

Annual Report of the CPEC

For the period 1 July 2013 to 30 June 2014

1. INTRODUCTION

This report contains commentary on the activities of the Chartered Professional Engineer's Council ('the Council') for the year ended 30 June 2014. It provides information that will enable an assessment to be made of the Council's performance and exercise of its functions and powers under the Chartered Professional Engineers Act 2002. Annual financial statements and a statement of responsibility for them prepared in accordance with section 55; and the auditor's report in accordance with section 56 are included.

Commentary is provided on the following matters:

- The up-take of the CPEng title
- Speed of assessments and re-assessments of CPEng
- Number of complaints and appeals
- New Code of Ethics for engineers
- Conflict of Interest – Registration Authority and IPENZ

The report also includes some comments from the Council on the proposed occupational regulation of engineers, and refers to a recent announcement by the Minister for Building and Construction.

2. ROLE AND FUNCTIONS

The Council is established under the Chartered Professional Engineers of New Zealand Act 2002 ("the Act"). The Council's primary role is to hear appeals from decisions of the Registration Authority about the registration of, or complaints about the conduct of, professional engineers. The Institute of Professional Engineers NZ (IPENZ) is established as the Registration Authority under the Act.

It is also the role of the Council:

- a. to review proposed rules containing CPEng standards in accordance with the Act, and if the proposed rules meet the applicable requirements, to approve them.
- b. to review and report to the Minister on the performance and exercise of the functions of the Registration Authority.
- c. to report to the Minister on the Council's exercise of its own functions.

The Council's membership is diverse including non-engineers and consumer representatives. Of its seven members, three are not engineers. In performing its functions, the Council regards its statutory independence very seriously, particularly as it is an appeals body.

The activities of the Council during the year in respect of its functions are summarised in the following table.

Statutory Function	Activity during the year
Section 45(a) - Review and approve proposed rules containing CPEng standards	No new rules were received for approval this year
Section 45(b) - Hear appeals from decisions of the Registration Authority	Eleven appeals were received during the year. Hearings on three appeals were held and the results communicated to the respective parties.
Section 45(c) - Review and report to the Minister on the performance and exercise of the respective functions and powers of:	
▶Registration Authority (s53)	2013 Annual Report (for the 12 months to December 2013) – published in June 2014
▶CPEC (s54)	2013 Annual Report (for the 12 months to June 2013) – published in October 2013

3. COUNCIL BUSINESS

The Council's operational costs were below budget. Having deliberately let reserves run down over the last seven years, Council increased the annual fee that it charges to the RA , to cope with the increasing level of appeal activity.

As well as fulfilling its statutory functions, the Council has given attention to the following matters:

- a. The up-take of the CPEng title
- b. Speed of assessments and re-assessments of CPEng
- c. Number of complaints and appeals
- d. New Code of Ethics for engineers
- e. Conflict of Interest – Registration Authority and IPENZ

A new Accountability Agreement with the Minister was agreed this year. It requires more detailed reporting

from the Council on matters to do with professional registrations, including trends. The Council was also asked in future to prepare an annual Strategic Plan that would feed into the Registration Authority's plans.

3.1 Uptake of the CPEng title

It is encouraging to see the continuing uptake of registration for the Chartered Professional Engineer (CPEng) title by the profession. The recognition of CPEng, as an enduring quality mark of "current professional engineering competence", has been enhanced by the extensive use and recognition of people empowered to use the title in New Zealand after the dramatic events following the Canterbury earthquakes in 2010 and 2011.

The total number of CPEng members was over 3,300 by June 2014. The RA expects around 200 practising engineers to apply in the next year or so, as well as 200 to 300 graduates per annum. A total figure of 4,000 CPEng on the register within five or six years is looking likely.

However given that the total number of practising professionally qualified engineers is estimated to be over 20,000 there is still clearly some way to go to encourage all engineers to participate in the charter process. This remains a challenge for the profession, for IPENZ, and for the RA. The Council reports separately to the Minister on the performance of the RA and it is not intended to repeat that information here.

3.2 Speed of assessments and re-assessments of CPEng

The time being taken by the RA to assess or re-assess professional engineers for the CPEng Register has not reduced in the last year. To a large extent this is due to the numbers involved. This figure has risen to about 900 in total and requires a huge amount of effort from volunteers. The RA is now using more video meetings and is finding ways to increase the speed of assessments without reduction in quality. The five-year cycle has been moved out to six years and the number of new entries seems to have stabilised at around 250 per annum. Times for the assessments and re-assessments are expected to start falling from now on.

3.3 Number of complaints and appeals

The RA updates the Council each quarterly meeting with details of any complaints made against CPEng once the RA's investigation and disciplinary procedures are complete and the appeal period has expired. This Council monitors all of these cases, and selects a few for a thorough review.

The issue of Investigating Committee Chairmen not forwarding complaints onto a full Investigating Committee often enough was fully discussed at a special meeting during the year. Unfortunately this still appears to be a frequent problem. The Council has commenced review of a selection of appeals to audit why so many appeals are not going on to full Investigating Committee review. We are also concerned that the process could be more

efficient and that the total time from complaint to final decision has risen slightly in recent months.

■ <i>Number of open appeals at 1 July 2013</i>	– 1
■ <i>Number of appeals received 1 July 2013 – 30 June 2014</i>	– 13
■ <i>Number of open appeals at 30 June 2014</i>	– 10
■ <i>Appeals closed during the year</i>	– 4

[2 appeals related to Registration and 1 related to an Australian CPEng]

3.4 New Code of Ethics for engineers

Last year, in September, IPENZ and the RA both proposed a review of the Code of Ethics. A sub-group prepared a draft document by studying reports on various disaster events – Cave Creek, Pike River, Waikato cool-store fire various issues associated with the earthquakes in Canterbury including the CTV building. The Royal Commission on the Canterbury Earthquakes was pleased to see that the Code of Ethics for CPEng and F/MIPENZ Engineers was the same. It is assumed that an engineer has to be “professional” no matter what. Integrity, competence and responsibility are vital to the role.

The sub-group noted that an engineer needs to be able to report on, or review another engineer’s work. Yet the ethical requirement to report potential or perceived issues directly to the responsible authority is fraught with difficulties including the impact on professional insurance.

By March 2014 the sub-committee had taken insurance and legal advice and put the draft out to all members for consultation. In essence the acceptance of the proposed new Code of Ethics is very high amongst New Zealand’s professional engineers. The sub-group is currently finalising the wording based on the comments received via the consultation process. To be implemented the Rules or the Act will need changing.

3.5 Conflict of Interest between the Registration Authority and the Institution of Professional Engineers New Zealand

One of the issues of interest to the Council in past year has been whether there is any potential for conflict of interest between the activities of the RA and its ‘parent’ body, IPENZ. Following an enquiry from the Council, IPENZ reviewed their management of any potential conflict of interest and their independence from the Registration Authority. The question as to whether the two entities should be separated and an independent RA established was raised in 2012 and since then they have established separate logos and letterhead. In addition, the RA now has its own website.

The URLs – www.registrationauthority.org.nz or www.cpeng.org.nz both point to the site. The Board of IPENZ now meets separately when it is acting as the Board of the Registration Authority. The current Minister of Building and Construction, the Hon Dr Nick Smith, is keen to see a full review of the CPEng Act. Once the current elections are passed Council expects to see changes to the Act discussed and tabled. This is likely to lead to changes

in the way the Council is structured and operates with a new Act and Rules.

3.6 GOVERNANCE AND REGULATION OF THE ENGINEERING PROFESSION

The Council has been aware that following on from the Royal Commission on the Canterbury Earthquakes, the Government is keen to see changes to the governance and regulation of professional engineers. As well as potential change to the regulatory structures, it has been anticipated that there might be stricter controls on some areas of engineering practice requiring the use of CPEng. It has also been anticipated that the way that CPEng work will be more tightly regulated, and that the proposed new code of ethics will be strictly enforced.

The Minister had recently, and since the end of the year under review, published a consultation documents entitled "Proposal to strengthen the occupational regulation of engineers in New Zealand". We understand that the Minister proposes to introduce a new Bill to Parliament as soon as practical and, once enacted, to introduce changes to the occupational rules too.

The Council is supportive of the proposed consultation and change process, although we were surprised to have not been consulted during its preparation. We have a number of concerns as an independent Council about the governance of the profession and are keen to support the Minister and his advisers in redrafting the Act and regulatory systems as they relate to professional engineers. The current regulatory regime provides us with very limited powers and associated resources to make a substantive impact on the registration of, and hearing of complaints about the work of, engineers. The consultation document as published calls for the disestablishment of this Council. If that does eventuate then we will work with the Government to ensure a smooth transition. We do however feel that the experience we have gained in hearing appeals of decisions of the Registration Authority could provide a valuable insight into how a future complaints and appeals process should be structured.

4. COUNCIL MEMBERSHIP and MEETINGS

During the year Graham Shaw stepped down as Chairman. No replacement has yet been appointed, so Jon Williams (Deputy Chairman) is currently Acting Chairman. Arthur O'Leary stepped down and was replaced by Anthony Wilson. Ross Tanner was also appointed to replace Andrew Read.

Current Council members:

Name	Position	Date of Appointment	Date Appointed to
Graham Shaw	Chairman Nominated by the Minister	8 October 2008	13 October 2016 (left 6 June 2014)
Jon Williams	Deputy/Acting Chairman Nominated by the Minister	March 2013	30 June 2015
Jon Williams	Nominated by ACENZ	01 July 2010	New Role
Roland Frost	Nominated by IPENZ	8 October 2008	14 October 2017
Andrew Hazelton	Nominated by the Minister	18 May 2003	29 October 2015
Arthur O'Leary	Nominated by IPENZ	30 October 2010	29 October 2013
Jane Nees	Consumer Representative	10 October 2011	13 October 2014
Ross Tanner	Nominated by the Minister	1 September 2013	31 August 2016
Sharyn Westlake	Nominated by IPENZ	25 August 2006	5 October 2014
Anthony Wilson	Nominated by IPENZ	30 October 2013	29 October 2016

During this year the Council held four formal meetings in Wellington on the following dates:

Meeting # 45 - Friday, 13 September 2013

Meeting # 46 - Friday, 6 December 2013

Meeting # 47 - Friday, 7 March 2014

Meeting # 48 - Friday, 6 June 2014

Representatives from the Registration Authority including the Chief Executive of IPENZ attended each of the Council's meetings.

Representatives from the Ministry of Business, Innovation and Employment (MBIE) were invited to all meetings.

5. FINANCIAL STATEMENTS - For the Year Ended 30 June 2013

See summary appended below:

Jon Williams
Acting Chairman

Date: 30 September 2014

Actual 2013		Actual 2014	Budget 2014
\$30,000	Levies	\$70,000	\$70,000
\$2,933	Interest	\$3,358	\$4,000
\$32,933	Total Income	\$73,358	\$74,000
\$28,550	Appeal costs	\$8,804	\$40,000
\$12,185	Council meeting fees	\$15,529	\$15,000
\$6,570	Council meeting travel	\$5,672	\$9,000
\$7,850	Exec Officer fees	\$10,103	\$12,000
\$1,512	Exec Officer travel	31,936	\$2,000
\$7,150	Accounting and Audit fees	\$7,500	\$7,500
\$4,643	Miscellaneous	\$3,081	\$9,500
\$68,470	Total Expenses	\$52,625	\$95,000
(\$35,537)	Total Profit/(Deficit)	\$20,733	(\$21,000)
\$45,376	Total Cash on Hand	\$67,869	\$19,086