

Motion Title: Employer Definition

This motion proposes an amendment to the existing bylaws or regulations to incorporate the following definitions and principles:

1. **Stakeholders:** Holders of a Professional Engineering (P.Eng.) license issued by Professional Engineers Ontario (PEO) are recognized as the true owners and primary stakeholders of PEO.
2. **Council Composition:** The PEO Council ("Council") is elected by and responsive to these stakeholders. Its primary mandate is to govern the profession and safeguard the public interest.
3. **Adherence to Rules:** PEO staff, including the Registrar, are required to adhere to rules and regulations approved by the Council, except in cases where these rules conflict with provincial legislation, the Professional Engineers Act, or face significant opposition from the majority of primary stakeholders.
4. **Referendum Requirement:** For major rules or regulations that have a substantial impact on the majority of stakeholders, a general referendum is required. If preliminary approval is obtained from stakeholders, the final decision lies with the Council to either approve or reject the proposal. If preliminary approval is not granted, the motion is deemed defeated. This process ensures that critical decisions impacting the profession are made with direct input from those most affected.
5. **Role of the President:** The President of PEO holds the authority to call for a referendum at their discretion, subject to unanimous approval from the President, the President-Elect, and the Past President of PEO. This provision establishes a clear and authoritative mechanism for engaging stakeholders in key decisions affecting the engineering community.

Other Obligations: This guideline does not modify the mandatory obligations of PEO as set forth in the existing Professional Engineers Act. It ensures that while stakeholders' voices are prioritized, the foundational responsibilities and duties of PEO, as mandated by the Act, remain unaltered.

Moved By: Fred Saghezchi, License Number: 100045556



Seconded By: Roger Edward Jones, License Number: 100024878



1. **Title of Submission: Employer Definition**
2. **Please briefly describe the issue, problem, risk or gap that this submission addresses.**

This motion addresses several governance and engagement gaps within Professional Engineers Ontario (PEO):

- a. **Lack of Stakeholder Ownership:** It emphasizes that Professional Engineers (P.Eng.), as key stakeholders, should have a stronger role in shaping decisions, addressing the risk of their voices being overlooked.
- b. **Council Accountability:** It tackles the issue of ensuring the PEO Council remains accountable and responsive to its stakeholders while safeguarding public interest.
- c. **Decision-Making Transparency:** By introducing referendums for significant decisions, it aims to bridge the gap in transparency and stakeholder involvement in pivotal regulatory matters.
- d. **Authority of Rules:** The motion addresses the potential risk of PEO staff acting independently of Council-approved rules, ensuring adherence except where conflicts with legislation arise.
- e. **Effective Engagement Mechanisms:** It proposes a clear and authoritative process, led by the PEO President, for seeking stakeholder input, reducing ambiguity in decision-making frameworks.

By addressing these gaps, the motion seeks to align governance practices with stakeholder interests while preserving PEO's foundational duties.

3. **Please summarize the action that you are requesting from Council and how it will address the issue, problem, risk or gap stated above.**

The requested action from the PEO Council is to formally amend the bylaws or regulations to incorporate the proposed definitions and principles outlined in the motion. This includes:

- **Recognizing Stakeholders as Owners:** Codifying the role of P.Eng. license holders as primary stakeholders and owners of PEO.
- **Reinforcing Accountability:** Ensuring the Council operates with accountability to its stakeholders while prioritizing public interest.

- **Mandating Staff Compliance:** Requiring PEO staff to adhere to Council-approved rules, with exceptions only for legislative conflicts or significant stakeholder opposition.
- **Implementing Referendum Procedures:** Establishing a democratic process through referendums for major decisions, ensuring stakeholders have a direct voice in critical matters.
- **Defining Presidential Authority:** Empowering the PEO President to facilitate referendums under clear approval mechanisms.

How this action addresses the issues:

- It directly involves stakeholders in governance, addressing concerns over ownership and transparency.
- It strengthens accountability structures for the Council and staff.
- It ensures major decisions align with stakeholder interests, reducing risks of unilateral or disconnected decision-making.
- It introduces a formal process for engagement, filling gaps in stakeholder participation mechanisms.

4. **Please cite and briefly summarize any research that supports the proposed action.**

- **Engaging Stakeholders for Project Success:** Published by the Project Management Institute, this white paper emphasizes the importance of stakeholder engagement in achieving organizational goals. It outlines strategies for managing stakeholder relationships effectively, which aligns with the motion's focus on involving P.Eng. license holders in decision-making processes Reference 1: <https://www.pmi.org/learning/library/engaging-stakeholders-project-success-11199?form=MG0AV3>).
- **Stakeholder Relationships and Engagement: A Guide for Sustainable Entrepreneurs:** This guide discusses the foundational elements of stakeholder theory, highlighting the need for organizations to prioritize stakeholder interests for long-term success. It supports the motion's emphasis on recognizing P.Eng. license holders as primary stakeholders (Reference 2: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4943549&form=MG0AV3).

- **Participatory Approaches:** Another study discusses the benefits of participatory approaches in decision-making (Reference 3: <https://link.springer.com/article/10.1007/s42532-022-00132-8?form=MG0AV3>).

These references collectively reinforce the importance of stakeholder engagement in governance and decision-making, as proposed in the motion.

5. **As applicable please describe how the proposed action will contribute to serving and protecting the public interest as it pertains to the regulation of professional engineering and the engineering profession.**

The proposed action contributes to serving and protecting the public interest in several ways:

- **Enhancing Accountability:** By identifying Professional Engineers (P.Eng.) as primary stakeholders and strengthening Council accountability, the motion ensures that decisions are made with the input of those most qualified and affected, aligning governance with the public's best interests.
- **Ensuring Competent Governance:** A Council elected by and responsive to stakeholders prioritizes public safety and professional standards, which are central to the regulation of professional engineering.
- **Transparent Decision-Making:** The referendum requirement for major decisions ensures that critical regulations are developed in a transparent and inclusive manner, reducing the risk of policies that fail to address public or professional needs.
- **Safeguarding Ethical Standards:** Adherence to Council-approved rules by PEO staff, with checks for alignment with legislation and stakeholder input, promotes ethical governance and operational integrity.
- **Balancing Stakeholder Input with Legal Obligations:** The action preserves the foundational responsibilities of PEO under the Professional Engineers Act while incorporating stakeholder voices, thereby creating a balanced approach that serves both the public interest and professional standards.

This approach ultimately strengthens public trust in the regulation of engineering by fostering accountability, transparency, and ethical decision-making within PEO.

6. **Please identify any legal considerations (e.g., the need for changes to the statute, regulation, by-laws etc.) that may affect Council's ability to implement the proposed action.**

- **Amendments to By-Laws:** The motion proposes changes to PEO's governance structure and decision-making processes, which may require amendments to existing by-laws. This includes incorporating stakeholder definitions, referendum procedures, and the President's authority to call referendums
- **Compliance with the Professional Engineers Act:** Any changes must align with the Professional Engineers Act, which governs PEO's operations. If the proposed amendments conflict with the Act, legislative changes may be necessary.
- **Regulatory Approvals:** Certain changes, such as those affecting governance or stakeholder engagement, may require approval from provincial regulatory bodies to ensure compliance with broader legal and professional standards.
- **Referendum Implementation:** Introducing referendums for major decisions may require the development of new procedures and guidelines to ensure legal validity, transparency, and fairness in the process.
- **Staff Compliance with Rules:** The requirement for PEO staff to adhere to Council-approved rules, except in cases of legislative conflict, may necessitate a review of employment contracts and internal policies to ensure alignment with labor laws and organizational governance.
- **Legal Challenges:** Stakeholders or external parties may challenge the proposed changes, particularly if they perceive them as conflicting with existing laws or professional standards. Legal counsel may be needed to address potential disputes.

These considerations highlight the need for a thorough legal review to ensure that the proposed action is feasible and compliant with all relevant statutes, regulations, and by-laws.

7. **Please identify any considerations that are relevant to the timing (or urgency) of the proposed action.**

- **Stakeholder Engagement Needs:** If there are growing concerns among P.Eng. stakeholders about being underrepresented in PEO governance, acting promptly can address these issues and rebuild trust in the organization.
- **Current Governance Challenges:** If there are ongoing inefficiencies, conflicts, or controversies within the Council or PEO staff regarding adherence to rules,

implementing this motion could help stabilize governance and restore operational clarity.

- **Public Confidence and Safety:** Timely adoption of the motion can ensure that professional engineering standards and public safety measures are upheld through more transparent and accountable decision-making.
- **Legislative Alignment:** Delaying action may risk further misalignment with the Professional Engineers Act or other provincial legislation. Acting urgently ensures smoother integration with existing legal frameworks.
- **Avoiding Delays in Critical Decisions:** Introducing mechanisms like referendums for stakeholder input ensures timely resolution of significant decisions that could otherwise face prolonged stagnation.
- **Reputational Risk Management:** Prompt action can mitigate risks to PEO's reputation if there have been criticisms about transparency, accountability, or stakeholder engagement.

Taking swift action could maximize the effectiveness of the motion, address pressing concerns, and reinforce the organization's commitment to stakeholders and the public interest.

8. **Please provide any other information that you feel will assist members of the AGM and Council in understanding your submission, in particular your proposed action.**

- **Alignment with PEO's Mandate:** The motion emphasizes balancing stakeholder engagement with PEO's foundational responsibility to regulate professional engineering in the public interest, as mandated by the Professional Engineers Act. This ensures that while stakeholders' voices are prioritized, the core mission of safeguarding public welfare remains intact.
- **Benefits of Stakeholder Engagement:** Research and case studies from other professional organizations demonstrate that enhanced stakeholder involvement leads to better governance, increased transparency, and improved decision-making. By engaging P.Eng. license holders, PEO can strengthen trust and collaboration within the organization.
- **Practical Implementation:** The motion provides a clear framework for implementing referendums, managing staff adherence to rules, and defining Council accountability.

These actionable steps simplify governance processes and ensure efficient integration of the proposed changes.

- **Precedents in Other Organizations:** Similar approaches have been successfully adopted by other regulatory bodies, such as those in healthcare and law, to involve stakeholders in significant decisions. Their experiences provide valuable insights and confidence in the feasibility of the proposed actions.
- **Future Implications:** The proposed changes can serve as a model for progressive governance in the engineering profession. By empowering stakeholders and fostering accountability, PEO can position itself as a leader in professional self-regulation.
- **Flexibility and Safeguards:** The motion includes provisions to ensure rules align with provincial legislation and PEO's legal obligations, maintaining a balance between innovation and compliance.

These points aim to clarify the rationale, feasibility, and potential benefits of the motion, helping the AGM and Council make informed decisions.

Explanation:

These concepts aim to clarify the hierarchy within PEO and address ongoing discussions surrounding governance. Some debates suggest that entities other than PEO hold ultimate authority over licensing matters in Ontario. However, this notion conflicts with the fundamental principle of engineering self-governance. As stipulated in the Professional Engineers Act, the authority to govern the engineering profession within Ontario resides solely with licensed professional engineers in the province. This ensures that the standards, ethics, and practices of engineering are shaped by those who are directly engaged in and experienced with the profession.

Neither the PEO administration, the provincial government, nor any other third party holds ultimate authority over these matters. This framework upholds the integrity, independence, and autonomy of the engineering profession in Ontario.

Stakeholders

Holders of a Professional Engineering (P.Eng.) license issued by Professional Engineers Ontario (PEO) are the primary stakeholders and true owners of PEO. According to the Professional Engineers Act, PEO and its Council are entrusted with regulating the engineering profession and its members to ensure they protect the public interest. While PEO is not directly tasked with serving the public, its primary role is to oversee professional engineers, ensuring they meet the standards necessary to safeguard the public. Professional engineers, in turn, are directly responsible for considering the public interest through their daily professional activities.

Unlike self-governing bodies, governments and their employees are explicitly mandated to serve the public directly.

Council Composition

The current PEO Council ("Council") is composed of a majority of elected councillors and a minority of government appointed councillors, who represent these stakeholders. This balanced structure may ensure that decisions reflect the collective voice of the profession while incorporating diverse perspectives. Although the appointed councillors may not be professional engineers, they are still obligated to contribute to the regulation of the engineering profession as long as they are authorized to be in the Council.

Adherence to Rules

PEO staff, including the Registrar, must follow rules and regulations approved by the Council unless they conflict with provincial legislation, the Professional Engineers Act, or face opposition from the majority of stakeholders. This ensures that the operations and policies of PEO are aligned with the stakeholders' interests and legal frameworks.

Referendum Requirement

What Requires a Referendum?

- **Significant Rule Changes:** If the Council approves new rules or significant amendments to existing rules that would have a substantial impact on the majority of stakeholders (licensed P.Eng.), a general referendum would be required. This ensures that major decisions affecting the profession are made with direct input from those impacted.
- **Major Policy Shifts:** Any major policy changes that could affect the core operations, ethics, or practices of the engineering profession in Ontario. This includes shifts in how the profession is governed or significant modifications to the Professional Engineers Act principles.
- **Large-Scale Initiatives:** Initiatives that would drastically alter the structure, funding, or strategic direction of PEO. For instance, a proposal to significantly increase licensing fees or restructure the Council would necessitate stakeholder approval through a referendum.

Role of the President

The president of PEO has the authority to call for a referendum as outlined in this guideline. This ensures that there is a clear and authoritative mechanism for addressing significant changes that impact the engineering community.

Other Obligations

This guideline does not alter other mandatory obligations of PEO as detailed in the Professional Engineers Act. It ensures that while the stakeholders' voices are prioritized, the foundational responsibilities of PEO as mandated by the Act remain intact.

Benefits:

Clear definition of stakeholders will help to:

- 1- prevent confusion about who is governing the profession
- 2- create a reference to where the final power resides
- 3- stop third parties from any attempt to take over the leadership of profession
- 4- redefine rules and regulations properly
- 5- reinforce the negotiation power of organization with other entities

Question: The Ontario government governs the profession. They have given PEO the ability to regulate the profession on their behalf, and they have the ability to take this power away. In the Act, it clearly states PEO's primary purpose is to "regulate the practice of professional engineering and to govern its members, holders of certificates of authorization, holders of temporary licences, holders of provisional licences, and holders of limited licences in accordance with this Act, the regulations, and the by-laws in order that the public interest may be served and protected." Are these contradictories to this proposal?

Answer: These statements are true. No one is questioning the purpose of the organization or the validity of the Act. This proposal does not aim to modify the purpose; it aims to verify the accountability of those responsible for it. The proposal emphasizes that all license holders, as stakeholders, are responsible for upholding the purpose of the Act, not just the council or some volunteers. This approach expands responsibilities to everyone involved.

Question: PEO's key role is to serve the public interest, not the interests of the regulated profession (Professional Engineers). In many cases, these interests will align, but not always, and PEO needs to consistently do what is best for the public, not the profession. Would this proposal affect this principle?

Answer: First and foremost, PEO does not directly serve either the public or its stakeholders. Its primary role is to regulate the engineering profession in a way that safeguards the public interest. Secondly, modifying the definition of stakeholders to include all license holders does not undermine these principles. PEO is not a for-profit corporation, and its license holders are

not shareholders. This change in definition primarily serves to provide internal clarity and ensure responsibilities are well-defined.

In all cases, the Professional Engineers Act and PEO's guiding principles take precedence, guaranteeing that the public interest remains the primary focus. This proposal reinforces PEO's commitment to its foundational mandate without altering its dedication to serving the public interest.

Question: If the province becomes aware of this proposal, it could quickly mean the end of self-regulation of the engineering profession.

Answer: The provincial government would not interfere with PEO's internal affairs as long as PEO fulfills

its mandatory obligations. Changing some definitions or asking people to be more accountable does not trigger a government audit. The proposal seeks to enhance accountability and transparency without

compromising the self-regulation of the engineering profession.

Question: This motion seems to be more of a guidance document than something requiring a by-law or regulation change, with the possible exception of "Referendum Requirement" and "Role of the President." In fact, you referred to it as a "guidance" document in your last paragraph. Generally, approval from the general membership is required for any revisions to the by-laws. Council should never have acquired that power, nor should the government have granted it.

Answer: This statement is absolutely correct. This motion is, indeed, a guidance document. Once approved, staff will have the opportunity to align existing rules and regulations with its principles. Both the "Referendum Requirement" and the "Role of the President" sections underscore the importance of self-governance, which remains one of the core principles of PEO.

I fully agree with the observation about the necessity of membership approval. Once this motion is passed, the Presidents will have the authority to exercise their power to call for a referendum on the matter, should they choose to do so.

In the meantime, we must continue to operate in accordance with the existing rules and regulations.