An increase of \$91,594, or 12.0 per cent, was due to an increase in building operating costs, an increase in security costs and an increase in costs for offsite storage.
- **Purchased services.** An increase of \$49,650, or 3.7 per cent, was due to higher catering costs for various committees, printing for *Engineering Dimensions* magazine, a survey for the professional affairs team, and an increase in meals for various events like the Order of Honour, Annual General Meeting, Chapter Leaders Conference, etc.

**1.1.5 What are the various items included in purchased services?**

The main items under purchased services for 2016 include:

- printing of *Engineering Dimensions* magazine (\$217,661);
- setting of technical exams (\$85,400);
- scanning of PEO files (\$72,013);
- marking of technical exams (\$63,425);
- marking of professional practice exams (\$62,651);
- managing the Engineers-in-Residence program (\$62,186);
- policy development survey (\$55,703);
- meeting room audio visual contract (\$53,554);
- Order of Honour gala meal (\$50,689); and
- ERC interview committee catering (\$49,572).

In addition, there were expenses for such services as professional engineer seals, Council election voting, surveys, catering, freelance photography, trainers or facilitators, and technical services.

**1.1.6 What is the breakdown of the costs for consultants?**

The cost for consultants in 2016 was \$410,711 (compared to \$362,605 in 2015). The 2016 costs include \$146,000 for IT consulting related to the Aptify implementation, \$114,950 for Government Liaison Program operations, \$39,202 for financial auditing services, \$28,223 for a review of the Government Liaison Program, \$24,849 for internet consulting contracts, \$20,330 for financial management, \$9,131 for engineering consulting related to a legal matter, and various miscellaneous matters.

**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 by way of the Financial Credit Program was \$771,000 (compared to \$743,400 in 2015). The number of EITs (engineering interns) as of December 31, 2016 was 13,097 (compared to 12,410 in 2015).

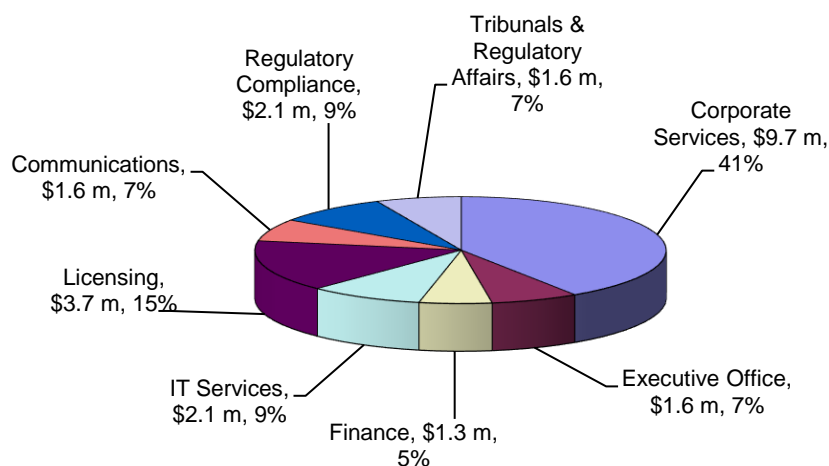
**1.1.8 What were the expenses for tribunal operations?**

The expenses for operating PEO's tribunals, which include fees for independent legal counsel, court reporters, etc., were \$176,235, compared to \$151,276 in 2015. Although 2016 spending increased, it was under budget. This does not include the costs for the Registration Committee, the Discipline Committee, the Complaints Councillor or the Fees Mediation Committee.

**1.1.9 What are the 2016 figures for department expenditures?**

Figure 2 illustrates the 2016 department expenditures.

**Figure 2. Expenditures by Department**



**1.1.10 I hear that chapter funding decreased in 2016. Is this correct? What are the reasons?**

No, this is not correct. Chapter budget allotments increased in 2016 to \$545,000 from \$510,000 in 2015.

**1.1.11 How much did it cost PEO in 2016 to fund its chapters?**

During the year, PEO paid chapter expenses totaling \$765,181 (compared to \$793,066 in 2015), including \$545,555 in allotments (compared to \$510,000 in 2015) and other disbursements to individual chapters. The association incurred additional costs of \$495,694 (compared to \$518,375 in 2015) related to chapter operations, including staff salaries and benefits, and various other support activities.

**1.1.12 How does PEO manage its expenditures?**

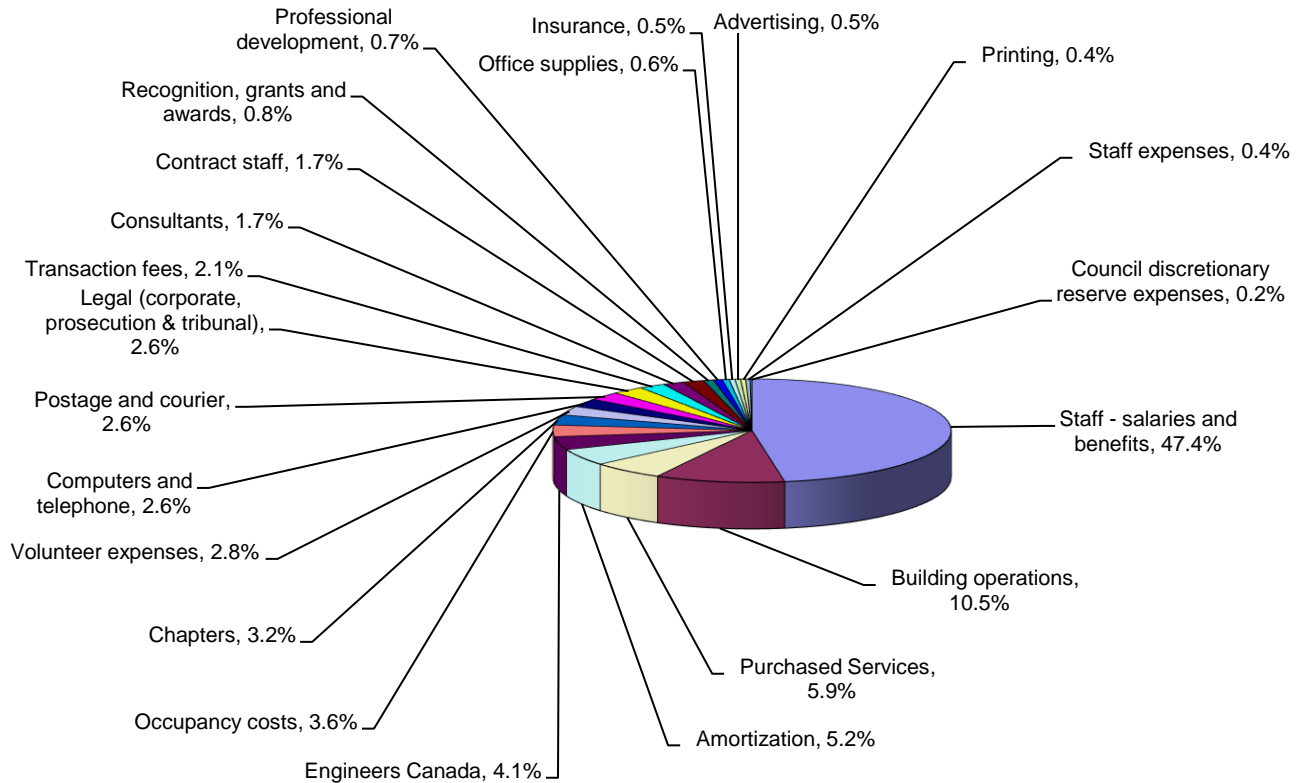
Please see the answer to Question 1.3.3.

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

The annual licence fee is only one component, or 63.4 per cent, of PEO's total revenue in 2016. The breakdown of PEO's revenues is illustrated in Figure 1 (section 1.1.1). In addition to annual fees, PEO also received revenues from application, registration, examination and other fees, which constituted 25.6 per cent of total revenue. Revenue from building operations was 8.5 per cent of total revenue. Advertising and investment income were 1.8 per cent and 0.7 per cent, respectively, of total revenue in 2016.

Figure 3 illustrates the areas in which the annual licence fee and other revenue were spent.

**Figure 3. 2016 PEO expenditures for operations, including Council special projects (\$23.8 million)**

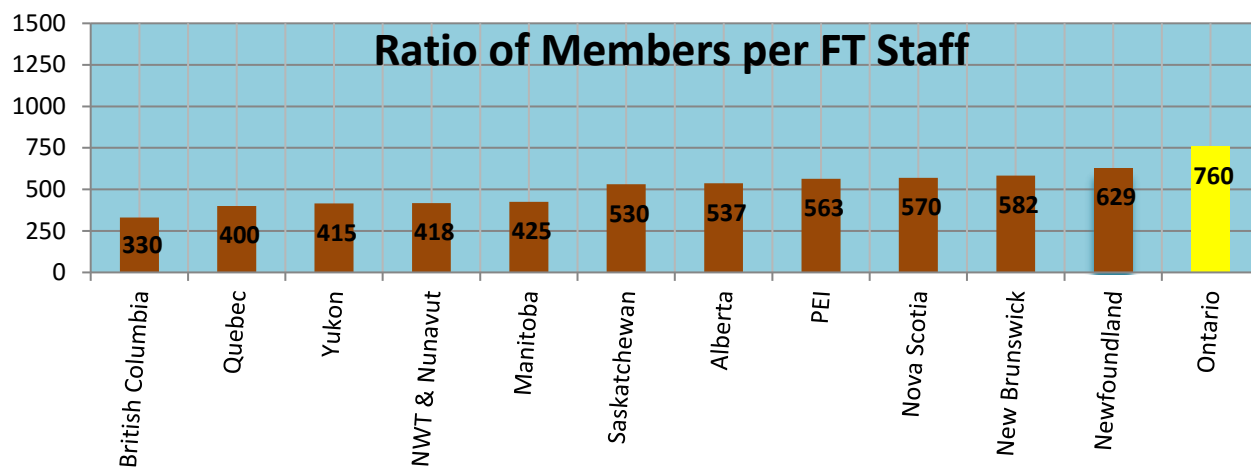


Web research was conducted to benchmark staffing of other self-regulatory organizations, including other engineering associations in Canada. The key performance indicator, “members per staff”, used to measure organizational efficiency is defined as the average number of licence holders for each staff 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 approximately 760 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 that 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 PEO's office 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 that 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 \$29.6 million (capital assets of \$37.1 million less the current and long-term portion of the building mortgage of \$7.5 million)

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. membership; and 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's operations and using a risk assessment approach, the minimum cash balance requirement was set at \$4.5 million. This 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, 2016 was \$8.0 million—well above the \$4.5 million requirement in the cash balance 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 PEO's 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 that assist 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 every 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 2016?**

For 2016, the net expenditures for the projects approved by Council amounted to \$36,871. This figure includes \$30,276 for the Council Term Limits Task Force, \$4,805 for the Council Composition Task Force and \$1,790 for the Emerging Disciplines 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 and members' confidence that PEO's 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 expenditures?**

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 the 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 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 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 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. These 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) 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, 2016, the actual staffing level was 102 regular full-time staff and three contractors for a total of 105 staff in 2016. The figures approved in the 2016 budget were: 105 full-time staff and one contractor.

**Table 1. Actual and Budgeted Staffing Levels 2012–2016**

Year	Regular full-time staff (number in approved budget)	Actual full-time staff (excludes contract and temporary)	Actual staff salaries and benefits	Actual staff (including contract and temporary)
2012	99	93	\$9,299,118	99
2013	99	94	\$9,210,339	101
2014	101	96	\$9,802,764	101
2015	105	99	\$10,085,581	104
2016	106	102	\$10,463,062	105
2017	108			

#### **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 than hire staff on a regular full-time basis. The use of contractors and temporary staff are for short-term assignments (such as to reduce backlog and complete special projects) and to replace absent staff (for example, disability or maternity leaves). This strategy offers organizational flexibility, assists PEO to meet its staffing needs, and avoids unnecessary, longer-term staffing costs.

In 2016, PEO used:

- one contract staff in Corporate Services, to cover a maternity leave; and
- two contract staff in Licensing and Registration; one to cover a job vacancy, the second to handle increased workload related to the Aptify project.

Consultants were used for the following projects:

- to provide pension management data and reports related to employee future benefits;
- to manage PEO's pension fund; and
- to manage PEO's investment portfolio.

## **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 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.

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

PEO's employee benefits are shown in Table 2.

**Table 2. PEO Employee Benefits**

<b>Employee Future Benefits Components</b>	<b>Offered Benefits</b>
Pension and other retirement benefits (retiree future benefits)	Benefits to employees and their beneficiaries after retirement include: <ul style="list-style-type: none"> <li>• Pension income</li> <li>• Health care and dental care benefits</li> </ul>
Post-employment benefits (while actively employed)	Benefits to the employees include: <ul style="list-style-type: none"> <li>• Short-term disability income benefits</li> </ul>
Compensated absences (while actively employed)	<ul style="list-style-type: none"> <li>• Sick days</li> <li>• Vacation</li> </ul>
Termination benefits	<ul style="list-style-type: none"> <li>• Severance package</li> </ul>

**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.

**1.5.4 What is meant by the remeasurement amount shown in the audited financial statements?**

Every year an accounting actuarial valuation is done for the pension plans and the post-retirement benefits plan. The results of this valuation depend on several assumptions and variables such as life expectancies, discount rates, service life, etc. Every year the actuary looks at these assumptions and based on what has actually happened, the plan liabilities may change depending on the actuarial gains or losses. Because of these changes, the plan liability can jump substantially or go the other way. Until recently, these changes were amortized through the income statement. However, due to changes to accounting standards, all such actuarial gains or losses are aggregated as remeasurement amounts and charged to net assets in the statement of revenue, expenses and changes in net assets.

**1.6 Process Improvement and Cost Savings**

The Registrar's Report, which outlines 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](http://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. At 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 *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. Another 2000 printed copies were to be made 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 could opt to switch back to the printed version at any time. Members receiving the printed edition could also opt to switch to the digital edition. In September 2015, based on data showing a decline in the number of members reading the magazine, Council approved again making the print edition of *Engineering Dimensions* the edition all members would receive, unless they opted specifically to receive the digital edition, effective with the January/February 2016 issue. Council will review this decision after a year, based again on readership information.
- **Electronic elections.** An initiative undertaken in this area includes providing voting materials electronically to all members who have an email address on file with PEO for the 2013, 2014, 2015 and 2016 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 website 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 had been offered by PEO for several years, in 2012, the finance team started a protracted campaign targeting key vendors and volunteers to sign up for EFT. This initiative has resulted in an increase of over 60 per cent since its inception in the number of vendors/volunteers receiving payments this way. This mode of payment is safe, fast and reduces paper, postage and printing costs.

Other new measures include:

- PEO has introduced a new licence holder management system (Aptify), based on a system already in place at the Association of Professional Engineers and Geoscientists of Alberta. This new system is expected to streamline applicant interaction with PEO through the resulting online services.
- The PEO website, redesigned in 2012, has been further improved after incorporating additional feedback received from staff and other stakeholders.
- Meeting efficiency and remote participation were enhanced via the continued use of audio, video and teleconference resources in 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 regular 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 three years.
- An application was developed in-house to assist the finance and reception teams in issuing and emailing receipts to members and applicants, resulting in the elimination of over 4000 paper receipts.
- An electronic cheque scanner was introduced in 2016 to improve the accuracy and efficiency of the depositing process. As a result, cheques now can be deposited to PEO's bank account directly from the office without having to visit the bank. This has resulted in the cash conversion cycle time to improve by over 50 per cent.
- A digital cheque signature has been implemented to streamline issuing of payments. This has reduced the turnaround time for the processing of cheques by over 10 per cent.
- Expense reimbursement has become more efficient with the introduction of an online expense solution for staff in 2016. Due to this solution, expense reimbursement cycle time has improved by over 30 per cent.

**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

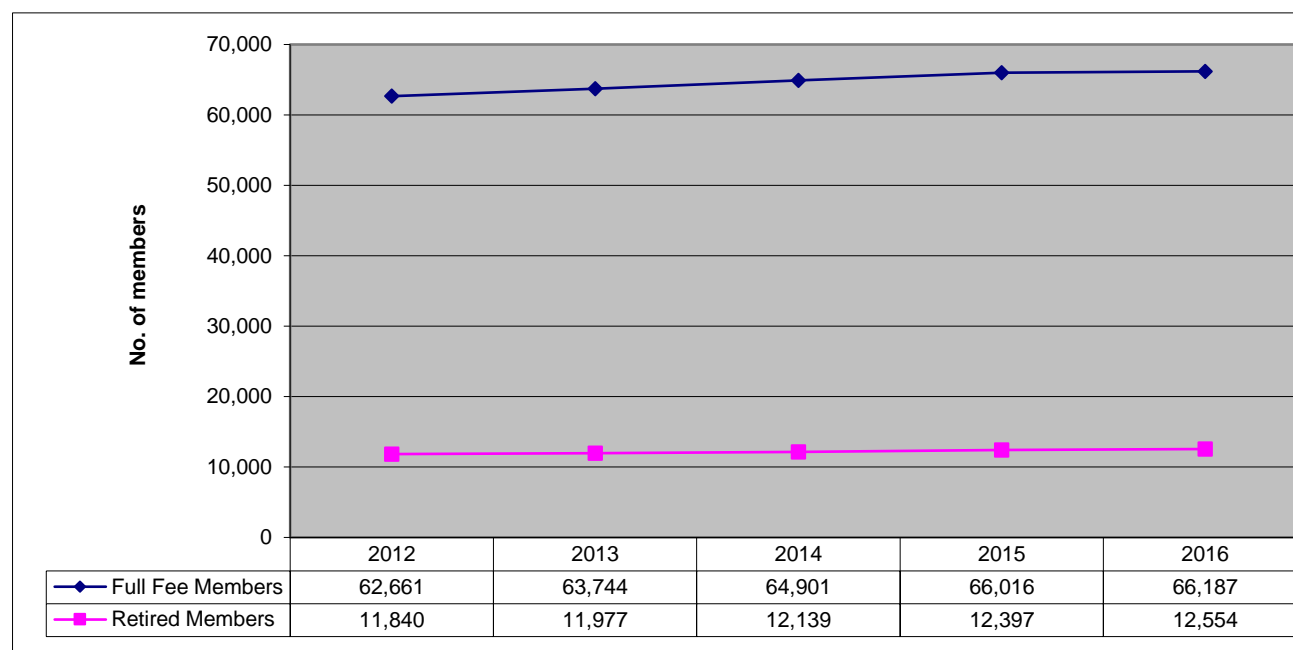
#### 2.1.1 What is PEO's financial state, based on the 2016 audited financial statements?

PEO's net assets at the end of 2016 were \$16.0 million (compared to \$14.3 million in 2015), representing an adjusted increase of \$1.7 million or 12.0 per cent.

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

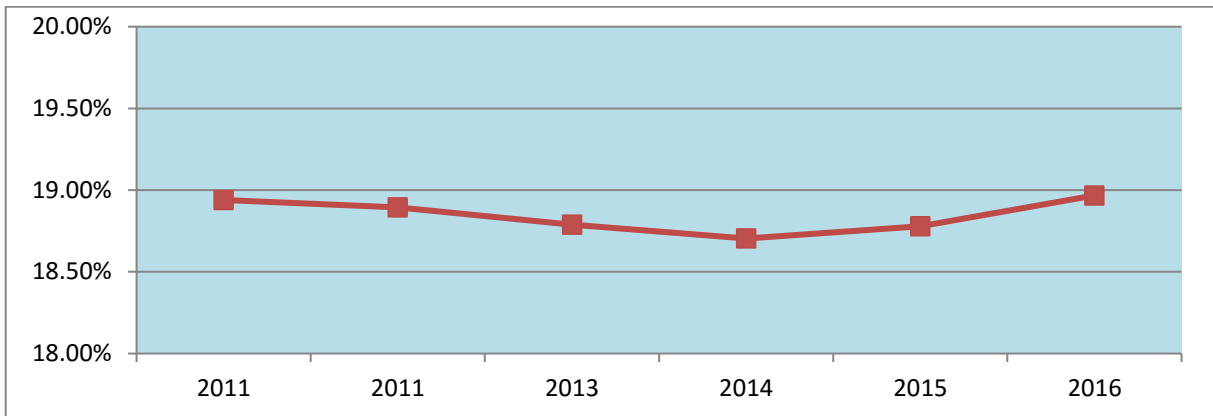
P.Eng. membership has grown by an average of 1.6 per cent year-over-year in the last five years as shown in Figure 5. This growth rate is influenced by such factors as economic trends, unemployment, an aging population, number of retirees, immigration and PEO processes for issuing licenses (e.g. improved 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 largely stable, whereas 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 decreasing ratio of retirees to full members has reversed over the past two years.

**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, 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 PEO initiatives such as 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. These 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 Table 3 illustrates, PEO has the lowest annual licence fee amongst Canadian professional engineering associations, and the fees have been frozen for seven years, including 2016. P.Engs in Ontario are paying less compared to their peers in other provinces.

**Table 3. Provincial Engineering Associations' Annual Licence Fees  
at December 31, 2016**

<b>Association</b>	<b>*Number of Members</b>	<b>*Annual Licence Fee (P.Eng.)</b>
Professional Engineers Ontario	80,565	\$220
Association of Professional Engineers of Yukon	830	\$240
Association of Professional Engineers and Geoscientists of Newfoundland and Labrador	5,035	\$246
Association of Professional Engineers of Nova Scotia	5,704	\$262
Association of Professional Engineers and Geoscientists of New Brunswick	4,076	\$286
Association of Professional Engineers of Prince Edward Island	563	\$300
Association of Professional Engineers and Geoscientists of Alberta	63,914	\$324
Association of Professional Engineers, Geologists and Geoscientists of the Northwest Territories and Nunavut	1,672	\$340
Ordre des Ingénieurs du Québec	49,643	\$374
Association of Professional Engineers and Geoscientists of Manitoba	7,649	\$380
Association of Professional Engineers and Geoscientists of British Columbia	21,773	\$380
Association of Professional Engineers and Geoscientists of Saskatchewan	9,014	\$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**

Engineers Canada is the national body of PEO and unites it with the other 11 engineering regulators across Canada. Engineers Canada's mandate can be seen as three-fold:

- Engineers Canada supports the engineering regulators in each province and territory, helping them coordinate their activities and policies; helping them promote and maintain high standards in engineering education and in the profession; helping them provide programs to assist engineers; and helping them promote knowledge of the profession so as to inspire public confidence.
- Engineers Canada supports the individual engineer with resources and tools to help them succeed in their work and personal lives.
- Engineers Canada also advances and supports the engineering profession itself by providing national leadership and support. It promotes and maintains the interests, honour and integrity of the profession in Canada, and helps to shape its direction and

growth both nationally and internationally, positioning the engineering profession in Canada as world leaders in innovation and high standards.

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

The rate for the assessment for all regulators is \$10.21/registrant (an individual registered with PEO, with the exception of applicants and students) and remains unchanged since 2006.

Engineers Canada's 2016 operational expenses totaled just over \$10.1 million. About 29 per cent of the cost of these programs was borne by the above assessment fee.

**4.1.2. How is Professional Engineers Ontario represented at Engineers Canada?**

PEO is one of the 12 associations that compose Engineers Canada. In 2016, PEO had five directors on the Engineers Canada Board, which is comprised of 22 directors and five advisors. These PEO directors are: Annette Bergeron, David Brown, George Comrie, Chris Roney and Rakesh Shreewastav. PEO members also serve on Engineers Canada committees, which actively participate in all of the organization's undertakings, decisions and long-range planning.

**4.1.3. What programs and services does Engineers Canada offer to individual engineers?**

Engineers Canada uses the collecting buying power of 290,000 licensed professional engineers to offer a suite of insurance, financial and other programs to support engineers in their professional and personal lives. These include:

*Insurance programs*

- Professional Retiree Health and Dental Insurance (Manulife): A program that offers three choices of coverage levels that pick up when your work benefits end.
- Home and Auto Insurance (TD Insurance): A program that has been tailored exclusively to the needs of engineers since 1950.
- Term Life and Accident Insurance (Manulife): One of the oldest and largest group plans in Canada.
- Health and Dental Care, Disability Income Replacement, and Business Overhead Insurance (Manulife): Financial protection against sickness and accident so you can continue to provide for your family.
- Critical Illness Insurance (Manulife): Saves you 10 per cent on coverage of \$125,000 or more per person.
- Pet Insurance (Petsecure): Exclusive rates from the #1 recommended provider in Canada.

*Professional insurance programs*

- Professional Liability Insurance (Encon): A program that has been endorsed by Engineers Canada for more than 45 years.

*Financial programs*

- Financial Security Program (Great West Life): Provides lower fees and free personal investment guidance and support.
- Bank Manulife One (Manulife): Simplifies your banking, reduces your debt and grows your wealth.

*Other services*

- Car Rental (Budget): Low rates and unlimited mileage on business and leisure travel.
- Shipping (UPS): Savings of between 25 per cent and 84 per cent on shipping services worldwide.

More information about these programs and services is available on the Engineers Canada website at [www.engineerscanada.ca](http://www.engineerscanada.ca).

**4.1.4. What does Engineers Canada do for Professional Engineers Ontario and for the other 11 provincial and territorial engineering regulators?**

Engineers Canada exists to provide national support and leadership on behalf of the regulators to promote and maintain the integrity, honour, interests and excellence of the profession at a cost that is justified by the results.

Engineers Canada's work and activities are all designed to achieve four Ends that support this purpose:

1. Regulatory excellence
2. Confidence in the profession
3. Sustainability of the profession
4. Protection of the engineering terms

**4.1.5. What is Engineers Canada doing to promote regulatory excellence in the engineering profession?**

Engineers Canada works to ensure that a current framework, standards, practices and systems, as well as a means to effectively transfer knowledge to facilitate regulatory excellence, are available to the regulators. Engineers Canada undertakes a range of activities to achieve this End:

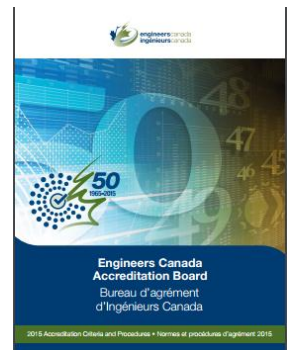
*Accreditation Board*

Engineers Canada accredits 275 higher education programs, promoting and encouraging high standards in engineering education, and ensuring that they prepare students to meet the academic requirements for licensure and that they maintain Washington Accord signatory status.

The Accreditation Board also plays a key role in international activities by assessing the equivalency of accreditation systems used in other nations relative to the Canadian system, by negotiating international agreements at the educational level, and by monitoring the accreditation systems employed by the engineering bodies that have entered into mutual recognition agreements with Engineers Canada.

*Qualifications Board*

Engineers Canada publishes national practice standards and guidelines on the qualifications for registration, the standards of practice and the ethics expected of professional engineers, for adoption by the regulators and for use by licence-holders. The Qualifications Board also publishes the *Engineers Canada Examination Syllabus*, which describes an examination



program for use by the regulators to check an applicant's academic knowledge if they have not graduated from an accredited program, nor from a program that falls under an international mutual recognition agreement.

*Mobility*

Engineers Canada makes available and promotes information, systems and agreements to facilitate mobility for registered engineers, both within Canada and internationally.

*Foreign credential recognition*

Engineers Canada, with support from PEO, developed the International Institutions and Degrees Database to provide timely information on various degrees and institutions around the world that have been compared to Canadian standards. Engineers Canada has also created the International Engineering Graduate Roadmap to Engineering in Canada ([newcomers.engineering.ca](http://newcomers.engineering.ca)) to provide a central location for international engineering graduates to access information on entering Canada's engineering profession. The website is used by more international professionals seeking licensure than any other website in Canada.

*Framework for regulation*

Engineers Canada developed the Framework for regulation, a set of aspirational elements that form the baseline for engineering regulators. The Framework captures excellent national and international practices; responds to emerging trends and challenges; and facilitates fair practices that are accessible, timely, monitored, transparent, objective, impartial and just. Canadian engineering regulators decide if, when and how to adopt the elements in their jurisdiction.

*Self-regulation*

Engineers Canada makes national and international information and trends on self-regulation available to the regulators, and clarifies policy and draft legislation to ensure consistency in language in order to maintain a strong, self-regulated profession today and in the future.

**4.1.6. How does Engineers Canada promote confidence in the engineering profession?**

Engineers Canada aims to ensure that stakeholders have evidence that engineers meet high standards and practise with competence and integrity, and that their work and self-regulation benefit society. To this end, Engineers Canada undertakes a range of activities to promote this confidence in the profession:

*Government relations*

Engineers Canada has a robust government relations program that ensures timely and relevant national positions and expertise are made available to the federal government and to policy-makers. Engineers Canada regularly meets with members of parliaments and senior officials from the public service regarding the public interest concerns of the engineering profession.

*Public confidence*

Engineers Canada monitors the public confidence, perceptions and expectations of the profession and makes this information available to stakeholders.

*Raising the profile of the profession*

Engineers Canada works to raise the profile of engineering through various activities such as National Engineering Month and participating in Canadian Federation of Engineering Students activities.

*Engineers Canada awards and scholarships*

Engineers Canada manages a prestigious series of annual engineering awards and scholarships, which recognize, honour and publicly celebrate the work of Canada's professional engineers, teams of engineers, engineering projects and engineering students.

**4.1.7. What work is Engineers Canada undertaking to ensure the sustainability of the engineering profession in Canada?**

Engineers Canada is working to ensure that the engineering profession is sustainable and reflective of Canadian demographics by ensuring that engineering is recognized as an attractive profession. It undertakes a range of initiatives in support of this goal:

*Diversity in the engineering profession*

Engineers Canada develops programs and resources to increase the diversity of the profession, including women and Indigenous peoples. For example, Engineers Canada is committed to raising the percentage of newly licensed engineers who are women to 30 per cent by the year 2030. Engineers Canada also published "Managing Transitions" in January 2016, a resource guide to assist engineers and geoscientists—and their employers—as they consider taking maternity or parental leave.

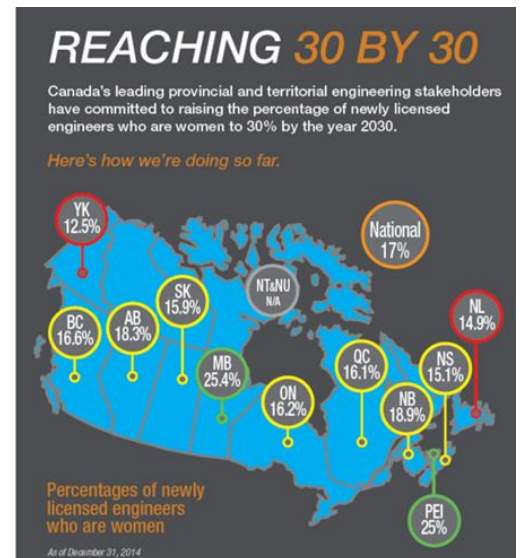
Engineers Canada has also recently published a review of practices that post-secondary engineering faculties can use to build and improve Indigenous engineering access programs. These will encourage and support Indigenous students as they transition into post-secondary engineering education, thereby promoting increased Indigenous peoples' representation in the engineering profession.

*Insurance, financial and other services*

Engineers Canada works to enhance the professional, social and economic welfare of engineers by sponsoring the insurance plans, financial programs and other services outlined in 4.1.3.

*Research*

Engineers Canada initiates and executes studies and related communications regarding trends in the engineering profession and makes this information available to policy-makers to use in decision-making. This research also informs Engineers Canada's own programs related to a sustainable and diverse profession. Engineers Canada's regular research reports include the *Final Year Student Exit Report*, the *Labour Market Report*, the *National Membership Report* and the *Enrolment and Degrees Awarded Report*.



#### 4.1.8. How does Engineers Canada protect the engineering terms?

Engineers Canada works to ensure that the public is not misled by persons improperly using terms, titles, images, and words that are integral to the engineering brand, including in federal corporations and trademarks. In doing so, it promotes 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 who have been authorized by the regulators to use these titles. Engineers Canada also provides public access to a database of the decisions of the Trademark Opposition Board and the Federal Court related to Engineers Canada matters, and supports the regulators in defending the improper use of engineering terms, titles, images and words in provincial and territorial corporations and trademarks.

#### 4.1.9. How can you stay in touch with Engineers Canada, and up-to-date with engineering news?

Engineers Canada publishes a daily electronic media report that provides a summary of the day's engineering-related news. Contact [communications@engineerscanada.ca](mailto:communications@engineerscanada.ca) to sign up.

Engineers Canada publishes a bi-weekly electronic newsletter on subjects of importance to the engineering profession. Keep up to date and sign up for free at [www.engineerscanada.ca/newsletter](http://www.engineerscanada.ca/newsletter)

Follow @EngineersCanada on social media, including [Twitter](#), [LinkedIn](#) and [Facebook](#).

More information about Engineers Canada and its activities is available on its website at [www.engineerscanada.ca](http://www.engineerscanada.ca).



## 4.2 Ontario Society of Professional Engineers

### 4.2.1 What is the Ontario Society of Professional Engineers (OSPE)?

OSPE is the advocacy association for engineers and the collective voice of the entire engineering profession in Ontario. OSPE works to ensure engineers are not only heard, but respected and appreciated by government, the media and the public. OSPE also provides access to networking, career services and professional development, and offers valued member services like savings on entertainment, financial and lifestyle products, as well as home, auto and secondary liability insurance.

OSPE was formed in 2000 after members of PEO voted to separate regulatory and advocacy functions into two distinct organizations. But after 16 years, OSPE's membership hasn't changed much. Less than 10% of professional engineers support advocacy by joining OSPE. That's fewer than 8,000 of Ontario's engineers.

#### OSPE is the voice of the engineering profession in Ontario

- OSPE keeps engineers up to date on issues that matter to the profession through its Society Notes blog ([blog.ospe.on.ca](http://blog.ospe.on.ca)) and *The Voice*, its quarterly magazine.



- OSPE writes reports to provide to government on issues like climate change, infrastructure, labour market, innovation and energy to ensure that policy decisions are made on sound engineering-based evidence, instead of political whim.
- OSPE meets with governments regularly to keep the critical work and expertise of engineers top of mind, and how this work is improving the quality of life of all citizens.
- The media contacts OSPE frequently to comment on engineering news and to speak to subject matter experts. OSPE and its members are regularly featured in mainstream media stories in the *Globe and Mail*, CBC Radio One, Global News, the National Post, and the *Toronto Star*, to name a few.
- OSPE provides access to top engineering job openings for all experience levels through its Engineering Employment Events (E3s) and online job board.
- OSPE offers a professional development program with seven learning streams that are specifically designed for and facilitated by engineers.

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

Although OSPE and PEO have separate and distinct mandates, there are a number of initiatives where the two organizations collaborate to ensure Ontario engineers are celebrated.

##### *Ontario Professional Engineers Awards (OPEA)*

- Every November, OSPE and PEO co-host the OPEAs to celebrate the accomplishments of the profession's best and brightest.

##### *National Engineering Month (NEM)*

- Each year during the month of March, OSPE and PEO (along with the Ontario Association of Certified Engineering Technicians and Technologists - OACETT) support NEM as founding members, the biggest national celebration of engineering excellence, where volunteers in each province and territory host more than 500 events that show Canadians how rewarding a career in engineering can be.

##### *Policy issues*

- OSPE and PEO work closely together both at the head office and local chapter levels.
- For example, in 2015, OSPE, PEO and Consulting Engineers Ontario (CEO) met with officials from the Ministry of Economic Development, Employment and Infrastructure to present a united front on our displeasure regarding the omissions of professional engineers from Bill 6 – *the Infrastructure for Jobs and Prosperity Act*.
- PEO and OSPE also co-hosted a joint GLP-PAN Conference in October, discussing how PEO's regulatory message and OSPE's advocacy message can be better coordinated and delivered through joint meetings with local politicians and joint events.

##### *Chapter events*

- OSPE also works closely with various PEO chapters to co-host events and gather the insights of members to prepare submissions for various levels of government.
- In 2016, OSPE ran numerous events with local PEO chapters, including panel discussions, policy events, NEM events and Engineering Employment Events (E3s). OSPE also spoke at a variety of chapter annual general meetings.

#### **4.2.3 What are the differences between PEO and OSPE?**

As clearly stated in the PEO-OSPE brochure, “Two Sides of the Same Coin,” which can be found online: PEO regulates. OSPE advocates.

PEO’s mission is to regulate and advance the practice of engineering to protect the public interest. PEO licenses individuals who have met the rigorous qualifications, disciplines licence holders who fail to maintain the profession’s technical and ethical standards, and ensures only licence holders practise engineering. PEO is not a membership organization, it is a regulator.

OSPE is the advocacy association and voice of the engineering profession in Ontario, representing the entire engineering community. OSPE influences public policy and builds awareness of the many ways engineering enhances Ontario’s economy and quality of life. OSPE’s primary mandate is to look after the interests and improve the influence of its members.

This division of mandates is used by several professions—law has the Law Society of Upper Canada and the Ontario Bar Association, and medicine has the College of Physicians and Surgeons on Ontario and the Ontario Medical Association. Engineering has PEO and OSPE.

The engineering profession often compares itself to medicine and law, wondering why engineers don’t have the same influence in society. It’s because 100% of doctors support the Ontario Medical Association, and according to a representative of the organization, more than 80% of lawyers are members of the Ontario Bar Association. Doctors, lawyers, and other esteemed professionals see the value of protecting their reputation and promoting their expertise to government and the public. Judging by OSPE’s membership numbers, it appears that engineers currently do not.

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

OSPE was established to ensure the voice of engineers is not only heard, considered and respected, but also acted upon. OSPE works to provide solutions to the challenges that face Ontario and impact the economy and the engineering profession.

OSPE meets with cabinet ministers, opposition leaders, deputy ministers, the media and business leaders to ensure that our policy positions are understood and considered. OSPE monitors policy proposals and decisions that have an impact on engineering and provides specific recommendations on issues of importance to the profession, such as energy, environment and climate change, women in engineering, infrastructure, research and development, employment, safety and more.

OSPE also works with other organizations to ensure the engineering perspective is included in policy papers prepared in collaboration with OSPE. For example, OSPE is an active member of the Ontario Chamber of Commerce (OCC), the Construction & Design Alliance of Ontario (CDAO), and the Ontario Industry Environmental Association (ONEIA), as well as the Engineering Change Lab, an initiative supported by OSPE, Engineers Without Borders, Engineers Canada and 40 other organizations.

**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?**

OSPE's Political Action Network (PAN) provides OSPE members with an opportunity to advocate for their own profession. PAN volunteers, alongside PEO's Government Liaison Program volunteers, meet and engage regularly in face-to-face dialogue with MPPs and Ontario-based MPs from all parties to discuss a range of issues, such as the need for greater government support for research and innovation, improving labour market conditions, energy policy, and transportation and infrastructure.

OSPE's PAN helps develop long-term relationships with elected officials from each party, encouraging them to adopt OSPE policy solutions or become a champion on a particular issue that impacts engineers. PAN also enhances relationships within the greater engineering community through collaboration with regional PEO chapters.

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

OSPE and PEO minimize overlap within our distinct mandates—PEO regulates and OSPE advocates. However, at times, PEO and OSPE messages to government are complementary.

Take infrastructure, for example. OSPE advocated in relation to the *Construction Lien Act*, qualification-based procurement, and the need for a predictable infrastructure investment strategy. PEO's role is to ensure infrastructure is designed by a PEO licence holder.

PEO and OSPE also work together with accredited engineering schools in Ontario to promote licensure, and both have developed programs to help internationally educated engineering graduates (IEGs) pursue licensure.

**4.2.7 Why is it important that engineers have a separate advocacy organization like OSPE?**

Professional advocacy organizations exist to ensure that the profession they represent is respected, appreciated and protected. OSPE exists to ensure that the work engineers do is well understood, respected, and appreciated by the public, the media, industry and governments.

The lack of a strong, highly supported and funded advocacy association for professionals has resulted in decreased influence, appreciation and societal status compared to other professions. Similarly, under-represented professionals' salaries have failed to rise at the same rates as other professionals with well-supported and visible advocacy associations.

It is time to change the current discourse and ensure that engineers are not being undervalued or disregarded in the public sphere. In order for governments to avidly invest in engineers, they must recognize engineers' capabilities as innovators, wealth creators and leaders. OSPE implores every professional engineer in Ontario to answer the call: rally around and support your advocacy organization, and together, let's create positive change by elevating and advancing the engineering profession for the betterment of all Ontarians. If engineers want a strong, powerful and influential voice, then they need to join OSPE. This can be done while renewing PEO licencing fees by clicking "Join OSPE" on the PEO renewal page, or by visiting [www.ospe.on.ca/jointoday](http://www.ospe.on.ca/jointoday).

### **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 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 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 over 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 the 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 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?**

The Government Liaison Committee (GLC) provides oversight to the GLP, coordinates GLP efforts and develops and executes new strategic initiatives for the program. Serving on the GLC are representatives from PEO GLP, Engineers Canada, the Ontario Society of Professional Engineers, Consulting Engineers of Ontario, engineering interns and students who join together to determine the direction of government relations for engineers in the province.

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

#### **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.

2016 was a busy year for PEO's Government Liaison Program as they continued to engage provincial legislators through its many initiatives. Three new major items which occurred in 2016 were the government's proposed cancellation of the repeal of the industrial exception in the *Burden Reduction Act*, the audit of the GLP, and the first joint PEO/OSPE Government Relations Conference.

##### *Repeal of the Industrial Exception*

PEO's efforts to repeal the industrial exception took on intensity in 2016 with the government's decision to cancel it through Bill 27, the *Burden Reduction Act*, 2016. The repeal was discussed at many formal and informal meetings with MPPs throughout the year as PEO sought to have the bill amended. PEO presented its case to the Standing Committee on General Government in February 2017 but, unfortunately, the bill was passed in March 2017, cancelling the repeal.

##### *GLP Audit Report*

Another major undertaking this year was a full review/audit of the Government Liaison Program in order to determine whether the program is operating as designed and whether it is achieving the expected results. The audit was conducted by a third-party consultant, Don Dickson of D & B Dickson Management Solutions Inc., and a comprehensive report produced. The findings were that the GLP is indeed achieving its objective of raising the profile of PEO at Queen's Park. A number of recommendations were made to further improve the program and an implementation program will be presented to Council in 2017.

*First Joint PEO/OSPE Government Relations Conference*

On October 26 in Toronto, PEO held its first joint Government Relations Conference with the Ontario Society of Professional Engineers (OSPE). The successful event focused on how engineers can improve their government relations work and how regulatory and advocacy bodies can work together effectively.

Canadian journalist, author, broadcaster and former federal NDP candidate Noah Richler delivered the opening keynote address. NDP Leader Andrea Horwath, MPP (Hamilton Centre) delivered the afternoon keynote speech. She congratulated PEO and OSPE on their high standards and for the hard work they carry out in the province.

Arthur Potts, MPP (Beaches-East York), Jim McDonell, P.Eng., MPP (Stormont-Dundas-South Glengarry), and Catherine Fife, MPP (Kitchener-Waterloo), participated on an MPP panel. They discussed the industrial exception, why some groups fail and others succeed, and the importance of having engineers at the decision making table.

A panel consisting of other regulators and advocacy bodies offered advice on their experiences, best practices and how regulatory and advocacy bodies can work together effectively to build strong relationships. Panelists included Chris Cheung, P.Eng., director of policy and public affairs for the Ontario Bar Association; Chris May, director of government affairs for the Chartered Professional Accountants of Ontario; and Sheena Weir, director of public affairs for the Law Society of Upper Canada.

A workshop on working collaboratively together was held with several good suggestions and feedback received.

*Take Your MPP to Work Days*

Introduced in 2013, the Take Your MPP to Work Day program continued to be of great interest amongst MPPs. The initiative allows PEO chapters to invite local MPPs to visit engineering companies in their local areas. Through facility tours and discussions, the MPP learns more about the work professional engineers do in their communities and PEO as a regulator. PEO chapters hosted six events in 2016, including the first ever joint-chapter event.

- January 25—Peggy Sattler, MPP (London West), NDP Women's Issues, Training, Colleges, Universities, Research and Innovation Critic, and Teresa Armstrong, MPP (London-Fanshawe), NDP Citizenship, Immigration and International Trade and Seniors' Affairs Critic, visited 3M with PEO London Chapter.
- May 25—Lisa Gretzky, MPP (Windsor West), NDP Education Critic, visited Stantec Consulting with PEO Windsor Chapter.
- July 20—Labour Minister Kevin Flynn, MPP (Oakville), Associate Finance Minister Indira Naidoo-Harris, MPP (Halton), and Amrit Mangat, MPP (Mississauga-Brampton South), Parliamentary Assistant to the Minister Responsible for Women's Issues and to the Minister Responsible for Accessibility, visited Credit Valley Conservation Authority with PEO Oakville and Mississauga Chapters.
- August 9—Gila Martow, MPP (Thornhill), PC Francophone Affairs, Anti-Racism Secretariat and GTA Issues Critic, visited the Bill Fisch Forest Stewardship and Education Centre in Whitchurch-Stouffville, with PEO York and Willowdale-Thornhill Chapters.

- August 23—Jeff Yurek, MPP (Elgin-Middlesex-London), PC Health and Long-Term Care Critic, visited Presstran Industries with PEO London Chapter.
- September 16—Bill Walker, MPP (Bruce-Grey-Owen Sound), PC Associate Health Critic for Long-Term Care, visited Tenneco's Owen Sound Operation with PEO Georgian Bay Chapter.

#### *PEO Queen's Park Day*

The 10th PEO Queen's Park Day reception was held on October 26, 2016 and continued its success as one of the best attended MPP receptions at Queen's Park. The reception strengthens the relationships between engineers and MPPs and built on the success of previous years, hosting 44 MPPs and almost 200 attendees. Premier Kathleen Wynne, MPP (Don Valley West), attended the reception and addressed the crowd.

The second Engineering Games were featured at the reception. Three teams of MPPs, students and professional engineers built a minimum 12-inch resilient structure within a 20-minute time limit using only the supplied materials. Peggy Sattler, MPP (London West), NDP Critic for Women's Issues; Training, Colleges, Universities; and Research and Innovation, along with her teammates Jeffrey Lee, P.Eng., PEO Oakville Chapter GLP chair and engineering student Melissa Buckley, were the winners.

The recipients of the 2016 PEO GLP MPP Certificates of Appreciation were Women's Issues, Early Years and Child Care Minister Indira Naidoo-Harris, MPP (Halton); Jeff Yurek, MPP (Elgin-Middlesex-London), PC Health and Long-Term Care Critic; and NDP Deputy Leader Jagmeet Singh, MPP (Bramalea-Gore-Malton). Recipients are chosen based on their help raising the profile of professional engineering and for their involvement in local professional engineering activities.

PEO's Oakville Chapter received the 2016 PEO Chapter Certificates of Appreciation for building relationships with their MPPs and taking an active interest in Government Liaison Program activities. Mississauga Chapter received honourable mention.

The GLP plays an important role in ensuring the voice of the professional engineer related to regulatory issues is heard in government.

#### **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 growing number of professional engineers involved in the Government Liaison Program, contact your chapter chair or Jeannette Chau, P.Eng., manager, government liaison programs, at [jchau@peo.on.ca](mailto:jchau@peo.on.ca) or (647) 259-2262.

## **5. Practice Evaluation and Knowledge Program (PEAK)**

PEO's Practice Evaluation and Knowledge (PEAK) program will come into effect on March 31, 2017. As of this date, renewal notices to all current and retired professional engineers, as well as limited licence holders, will contain a request to complete elements of the program prior to their licence renewal date.

### **5.1.1 What is the PEAK program?**

The program is an information-gathering tool to help ensure the PEO has sufficient information on each licence holder's practice to effectively carry out its role as the regulator of the profession. The program also gauges the professional knowledge activities of licence holders, and provides a recommended number of hours for each practising licence holder to annually maintain a level of knowledge and skill commensurate with safeguarding the public interest.

### **5.1.2 What are the elements of the PEAK program?**

The program consists of three elements: a practice evaluation questionnaire; an online ethics module; and a continuing knowledge declaration. Based on the results of the practice evaluation questionnaire, practising licence holders are also provided with a recommended amount of time to dedicate to continuing professional knowledge activities during the year. The maximum amount of time is 30 hours per year; however, in most cases, the actual recommendation is less. PEO's online directory of practitioners will show the completion status of all elements of the program for each licence holder. Non-practising licence holders are only asked to declare they are not practising professional engineering and to complete an online ethics module prior to the date of their licence renewal.

### **5.1.3 Who is being requested to complete the program?**

All current and retired professional engineers, as well as limited licence holders, should complete the program. Temporary and provisional licence holders are exempt. Engineering interns are only asked to familiarize themselves with the program for when they become licensed.

### **5.1.4 Is the PEAK program mandatory?**

While participation in the PEAK program is not mandatory to renew or maintain a licence, should a licence holder not complete any element of the program in the allotted time, this information will be publicly noted on PEO's online directory of practitioners.

### **5.1.5 How do I access the program?**

All elements of the program can be accessed through the member portal at [www.peo.on.ca](http://www.peo.on.ca). Login to your account and click on the PEAK tab. To access the practice evaluation questionnaire, select PEAK Question-naire; to report your continuing knowledge activities, select My PEAK Activities; and to access the online module, select PEAK Ethics Module.

### **5.1.6 I'm already doing continuing professional knowledge activities—why does PEO need to get involved?**

Reporting continuing professional knowledge activities provides additional assurance to the public that practising licence holders have maintained their competence as professional engineers.



**5.1.7 Will PEO recommend specific continuing knowledge activities for me?**

It is up to each practising licence holder to choose the technical know-ledge activities they feel are appropriate for their practice. Activities can include anything from reading technical journals and attending seminars, to structured discussions with peers and writing articles.

**5.1.8 What does PEO do with the data it collects from licence holders?**

The data collected from the practice evaluation questionnaire is used to update licence holder information such as current employer and contact information. It is also used for policy development purposes such as percentage of practising vs non-practising licence holders and to develop a more accurate and up-to-date regulatory profile of licence holders. This helps ensure PEO has sufficient information to effectively carry out its role as regulator of the profession.

**5.1.9 Where can I find more information on the PEAK program?**

To learn more about the program and how it affects you, visit [www.peopeak.ca](http://www.peopeak.ca).

## **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 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 39,100 square feet as of December 31, 2016.

**6.1.2 Who is PEO's current property manager?**

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

**6.1.3 Was the building profitable in 2016?**

The building generated \$2,797,056 in revenue, including PEO's share of recoverable expenses but excluding base rent (had PEO paid market rent for its space) with total expenses of \$3,234,325, creating a deficiency of revenue over expenses of \$441,269 (after all expenses, including loan interest), as compared to a deficiency in 2015 of \$317,662. This increased deficiency of revenue was due largely to vacant space on the fourth floor not being leased as planned, resulting in lower revenues for base rent and lower operating cost reimbursements.

Total recoverable expenses were \$2,333,492, with PEO's share of this totaling \$752,467. These costs were reclassified from building operations to occupancy costs in the financial statements. Total occupancy costs for 2016 were \$857,468, which included storage and other occupancy costs. PEO's total accommodation expense (including interest) was \$1,253,866. PEO occupied a total of 39,100 square feet at December 31, 2016. The market rent of this space is approximately \$15/square foot with operating costs of \$21.86/square foot. Therefore, PEO's equivalent costs for rent and operating costs would be \$1,441,226 for 2016, leading to a net value to PEO of \$187,360 for 2016.

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 2016?**

The following major projects were completed in 2016:

- **Pedestrian paving project.** This 2015 project for paving around the entrance to the building was completed in November 2016 at a cost of \$298,496
- **Emergency generator.** The emergency generator installation, carried over from 2015, was completed mid 2016 at a cost of \$225,274.
- **Mechanical upgrade of parking garage elevators.** The elevator project was completed in November of 2016 with a cost of \$140,451.
- **Window replacement.** This project closed in January of 2016 at a cost of \$59,598.
- **Painting of underground parking garage walls.** The garage wall painting was completed in October 2016 at a cost of \$59,120.
- **Insulated glazing window units.** This project closed in June 2016 costing \$54,232.
- **Exterior doors – Garage overhead and loading dock.** Project cost \$49,641 and completed in May 2016.
- **Exterior building wall finishes – remove stain.** Project closed in September 2016 with a cost of \$25,339.

**6.1.5 Can you give us an update of 2017 plans?**

Planned 2017 capital spending on common area space, and recoverable from tenants, includes:

- upgrades to the main building elevators;
- continued exterior window replacement;
- tenant heat pump replacement; and
- fifth floor wall finishes.

**6.1.6 What monies have been set aside for future renovations beyond 2016, for example 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 floor 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, there is vacant space on the fourth and eighth floors and PEO is marketing the space.

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

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

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 a breakdown of the capital expenditures made in 2016?

Total Capital expenditures were \$1,521,795 in 2016. Building-related capital improvements are outlined under section 6.1.4. The remaining capital expenditures in 2016 were:

- **Computer hardware and software (\$560,155).** The Aptify license holder management system (LHMS) was closed in April 2016, net of prior spending the 2016 total was \$282,240. The total Aptify project cost was capitalized at \$1,869,974. Other computer spending included updating LAN room hardware (\$246,091); and replace PC's and laptops (\$31,824).
- **Audio visual equipment (\$34,064).** PEO changed audio video providers in 2016 necessitating purchasing a new camera and related peripherals. An additional projector needed to be replaced.
- **Furniture, fixtures (\$7,187).** Additions in 2016 included filing cabinets, a room divider and a whiteboard.