



ANNUAL REPORT

BY THE

CHARTERED PROFESSIONAL ENGINEERS COUNCIL

ON THE

PERFORMANCE OF THE REGISTRATION AUTHORITY

FOR THE PERIOD

1 JANUARY TO 31 DECEMBER 2016



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1. INTRODUCTION

This report has been prepared by the Chartered Professional Engineers Council (Council) on the performance of the Registration Authority (RA) for the period 1 January to 31 December 2016, pursuant to Section 53 of the Chartered Professional Engineers of New Zealand Act 2002 ('the Act'). The Registration Authority is the Institution of Professional Engineers New Zealand (IPENZ).

2. REGISTRATION AUTHORITY'S ANNUAL REPORT

The RA has provided Council with its annual report for the period: 1 January to 31 December 2016. The report provides information on activities performed by the RA and records the work undertaken by the RA in fulfilling its obligations under the Act.

The Council is very pleased to acknowledge that the RA has addressed comments and concerns raised by this Council in its report on the 1 January to 31 December 2015 year.

The RA is required to complete the following duties as prescribed in the Act:

- a) Maintain rules containing the minimum CPEng standards;
- b) Assess the competence of applicants against the CPEng standards;
- c) Keep and maintain a register of chartered professional engineers; and
- d) Receive, investigate and rule on any complaint against a chartered professional engineer.

Following a strategic overview, commentary and information is provided by the RA on the following topics:

- **Competence Assessment:** The assessment process for admissions to the CPEng register, and for continuing registrations.
- **Register Trends:** Data on the number of assessments undertaken for admission to, and continued registration on, the CPEng register. Including analysis of the CPEng register (as required under Section 52 (2) of the Act), with respect to the age distribution, gender breakdown, fields of engineering practice and geographical distribution of registrants.
- **Other CPEng-Based or Related Quality Marks:** Commentary on Design Verifier and Category A Recognised Engineer registers.
- **Complaints Resolution:** Commentary and data on complaints received by the RA relating to the actions of Chartered Professional Engineers and challenges to the competence assessment process.

The RA's report covers the necessary quantitative information required by the Council for the reporting period.

The report acknowledges the comments made by the Council in its 2015 report and specifically addresses what the RA has done to address concerns raised. As requested by the Council, the RA report provides more qualitative information relating to their activities including two case studies illustrating aspects of a Chartered Professional Engineers ethical obligations.

A copy of the RA's annual performance report is submitted to the Minister with this report from the Council.

3. THE COUNCIL'S PERSPECTIVE ON THE RA'S PERFORMANCE

The Council considers that the Registration Authority is performing well in the following areas:

- Financial surplus achieved for RA activities for the year.
- The processing time for initial (AFA) and ongoing assessments (CRA) has decreased markedly in the 2016 year. Both are now approaching their target period of 84 days.

- The total number of Chartered Professional Engineers has increased steadily in recent years. The total number of registrants has increased 18% over the past 5 years with a 2% increase in the last 12 months.
- The competency assessment and re-accreditation process for chartered professional engineers continues to be robust. The Council has in 2016 received 3 appeals from engineers who have been declined re-assessment. Of these appeals, 1 was declined and the remaining 2 were referred back to the Competence Assessment Board for reassessment. This appears to indicate that the assessment regime is rigorous and that the assessment standards are being appropriately applied.
- IPENZ, which is the organisation charged with performing the responsibilities of the RA completed an organisational review. This review has led to the strengthening of the legal and permanent competence assessment teams.
- Significant effort has been made by the RA to streamline the complaints process. This has included workshops focussed on all parts of the complaints process, documenting best practice procedures and a focus on resolving issues before they become complaints.
- The RA ran a number of workshops around the country to provide Chartered Professional Engineers more information on the changes to the Code of Ethical Conduct that were gazetted on 16 May 2016.
- Further refinements made to the website and membership management system appear to be having a positive impact on interactions with the membership and the processing of applications for registration.

Overall we are encouraged that the RA is continuing to look for ways to improve its management of the CPEng assessment process.

In our previous report we proposed to conduct a survey of a sample of CPEng candidates and registrants to ascertain their views on the registration system and what is working or not working well for them. This has been discussed with the RA. It has been decided that that questions proposed by the Council will be added to the survey that RA proposes to run. The Council will be given access to the data from this survey to allow a more quantitative commentary on the assessment process.

As part of its overview of the RA the Council continues to:

- Invite the RA to each Council meeting to present reports on assessments and complaints.
- Monitor the time taken for the hearing of complaints.
- Consider the outcomes of appeals and maintain discussions with the RA on whether the Act and Rules, as currently worded, are efficient and appropriate.

4. CHANGES TO IPENZ MEMBERSHIP PATHWAY

IPENZ consulted with Council as part of the development of a new membership pathway. From October 2017 a Chartered Member class will replace the existing competence based membership class Professional Member (MIPENZ). To become a Chartered Member an engineer will need to go through an assessment process similar to that for CPEng and the current process for MIPENZ.

In developing their new membership pathway IPENZ has worked to develop a membership model that aligns with potential changes to occupational regulation, including the possible introduction of task-based licensing for safety critical work. Until any occupational licensing changes are enacted though, the current CPEng quality mark will exist alongside the Chartered Member membership class.

Whilst not directly within the scope of the Council's report on the RA, the Council would like to note some concerns on the confusion raised by having two "Chartered" statuses with differing requirements. The RA has acknowledged this risk and is developing a detailed communications plans to mitigate it, but Council considers that this is a matter that the RA will need to give careful ongoing attention and monitor closely as part of the implementation of its new membership pathway.

5. REQUIREMENTS OF THE REGISTRATION AUTHORITY

The following are specific matters that the RA is required to report on:

(a) RULES FOR CPEng STANDARDS

Part 3 of the Chartered Professional Engineers Rules was amended during the year to incorporate the new Code of Ethical Conduct.

(b) RULES FOR CPEng FEES

No changes to the CPEng fees was made during 2016. The current fee levels are set out in Appendix 1 of the RA's report.

(c) THE COMPETENCE ASSESSMENT PROCESS

The RA reports that the total assessment workload in 2016 (704) was similar to that experienced in 2015 (701). It currently has 19 (c.f. 17 in 2015) Staff Assessors who lead the assessment panels. Two of these are permanent IPENZ staff employed during the 2016 year. A third permanent assessor was employed and commences the role in 2017. The remainder of the Staff Assessors operate on contract.

There is a pool of 295 (c.f. 345 in 2015) trained Practice Area Assessors available for appointment to assessment panels. The RA again notes in its report the shortage of Practice Area assessors, especially in the structural field is creating challenges. The RA plans to address this during 2017.

The Council has confidence that the RA is maintaining a credible and robust competency assessment system that fulfils its obligations under the Act.

(d) REGISTER OF CHARTERED PROFESSIONAL ENGINEERS

During the period 1st January – 31st December 2016 the number of persons registered as CPEng increased by 1.9% - from 3428 to 3495. Details of the makeup of this number are contained within the RA's report.

The RA's Annual Report also provides detail of the age and gender breakdown of registrants as well as practice field and geographic distribution. The Council has previously commented in its own reports that engineering continues to be a male dominated profession. Whilst the total number of female CPEng's has risen from 8% to 9%, as the RA notes, there is still a lot of work to be done in this area. Addressing the challenge of gender diversity is one of IPENZ's 16 strategic priorities.

Looking ahead, the RA expects it will receive 250 new registration applications during 2017, mainly from new graduates who have not been previously assessed. Continued registration assessments are anticipated to total 500, based on numbers currently on the register.

The RA is confident that the changes and on-going fine tuning to the membership management system and the assessment process will result in further reductions in processing time and increased satisfaction for members being assessed.

(e) COMPLAINTS AGAINST CHARTERED PROFESSIONAL ENGINEERS

For the purposes of its reporting to CPEC, the RA refers to concerns or complaints that were more than one-off enquiries as 'complaints'.

During 2016, 53 new complaints were received against Chartered Professional Engineers (c.f. 21 in 2015). There were 9 other complaints still being processed from 2015. Whilst the number has increased significantly from 2015 it is in line with earlier years.

From October to December 2016 the RA received 12 complaints relating to engineer obligations to carry out stakeholder engagement in the insurance context and to interpret clients' insurance policies (the majority of these were received from one engineer or his clients). The complaints highlighted confusion regarding engineer obligations in these areas, and reflected a misunderstanding of the Code of Ethical Conduct. The RA provided guidance on the issues.

Of the 62 complaints (new and carried over from previous year), 36 complaints were closed (i.e. upheld, withdrawn, or dismissed under rule 57). 26 complaints were still active at the end of this reporting period.

The 36 closed complaints comprise:

- 7 closed via the new early resolution process
- 11 were withdrawn
- 9 were determined to be outside of jurisdiction
- 5 dismissed at the initial stages by a Chair of Investigating Committees acting as Adjudicator
- None dismissed by an Investigating Committee
- 1 was dismissed by a Disciplinary Committee
- 3 were upheld by the Disciplinary Committee

The Council has raised a concern in previous reports relating to the number of complaints that are dismissed by the RA early in the processes by the Chair of the Investigating Committee acting as the Adjudicator. The RA has addressed this concern with the introduction of the early resolution process. This form of Alternative Disputes Resolution is allowing “concerns” to be resolved between the parties prior to them becoming a “complaint”. The Council has complimented the RA on this initiative.

The Council receives a summary from the RA of all complaints, once the period allowed for an appeal has passed. These complaints and their handling are discussed with the RA at the Council’s quarterly meetings.

The Council received 4 appeals (14 in 2015) against decisions of the RA during the 2016 year. This included 3 appeals (6 in 2015) on registration assessments.

During the 2016 year the RA has put considerable effort into improvements around the complaints management process. This has been achieved by holding workshops with stakeholders, training of investigating and disciplinary chairs, documenting best practice and sharing this via an online platform. The employment of in-house legal counsel has also raised the quality and consistency of the complaints process.

The Council is happy with the direction the RA is taking. There will always be complaints and some of the decisions made will be appealed. It is the aim of this Council to ensure that the public and engineers who become involved in the complaints process are treated consistently, fairly and in an expeditious manner.

6. REGISTRATION CHARGES

In the Council’s previous reports on the RA concern was noted over the financial operating deficit of the RA’s activities. For the financial year to 30 September 2016 the RA reports an operating surplus of \$74,561 (for the year to 30 September 2015 a deficit of \$231,686 was reported). The reversal is primarily due to the reduction in legal costs from significant complaints and appeals. The RA still has an accumulated deficit of over \$1.2 million. The IPENZ governing Board is monitoring this debt but does not consider that it needs to be fully recovered.

7. OTHER CPEng-BASED OR RELATED QUALITY MARKS

The RA continues to manage the registers of Design Verifiers (pressure equipment, cranes and passenger ropeways). There was no change in the numbers of individuals on this register (22). During the year the Category A Recognised Engineer (dam safety) register was closed.

8. RELATED ACTIVITIES THAT MAY IMPACT ON CPEng

The engineering workload driven by the on-going Christchurch rebuild, the Kaikoura earthquake and strong growth in Auckland continues to drive a demand for suitably qualified engineers. The Kaikoura earthquake has again greatly increased the contact between the general public and engineers (especially structural and geotechnical). This contact is both in the assessment/design of repairs and engineers acting on behalf insurance companies. As noted above, the role of engineers acting for insurance companies has been reviewed by the RA following the receipt of a number of complaints from the public.

The changes to the IPENZ membership pathway and changes to the occupational licencing system will have a significant impact on CPEng. There are two main drivers for an engineer to invest the time and money into becoming Chartered and maintaining this status:

1. A visible means of differentiating themselves from others who have not achieved this status. An indication that they have been assessed by their peers to be competent both technically and with a wider understanding of management, risk and social/ethical responsibilities.
2. A requirement for their work, for example, recognition of CPEng by Building Consent Authorities.

The first of these drivers may be met with IPENZ "Chartered Member" status. This will indicate that the individual engineer has reached the defined level but with no requirement to confirm this assessment every 5 or 6 years. The second driver will be replaced with a comprehensive occupational licencing system.

CPEng in its current format will continue to exist until the new occupation licencing scheme is established. At that time, the Act and Rules will need to be significantly revised. The relationship between the engineering membership organisation IPENZ, the Registration Authority and an overarching licencing regime will need to be defined. As has been previously indicated by the Minister, the role of this Council will be disestablished and replaced with a wider licencing body. The Council will continue to work with the RA and the Ministry to define how these relationships could work.

9. SUMMARY

The Council considers that the Registration Authority is performing well and has addressed a number of the concerns previously raised. It is very pleasing to see the reduction in assessment times for both initial and continuing assessments.

The restructuring of the organisation within IPENZ/RA and the engagement of an in-house legal team have promoted a positive review of the complaints process. The introduction of an early review system to address concerns before they become complaints is providing clarity for both the public and engineers on the expectations of performance and behaviour of engineers.

The nationwide promotion of the new ethical standards has done a lot to raise awareness of the wider engineering community of their obligations.

The relationship between the RA and the Council is seen as strong and positive. Whilst it is the Council's role to provide oversight of the RA's operations it makes this role considerably easier and more effective if the lines of communication between the two parties are open.

Dated: 9 June 2017



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