

Professional Engineers Ontario

CEO/ REGISTRAR UPDATE





MARCH 31, 2023

CEO/REGISTRAR UPDATE

As March draws to a close, I am pleased to report on our accomplishments and progress this month, both as an organization and as a profession. The month started off with perhaps the biggest highlight of the year for engineers—the sixth annual P.Eng. Day, which marks the start of National Engineering Month (NEM). On the eve of P.Eng. Day (February 28), I attended an OSPE-organized reception with numerous MPPs at Queen's Park. I would like to thank the staff at OSPE for inviting me to the reception, and I look forward to working with OSPE as they work to educate MPPs on the work of professional engineers and PEO's role to regulate the profession.



At the OSPE reception on February 28 at Queen's Park. From left to right: Jennifer; Baijul Shukla, OSPE's vice president, member experience and corporate strategy; Christian Bellini, P.Eng., FEC, PEO's past president; and Paola Cetares, OSPE's public affairs manager.

On P.Eng. Day, I was pleased to be invited by OSPE CEO Sandro Perruzza to deliver opening remarks at their kickoff NEM event, *The Future of the Engineering Degree*, at the Ontario Science Centre. OSPE President and Chair Marilyn Powers, PhD, P.Eng., led a panel discussion about the evolution of engineering education with three deans of faculties of engineering and applied sciences and technology from McMaster, Lakehead, and Humber College. Ontario's engineering education programs are indeed innovative, and the deans had good ideas on how to incorporate more practical and innovative engineering principles into engineering curricula.



Delivering opening remarks at OSPE's NEM event at the Ontario Science Centre on March 1.



Celebrating P.Eng. Day at the Ontario Science Centre.



Professional Engineers Ontario staff gather for P.Eng. Day on March 1.

On March 2, as the president will also report, we met with Ontario Attorney General Doug Downey, LLM, LLB, at Queen's Park. PEO is responsible to the Ministry of the Attorney General, and since his appointment as attorney general in 2019, Minister Downey has been supportive of many PEO initiatives, including PEO's recent transition of our piloted continuing professional development program, PEAK, to a mandatory part of each licence holder's annual obligation as a regulated professional. Joining President Colucci and me at the meeting were Dan Abrahams, LLB, vice president, policy and governance and chief legal officer; David Smith, director, external relations; and Howard Brown, of Brown and Cohen, PEO's government relations consultant. I look forward to an open and positive working relationship with the Ministry of the Attorney General, and with the Government of Ontario as a whole, as PEO continues to build on its successes as the engineering regulator in the province.



At Queen's Park visiting the Attorney General. From left to right: PEO President Nick Colucci, P.Eng., FEC; Attorney General Doug Downey, LLM, LLB; and Jennifer.

The PEO staff team continues to prioritize the goals of our 2023-2025 strategic plan. This month, we have finalized an operating plan that lays out what we will do to meet our targets monthly, annually and by 2025. I look forward to providing Council with regular updates on our progress.



At Queen's Park with the Attorney General. From left to right: Dan Abrahams, LLB; Nick Colucci, P.Eng., FEC; Attorney General Doug Downey, LLM, LLB; Jennifer; and David Smith.

JENNIFER QUAGLIETTA, P.ENG., MBA, ICD.D CEO/REGISTRAR

STRATEGIC PLAN

The four goals guiding PEO's focus for the next three years emphasize modernizing processes, improving governance, optimizing organizational performance and collaborating with stakeholders. An operational plan has been developed that clearly outlines the projects and activities that PEO departments and individuals will undertake to ensure we reach our goals and objectives. Monthly, annual and three-year operating plans will be consistently updated. Below is a three-year summary of PEO's 2023–2025 strategic plan.

See Appendix A for the Operational Plan: Status Report as of February 2023.



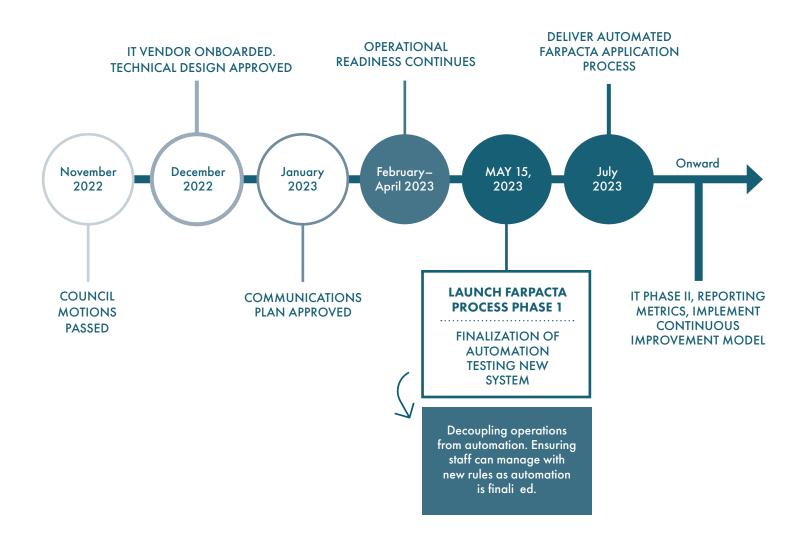
Professional Engineers Ontario

STRATEGIC SUMMARY 2023–2025

GOALS	SUB GOALS	ACTIVITIES	2023	2024	2025
		1.1.0 Present FARPACTA policy/timeline			
	1.1 Create fair, transparent, accessible and	1.1.1 FARPACTA tech soln - Phase 1 & 2			
	efficient application process	1.1.2 FARPACTA process			
1		1.1.3 Change management and communications			
1		1.1.4 Measure FARPACTA compliance			
Improve licensing processes	1.2 Review licensing processes;	1.2.1 Implement manadatory CPD - Phase 1 (roll out, reminders)			
	implement changes	1.2.2 Implement manadatory CPD - Phase 2 (business rules, sanctions)			
	1.3. Ensure licensing reflects EDI values	1.2.3 Implement manadatory CPD - Phase 3 (auditing)			
		1.3.1 EDI – Phase 1 (audit, supports)			
		1.3.2 EDI - Phase 2 (best practices implementation)			
2	2.1 Update/develop standards, guidelines	2.1.1 Establish policy development framework/process			
	2.1 Opadie/ develop standards, guidelines	2.2.1 Digital transformation roadmap			
Z		2.2.2 Data governance model			
Optimize	2.2. Ensure adequate IT; data collection/mgt	2.3.1 Organizational EDI strategy			
organizational		2.3.3 HR high performance team roadmap			
performance		2.3.4 Modernize payroll processes			
		2.3.5 Communications strategy (value, EDI)			
	2.3 Review/improve comms & business	2.3.6 Modernize budget processes			
	processes; ensure reflects EDI values	2.3.7 Review financial controls			
		2.3.8. Develop Customer Service Model			
	3.1 Ensure councillor & ELT orientation	3.1.1 Review/revise board manual			
3	3.1 Ensure councillor & ELI orientation	3.1.2 Review/revise board orientation			
Implement governance	3.2 Ensure cttee/council evidence for	3.2.1 Strategic plan reporting			
improvement program	decision-making	3.2.3 RM framework			
b. e. e b. e.a. e	3.3 Establish metrics for	3.3.1 Review governance committee evaluations			
	governance performance	3.3.2 Annual assessment council effectiveness			
	4.1 Dialogue with members & stakeholders	4.1.1 Establish Visioning taskforce, workplan			
4	4.1 Dialogue with members & sickenoiders	4.1.2 Council engagement session			
Refresh vision; ensure	4.2 Undertake research	4.1.3 Stakeholder engagement session(s)			
stakeholders see		4.2.1 Legislative/reg/legal review			
PEO value	4.3. Develop proposed vision for consultation	4.3.1 Draft new vision			
		4.3.2 Post vision consultation			

Table 1: Three-year summary of PEO's 2023–2025 strategic plan

FARPACTA PROCESS ROLLOUT



FARPACTA UPDATE

Multiple operational initiatives are now well underway to support the launch of the FARPACTA compliant application process on May 15, 2023. The Licensing department is positioning managers and staff to support the new workflows, including the use of a competency-based assessment as approved by Council in November 2022.

A plan to expedite processing of the existing application inventory is being finalized for roll out starting in April. Also in progress is an initiative to estimate application volumes and licences granted from the existing application inventory. Slides for a generative discussion on this topic are included in this update as Appendix B. FARPACTA is, of course, a significant initiative for the government. We are partnering with the Office of the Fairness Commissioner and the Ministry of Labour, Training and Skills Development (which is responsible for FARPACTA) to develop some joint messaging, especially with respect to experience and the impact on internationally trained professionals.

Other stakeholder engagement and communications efforts related to FARPACTA are ongoing. A description of the evolving external relations function, which is linked to both communications and policy development, is also included in this report.

MANDATORY CONTINUING PROFESSIONAL DEVELOPMENT (PEAK PROGRAM) UPDATE

PEAK STATISTICS

Table 2 shows the geographical distribution of individuals required to complete the PEAK program this year. About 86% of them have an Ontario mailing address, 10% have another Canadian mailing address and 4% have an international address. This breakdown is

Breakdown of individuals required to complete PEAK	Individuals required to complete PEAK in 2023
Ontario residents	86 % (74,398)
Other Canadian residents	10% (8,541)
International residents	4% (3,707)
Total	86,646

Table 2: Completion of the first two elements of PEAK as of March 9, 2023

Table 3 shows the PEAK statistics for January 31 and March 9. As of March 9, 68 per cent of all required individuals have complied so far this year by completing their first two PEAK elements and an additional 7 per cent are working towards compliance. This means that 75 per cent of all required–or almost 65,000 people–individuals have started the PEAK program this year, despite the lack of penalties this year for non-compliance. Furthermore, 90 per cent of those who started PEAK followed through to complete their first two

PEAK elements. (It also means that 25 per cent of all required individuals have not yet started the PEAK program this year, so we will be exploring how to reach those individuals to help ensure they are able to be compliant next year.) The data also show that 76 per cent of participating individuals (49,150) have declared as "practising" while 26 per cent of the participating individuals (15,618) have declared as "not practising." Please look for our reports on compliance rates every quarter year.

consistent for all individuals required to complete PEAK as well as for all individuals who have complied so far and for individuals who have not yet started PEAK this year.

INDIVIDUALS WHO	JANUARY 1–31, 2023	STATISTICS ON MARCH 9 (MARGINAL INCREASE FROM FEBRUARY 28)				
Complied so far by completing the first 2 elements.	58%	68%				
Are working towards compliance (started PEAK but not yet completed first 2 elements).	7%	7%				
Have not yet started PEAK this year.	35%	25%				
Declared as "Practising."	77%	76%				
Declared as "Not practising."	23%	24%				

Table 3: Completion of PEAK January to March 2023

PEAK CUSTOMER SERVICE

PEAK has highlighted challenges to our ability to assist stakeholders encountering issues with our initiatives. Since December 2022, PEO has received more than 9500 requests about the PEAK program, and the current backlog of requests is about 7000. PEAK customer service representatives address requests, which are submitted over the phone, via voice messages and by email. Response times vary from immediate resolution to two weeks and can take up to eight

STAKEHOLDER RELATIONS

We have committed to serving both operational requirements and Council's policymaking needs through enhanced, meaningful engagement with stakeholders.

Our new External Relations department was created, under the oversight of the vice president of policy and governance, to develop a strategic approach to stakeholder relations where regular, coordinated and meaningful engagement is maintained with government, co-regulatory bodies, licence holders and others. All of this will better inform PEO policies, practices and strategic initiatives.

Even since I became CEO/Registrar, staff have engaged on priority issues with a number of key stakeholders. These include the attorney general, the Ontario fairness commissioner, Engineers Canada, the Ontario Society of Professional Engineers, Black Engineers Canada, the Engineering Student Societies' Council of Ontario and Engineering Deans Ontario. Such engagement initiatives are aimed at reinforcing the desirability of ongoing, two-way communication weeks when the volume of requests spike over a very short time. PEO is committed to delivering customer service at a high service standard across the organization. Staff are exploring a range of options to this end and will prioritize solutions that reduce our response time. PEO also maintains an up-to-date PEAK web page at <u>https://peopeak.ca</u>, which is available 24/7 to both licence holders and the public, with extensive details about the program.

with our stakeholders. They also serve to help us address any gaps or potential risks in our operations.

To illustrate, priority issues for external stakeholder engagement currently include assessing the impact of implementing a mandatory continuous professional development (CPD) requirement for licence holders. We have also signalled a willingness to discuss various aspects of our response to amendments to the Fair Access to Regulated Professions and Compulsory Trades Act (FARPACTA).

Converting our volunteer Practice Evaluation and Knowledge (PEAK) program into a mandatory CPD program comprised surveying licence holders on their expectations as well as conducting presentations to chapters, licence holders, industry and others on the new requirement and associated program elements.

Our FARPACTA-related work involves regular contact with many stakeholders, most notably the Office of the Fairness Commissioner

and the attorney general. We have used these vehicles to inform of our path to compliance and to ensure the changes to our licensing system meet both the spirit and intent of the amended legislation. Other key stakeholders that could be impacted by any impending changes to our licensing system, such as universities and colleges, newcomer and settlement agencies, engineering advocacy organizations, engineering interns, engineering students and employers of engineers, are being kept apprised of our progress as we continue to solicit feedback for our ongoing consideration.

In the coming months, we will be exploring more comprehensive and diverse forms of engagement as we move forward with various ongoing and strategic initiatives. This may include focus groups, surveys and advisory panels. Topics will include, for example, future refinements to the mandatory PEAK program, replacement options

ARC REVIEWS

Staff continue to work with the volunteers on the Academic Requirements Committee (ARC), especially the chair, to manage the surge in new application files. The accumulation of applications requiring ARC review as of mid-March is over 1500 files. This is in part because of the need for discipline-specific assessments. for PEO's engineering intern program and emerging issues and matters related to regulatory policy.

The work of our External Relations function aims to align with that both operations and governance. Input received will be documented to support various deliberations on relevant matters by staff, Council governance committees and Council itself. Such work will also strengthen our communication efforts as the feedback collected will be shared with the Communications department so it can be addressed in broader messaging to all stakeholders as required.

Ultimately, our engagement efforts will help to ensure that PEO continuously delivers and communicates well considered and credible regulatory outcomes that align with its mandate of protecting the public interest while also maintaining public confidence in its regulatory role.

ERC REVIEWS

An average of 67 Experience Requirements Committee (ERC) recommendations have been made per month over the last six months. At this juncture, the time to clear the anticipated backlog for ERC matters is estimated to be approximately 11 months.

On behalf of PEO we would like to thank the Academic Requirements Committee and the Experience Requirements Committee members for all of their support and tireless efforts in carrying out their reviews of applicant academics and experience. Their work and effort is very much appreciated.

FINANCE

For the twelve months ending December 31, 2022, revenues earned were \$32.7 million, and expenses incurred were \$30.6 million, resulting in an excess of revenue over expenses of approximately \$2.1 million, as shown in Table 4. The increase in revenues in comparison to the prior year actuals for the same period by approximately \$0.2 million is largely attributable to an increase in P.Eng. application revenue, EIT fees and other revenues and partially offset by lower-than-expected investment income due to unfavourable market conditions.

On the expense side, there were \$30.6 million in total expenses for the twelve months ending December 31, 2022, versus a spend of \$26

million during the same period in the prior year, resulting in an unfavourable variance of \$4.6 million. The increase in expenses is mainly due to an increase in the spending on salaries and benefits, chapters, legal and special project expenses for various initiatives in the areas of IT, governance and the Anti-Racism & Anti-Discrimination Exploratory Working Group.

Table 5 shows cash reserves of approximately \$7.6 million and an investment portfolio of \$27.1 million as of December 31, 2022, in comparison to cash reserves of \$ \$11.3 million and an investment portfolio of \$19.9 million, respectively as of December 31, 2021.

	2022 ACTUAL	2021 ACTUAL	VARIANCE (FAV / UNFAV)
TOTAL REVENUES	\$32,671,397	\$32,473,339	\$198,058
Operations expenses	\$27,137,022	\$24,390,863	-\$2,746,159
Special project exp	\$3,463,329	\$1,623,341	-\$1,839,988
TOTAL EXPENSES	\$30,600,351	\$26,014,204	-\$4,586,147
Excess of Rev over Exp	\$2,071,046	\$6,459,135	-\$4,388,089

Table 4: Revenues and expenses as of December 31, 2022

	2022 ACTUAL	2021 ACTUAL	VARIANCE (FAV / UNFAV)
Cash	\$7,585,346	\$ 11,319,333	-\$3,733,987
Other current assets	\$1,549,606	\$1,335,893	\$213,713
Marketable securities	\$27,117,590	\$19,885,232	\$7,232,358
Capital assets	\$28,423,601	\$29,689,774	-\$1,266,173
TOTAL ASSETS	\$64,676,143	\$62,230,232	\$2,445,911
Current liabilities	\$16,847,493	\$15,330,51 3	-\$1,516,980
Long term debt	\$362,904	\$1,451,700	\$1,088,796
Employee future benefits	\$13,260,100	\$10,960,300	-\$2,299,800
Net assets	\$34,205,646	\$34,487,719	-\$282,073
OTAL LIABILITIES & NET ASSETS	\$64,676,143	\$62,230,232	\$2,445,911

Table 5: Assets and liabilities as of December 31, 2022

REMISSIONS AND RESIGNATIONS

The data in Tables 6 and 7 show the monthly breakdown of the number of members seeking fee remission in 2022 and 2021, respectively. In 2022, the average monthly number of members seeking remission as of December 31, 2022, is 229 in comparison to 245 for 2021.

As can be seen in Tables 6 and 7, there was an average of 113 resignations per month in 2022 versus 73 per month in 2021.

However, overall, the number of P.Engs as of December 31,2022, increased by 1,497 to 87,856 members in comparison to 86,359 members as of December 31, 2021.

REMISSION TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	ост	ΝΟΥ	DEC	TOTAL	MONTHLY AVE.
Parental leave	14	10	20	13	21	13	8	17	15	10	18	12	171	14
Postgraduate	7	8	5	12	14	4	6	2	8	13	6	3	88	7
Unemployment	161	106	146	142	113	107	104	129	109	124	116	83	1440	120
Temporary health	7	4	3	5	5	7	4	0	2	1	2	5	45	4
Permanent health	2	1	9	4	3	1	2	9	3	3	5	3	45	4
Retired	84	99	88	51	80	76	47	93	90	56	93	101	958	80
Total	275	228	271	227	236	208	171	250	227	207	240	207	2747	229
Cumm. Total	275	503	774	1001	1237	1445	1616	1866	2093	2300	2540	2747		
Resignations	111	79	90	79	108	95	77	110	141	84	159	222	1355	113

Table 6: Remission and resignation stats for 2022

REMISSION TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	ост	NOV	DEC	TOTAL	MONTHLY AVE.
Parental leave	18	20	19	11	11	14	15	19	18	16	25	13	199	17
Postgraduate	9	10	10	8	4	5	3	5	7	8	6	4	79	7
Unemployment	220	135	158	140	144	106	124	130	140	125	127	94	1643	137
Temporary health	3	4	6	4	4	3	4	3	1	2	4	1	39	3
Permanent health	4	4	3	3	6	2	4	3	2	2	7	3	43	4
Retired	105	99	74	73	95	64	53	79	68	77	96	53	936	78
Total	359	272	270	239	264	194	203	239	236	230	265	168	2939	245
Cumm. Total	359	631	901	1140	1404	1598	1801	2040	2276	2506	2771	2939		
Resignations	61	86	86	98	90	61	58	69	58	66	86	57	876	73

Table 7: Remission and resignation stats for 2021

HUMAN RESOURCES

COMMUNICABLE DISEASE POLICY

As we continue to improve our hybrid model of work, a jurisdictional scan (including all engineering regulators across the country and a number of regulators operating within the province) was conducted to get a sense of what other regulatory boards have in place for a vaccine policy. Most regulatory boards across Canada have either removed or suspended their mandatory vaccine policy based on the direction from their relevant governments. We are in the process of updating our current vaccine policy to a communicable disease policy to be launched in April. Health and safety are a priority for us, and we continue to build out our health and safety policies/standards. In place of the vaccine policy, we will roll out a communicable illness prevention policy that will highlight the procedures that can be implemented for various public and workplace health measures.

EMPLOYEE ENGAGEMENT PULSE SURVEY

In 2022, we conducted an employee engagement pulse survey. After reviewing the results of the survey, we held several focus groups in February 2023 to discuss the results and generate ideas to address the areas of opportunity with respect to engagement, learning and inclusion. An action plan was developed with a focus on the three core areas (engagement, learning and inclusion.) Staff will determine how to implement these initiatives within the organization.



HEADCOUNT

As of March 8th, PEO's headcount is 135 (full-time permanent employees, contract, and people on leave). HR has embarked on other vital initiatives connected to our commitment to being an employer of choice, including:

- Setting 2023 performance objectives and individual development plans across the organization
- Focus on employees' well-being and fostering workplace mental health best practices
- Continuing to promote a flexible work environment

- Focusing on employee engagement via our internal newsletter, in-house gatherings and in-person meetings
- Communicating our safe disclosure policy to all staff
- Plan a "Respect in the Workplace" session for the June townhall
- Researching vendors for the employee group discount program.

INFORMATION TECHNOLOGY

As we continue the digital service delivery journey, IT has embarked on the Online Nominations project. This project will allow license holders to submit award nominations online. It will tentatively be launched in June 2023.

IT continues with implementation of digital license certificates and cybersecurity enhancements.

INFORMATION DISCOVERY AND DIGITIZATION CAPACITY PROJECT

Digitization of the 24,000 paper-based P.Eng. application files will be substantially complete by the end of March. This represents a significant milestone and achievement for this ambitious modernization initiative. As previously communicated, other paper-based application files will be digitized upon completion of the P.Eng. files. Because the digitization effort is progressing predictably, it is expected that all application files will be fully digitized by the end of Q2 2023. Project progress updates will now be provided in the future only as necessary.

APPENDIX A



Professional Engineers Ontario

OPERATIONAL PLAN-STATUS REPORT AS OF FEBRUARY 2023

			STATUS					
GOALS	SUB GOALS	ACTIVITIES	NYS	<half< th=""><th>>HALF</th><th>DONE</th></half<>	>HALF	DONE		
	1.1 Create fair, transparent, accessible and	1.1.0 Present FARPACTA policy/appr						
	efficient application process	1.1.1 FARPACTA tech soln - Phase 1 & 2						
1		1.1.2 FARPACTA process						
	1.2 Review licensing processes;	1.1.3 Change management and communications						
Improve licensing	implement changes	1.1.4 Measure FARPACTA compliance						
processes	1.3. Ensure licensing reflects EDI values	1.2.1 Impl. manadatory CPD - Phase 1 (roll out, reminders)						
	, , , , , , , , , , , , , , , , , , ,	1.3.1 EDI - Phase 1 (audit, supports)						
2 Optimize organizational	2.1 Update/develop standards, guidelines	2.1.1 Establish policy development framework/process						
		2.2.1 Digital transformation roadmap						
		2.2.2 Data governance model						
	2.2. Ensure adequate IT;data collection/mgt	2.3.1 Organizational EDI strategy						
		2.3.3 HR high performance team roadmap						
performance		2.3.4 Modernize payroll processes						
		2.3.5 Communications strategy (value, EDI)						
	2.3 Review/improve comms & business processes; ensure reflects EDI values	2.3.6 Modernize budget processes						
		2.3.7 Review financial controls						
		2.3.8. Develop Customer Service Model						
3	3.1 Ensure councillor & ELT orientation	3.1.1 Review/revise board manual						
Implement governance improvement program	3.2 Ensure cttee/council evidence for	3.2.1 Strategic plan reporting						
	decision-making	3.2.3 RM framework						
4 Refresh vision; ensure stakeholders see PEO value		4.1.1 Establish Visioning taskforce, workplan						
	4.1 Dialogue with members & stakeholders	4.1.2 Council engagement session						
		4.1.3 Stakeholder engagement session(s)						

APPENDIX B

Slide 1 and 2



Summary

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There will be a temporary decrease in applications starting in the second half of 2023 due to the 'front-end loading' effect of FARPACTA requirements;

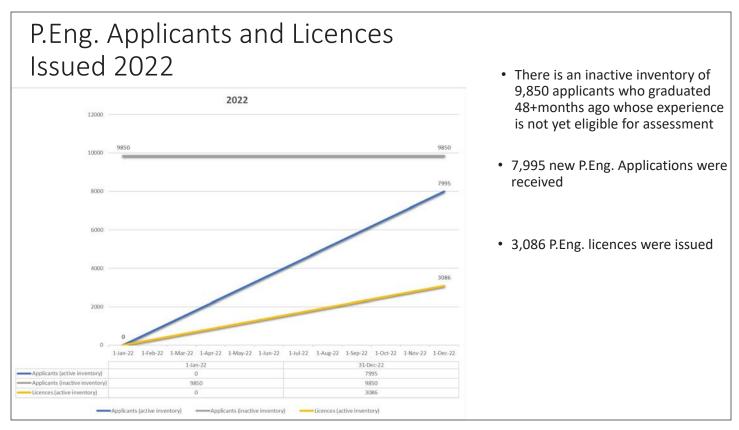
The large inventory of applicants in the experience phase of assessment will continue to result in licences being issued until only applicants who are not gaining engineering experience remain; and

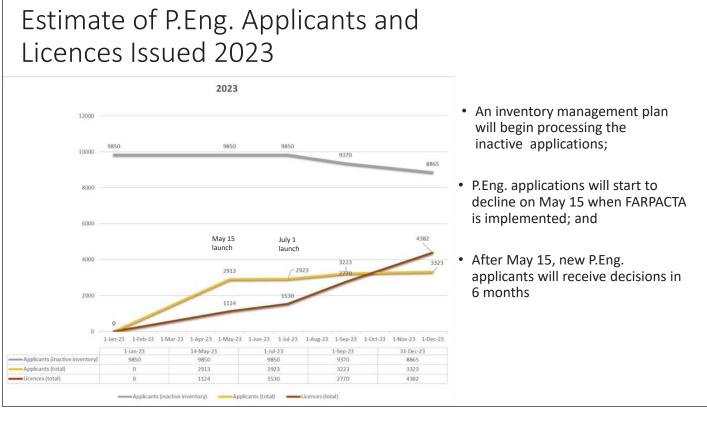
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After 4-5 years **a steady state** will be reached at which time **the number of licences issued** annually will be **slightly less than the number of** applications received

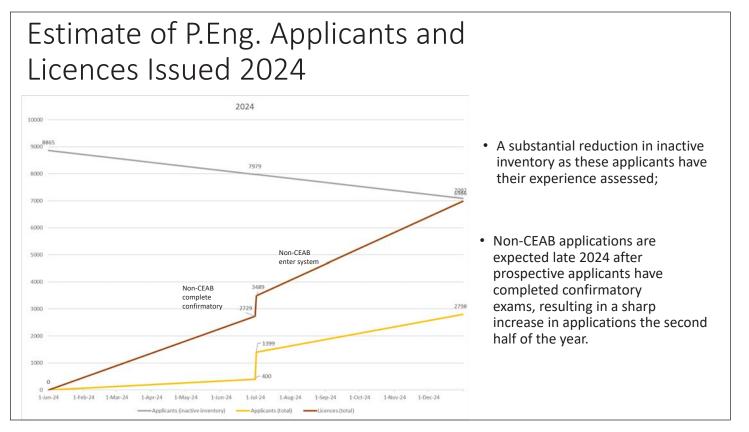
APPENDIX B

Slide 3 and 4

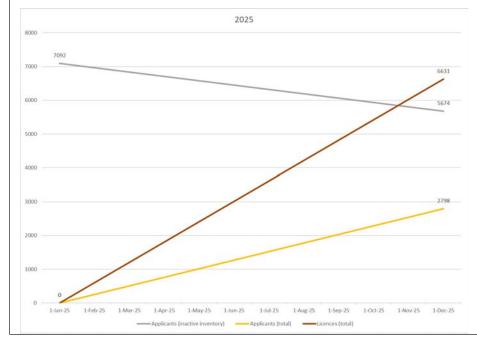




Slide 5 and 6



Estimate of P.Eng. Applicants and Licences Issued 2025



- Continuing reduction in inactive inventory;
- The active inventory from the pre-FARPACTA process will be substantially processed; and
- New applications will continue to be processed in 6 months.

APPENDIX B

Slide 7

