



Theme Number 5*
October 2004

College Staffing and Finances

The College will be a small organization. By looking at the resources of other regulatory bodies with memberships of similar size, it was determined that the College could operate with four full-time employees. It is also planned that the creation of the College will not create a significant increase, in fact probably no increase, in annual fees for agents.

1. Staffing

- Staffing is based on comparisons with organizations such as the Canadian Institute of Actuaries and the Law Society of Saskatchewan.
- IPIC is also a good comparable because of the size of membership. Also, IPIC would continue to exist and provide services thus reducing the work expected from College staff (e.g. advocacy, continuing education, publications).
- IPIC currently has four full-time employees.
- It is proposed that the College would also have four full-time employees:
 - Executive Director (includes handling of complaints)
 - Registrar (membership)
 - Exams coordinator (includes professional standards)
 - Administrative Assistant
- It is possible to consider having the Executive Director and Registrar as the same person and have a support staff to maintain membership data and services.

2. College Revenues

* The purpose of these thematic sheets is to outline the operations of the College as proposed by IPIC and to seek feedback on these proposals.

- Currently, trade-mark and patent agents pay CIPO an annual fee of \$350 to be on the register. Those fees would be collected by the College instead of CIPO. That would provide for about \$700,000 a year. (Keeping in mind that out of the 1,600 or so expected members, many pay the fees to be on both the patent and the trade-mark registers).
- In addition, based on the new fees established by CIPO for writing the patent agent exam and the trade-mark agent exam, revenues of \$100,000 a year are expected from the exams.
- In summary:

Annual fees:	
600 patent agents @ \$350 =	\$210,000
1,400 trade-mark agents @ \$350 =	<u>\$490,000</u>
Total:	\$700,000
Exam fees:	<u>\$100,000</u>
TOTAL	\$800,000

3. College Expenses

- As a point of comparison for what follows below, IPIC's budget is approximately \$1.25 million. This includes \$405,000 for office operations (includes the salaries of the four permanent staff and temporary help, rent, insurance, amortization, and the web site). Direct expenses (which do not include staff) for courses, seminars and other events represent approximately \$560,000 of the budget.
- This is the anticipated budget for the College:

Administration/general	
Salaries	300,000
Rent	60,000
Meetings (of the College)	40,000
Office operations	70,000
Publications and web site	30,000
Insurance	<u>50,000</u>
Sub-total	550,000
Discipline	
Tribunals (judge, legal counsel)	130,000
Travel (of boards, investigators)	<u>50,000</u>
	180,000
Exams	
Salaries (included above)	0
Consultant	10,000
Honoraria	20,000
Room rentals	20,000
Operations (photocopies, mailings, etc)	<u>20,000</u>
	<u>70,000</u>
TOTAL	\$800,000

4. Risks and Contingencies

4.1 Insurance

- The College would hold liability insurance because it would be licensing people to practice. That estimated cost (\$50,000) is included in the above budget estimates. The cost could be lower because of the proposed clauses for the Act that would limit liability.

4.2 Discipline

- As a point of comparison: Actuaries with 3,300 members: 88 complaints since 1992 handled by disciplinary process. 18 resulted in sanctions. The Institute of Actuaries budgets \$225,000 a year for discipline costs.
- The Actuaries are used as a point of comparison because they are a federal body.
- There are very few complaints about agents each year.
- The first step in the disciplinary process is handled by a volunteer committee. If a complaint is unfounded, it does not call for significant expenses.
- However, there is a risk that in a bad year, a few complaints lead to tribunals, appeals and possibly civil court. The Actuaries saw costs of \$800,000 in one year. They were able to cover those with accumulated reserves.
- As a contingency, the following is under consideration for the College:
 - When the budget for discipline is not all used in a year, the amount goes into a reserve.
 - For the start-up, the College could consider asking the Government for a loan guarantee in case of many disciplinary cases in the first initial years.
 - The idea of requesting an annual fee from foreign agents is under consideration. This is not the case now and would create a new revenue source.
 - As a last resort, increase in fees could be considered (possibly one-time only). For example, if an additional \$500,000 was required, it would represent approximately \$300 per member. For an agent who bills 1,000 hours per year, this means an additional \$0.30 (30 cents) per hour added to the billing rate.

5. Summary

Under the proposed plan, agents should not see an increase in annual fees to obtain a self-regulatory system. The changes would be as follows:

Example of member type	Current situation			Proposed situation		
	IPIC dues	CIPO fees	Total	IPIC dues	College dues	Total
Patent Agent Fellow of IPIC	\$ 367	\$ 350	\$ 717	\$ 367	\$ 350	\$ 717
Patent and TM Agent Associate member of IPIC	\$ 306	\$ 700	\$ 1,006	\$ 306	\$ 700	\$ 1,006

Please send your comments to college@ipic.ca by October 29, 2004.