BUILDING PERFORMANCE

Report on the 2021 survey of Registered Engineering Associates: views on raising the annual registration fee

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MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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New Zealand Government

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Executive Summary

This document shares the results of a survey of Registered Engineering Associates (REAs) by the Ministry of Business, Innovation and Employment (MBIE) conducted in June 2021.

MBIE worked with the Engineering Associates Registration Board (the Board) to survey REAs on their views on raising the annual registration fee that REAs pay under the *Engineering Associates Act 1961* (the Act) and the *Engineering Associates Fees Regulations 2002*. REAs must pay the annual registration fee each year. The fee is intended to cover the costs of the Board's functions under the Act to maintain the Register, including its day-to-day operations and governance of the scheme.

It is timely to review the annual registration fee. Registrations are consistently declining and the fee was last revised in 2013. In recent years, the fees paid by REAs have not been enough to recover the costs to the Board of running the scheme. Some action is needed to assist the Board to continue to operate in the coming years.

MBIE received a good response to the survey, with 299 REAs, or approximately 35 percent of all current REAs completing the survey. MBIE considers that the data is likely to accurately represent REAs as a whole.

The key question was whether REAs thought that an increase in the annual registration fee, from $95.00 to $200.00 (including GST), was fair and reasonable. The majority (68 per cent) of REAs who responded to this question agreed it would be fair and reasonable.

MBIE also sought feedback on who REAs are and how they use their credential in their career. Most viewed the credential as being useful in their career, although of limited importance in their current occupation or to their customers or employers.

There was a range of suggestions to make the credential more valuable. Raising the profile of the credential was frequently suggested, as was strengthening the role of a REA in the building and engineering sectors.

However, some REAs were concerned that any changes to the credential would not be worthwhile in terms of the cost and extra steps that could be involved for REAs to maintain their registration.

The findings of this survey will inform MBIE's advice to Ministers on whether to increase the annual registration fee for the 2022 year. If the government decides to increase the fee, MBIE and the Board will work together to ensure that REAs (and people who may be considering becoming REAs) are made aware of the new fee.

Pages four and five of this report provide background on REAs, the Board and how declining registrations are affecting the Board's financial position.

Page six of this report discusses the responses to "is the fee increase fair and reasonable".

Pages seven to ten of this report summarise what MBIE learned about the composition of REAs, and their views on the value of the credential.

Pages eleven and twelve of this report summarise REAs' views on the future of the credential and the scheme.

1. Context for the survey

The roles of Registered Engineering Associates and the Engineering Associates Registration Board

The Engineering Associates Act 1961 (the Act) set up the Engineering Associates Registration Board (the Board) to establish and maintain a register of persons who apply and qualify to be registered as Registered Engineering Associates (REAs).

The REA credential is internationally recognised and was set up when government agencies carried out major public works. Registration as an REA was seen as a recognised career step for employees of these agencies as well as the private sector.

Registration is voluntary – i.e. holding the credential shows that the person has met certain standards, but the credential is not required for the person to work in their chosen field. Notwithstanding, some works such as ready-mix concrete audit, may be signed off by an REA.

Today, many REAs are senior members of the technical engineering profession working in construction, engineering and engineering sciences projects. They often play a 'bridging role', where projects have been designed by a chartered professional engineer, and are constructed by tradespeople.

The Board's role includes:

- determining acceptable standards of academic and technical training, experience, responsibility, and appropriate technical qualifications necessary for registration
- confirming an applicant's eligibility for registration
- supervising the maintenance of the Register of registered persons, the issuance of registration certificates, and other records, and
- appointing the Registrar.

The Board consists of nine members:

- three members who are appointed by the Minister, one of them as Chair
- one member of each association,[1] which has more than 50 members registered or eligible for registration under the Act, may sit on the Board.

The Board has an Accountability Agreement with the Minister for Building and Construction that records the Minister's expectations of the Board's performance. The Board's outputs were last agreed with the Minister in April 2017.

Numbers of Registered Engineering Associates have been declining since the 1980s

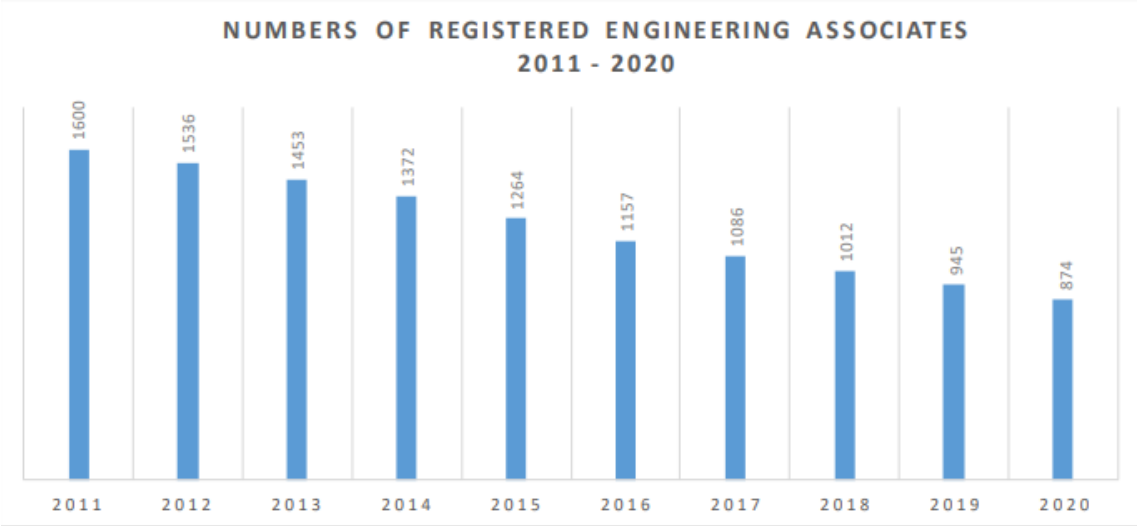
The credential has been in decline since changes in the 1980s resulted in significant amounts of engineering work shifting from government entities, like the former Ministry of Works, to the private sector.

[1] Design Association of NZ, NZ Institute of Healthcare Engineering, NZ Institute of Refrigeration, Heating and Air Conditioning Engineers, NZ Electronics Institute, Institute of Automotive Mechanical Engineers of NZ, NZ Institution of Gas Engineers. Not all of these associations are represented on the Board.

Since the last fees change in 2013, the number of persons paying fees has declined by over 40 per cent, to 874 REAs, as of 31 March 2020. This accounts for fewer than 5 per cent of the mid-tier professional (engineering technicians or technologists) workforce in New Zealand[2].

The number of REAs is currently declining at around eight per cent each year. Furthermore, approximately 85 per cent of REAs are over the age of 55.

Figure 1: Numbers of Registered Engineering Associates 2011-2020[3]



Declining numbers undermine the financial viability of the Board

As the number of REAs is steadily declining, the current annual registration fees paid by REAs do not adequately recover the Board's costs. The Board has been drawing on reserves of funds that are intended for emergency and unexpected costs, such as legal issues or needing to relocate premises.

The Board is working to control costs by taking steps such using teleconferencing for meetings judiciously, which reduces operating expenditure. However, MBIE considers the Board has limited ability to further reduce its costs. MBIE and the Board project that without some action, the Board will not have funds to operate by 2023/24.

[2] https://occupationoutlook.mbie.govt.nz/manufacturing-and-technology/engineering-technicians/
[3] Engineering Associates Registration Board – Annual Report 2020

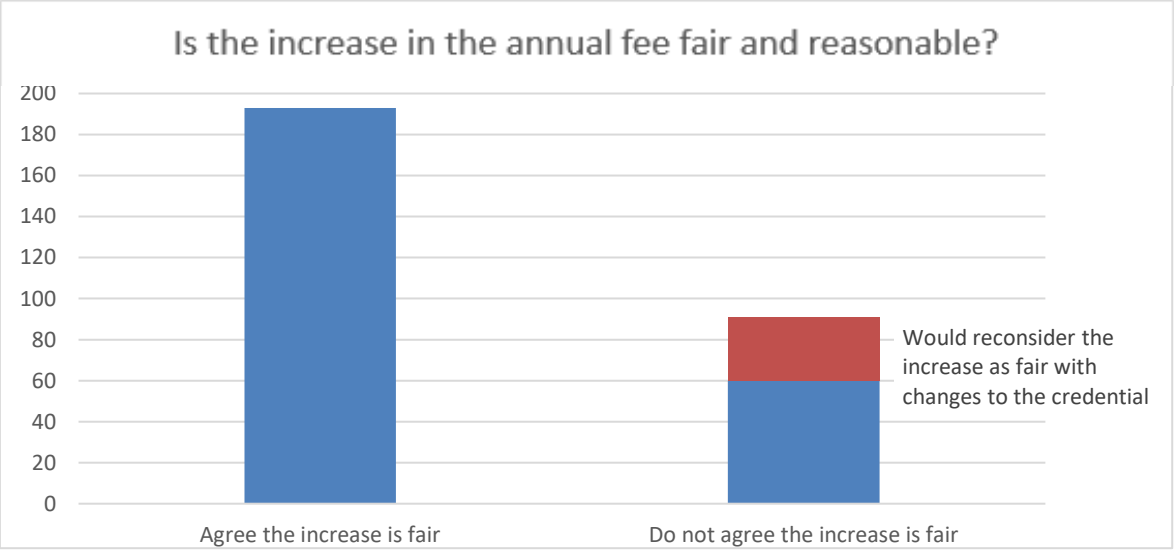
2. Views on raising the annual registration fee

MBIE worked with the Board to survey REAs on their views on raising the annual registration fee. The key question was whether REAs thought that an increase from $95.00 to $200.00 (including GST) was fair and reasonable.

Most REAs who responded supported increasing the annual registration fee

The survey found that the majority – 68 per cent (193) of the 284 REAs who answered this question, were in favour of increasing the annual registration fee to $200.00 a year (GST included).

Figure 2: REAs' views on whether the proposed fee increase is fair and reasonable



Of the 91 REAs who were not in favour, 31 would consider changing their position if the credential was strengthened or made more valuable. The range of suggestions for how this could happen are described on **page ten**.

3. Additional information MBIE learned from REAs

MBIE also sought feedback on who REAs are, and how they use their credential in their career.

Who are the current REAs?

MBIE received responses from around 300 REAs for each question (not all of these people answered each question, and some REAs belong to more than one ethnic group). This accounts for about 35 per cent of all current REAs.

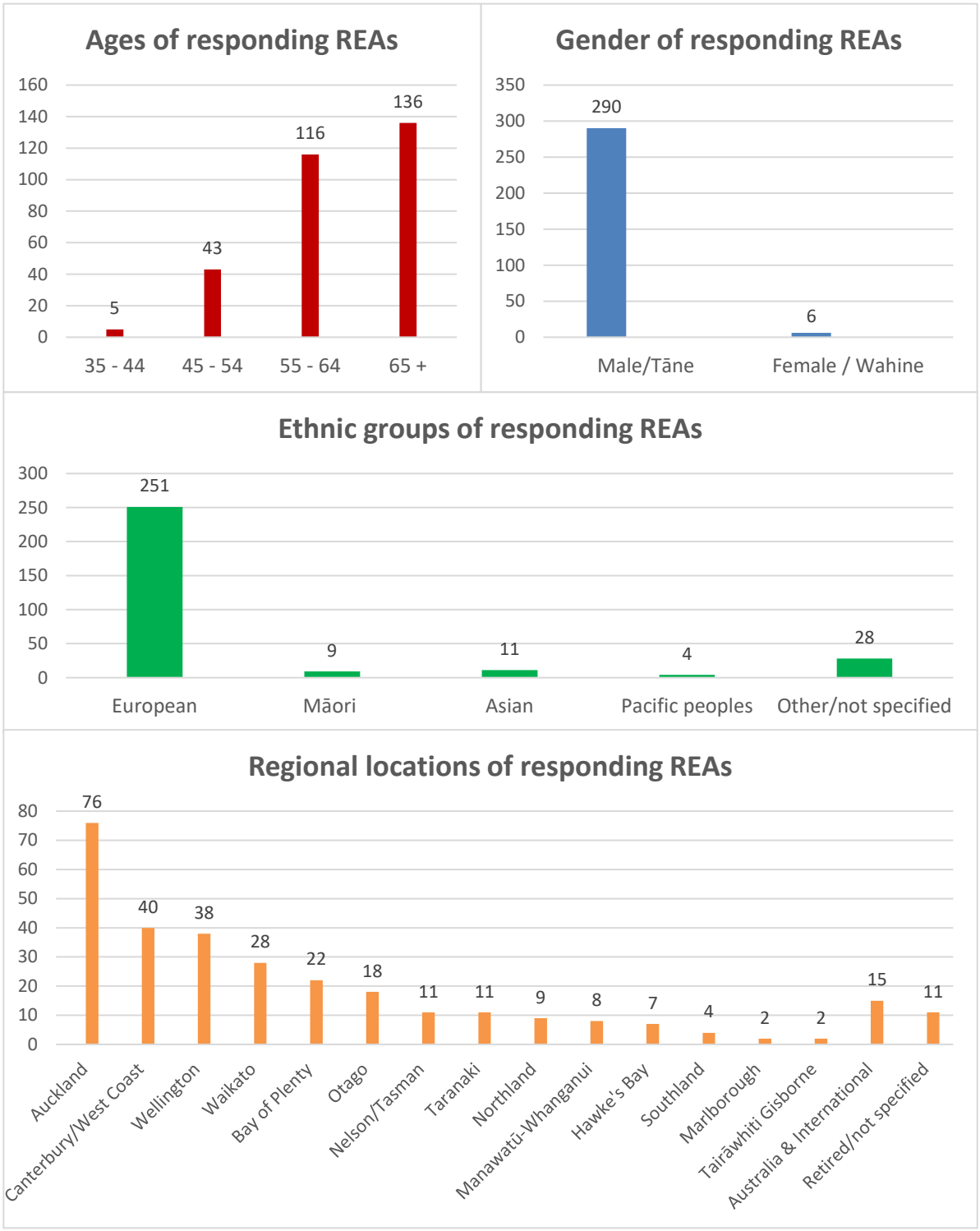
REAs who responded were are overwhelmingly older males of European descent. Compared to the average population, slightly more REAs live in the major urban areas[4] (approximately 65 per cent of REAs, compared to approximately 55 per cent of the total population).

Considering how large this sample size is, at over one third of all REAs, MBIE considers that the data is likely to accurately represent REAs as a whole.

Figure 3 on the next page sets out the age range, gender, ethnic group and regional location of respondents to the survey.

[4] Urban areas with 100,000 or more residents

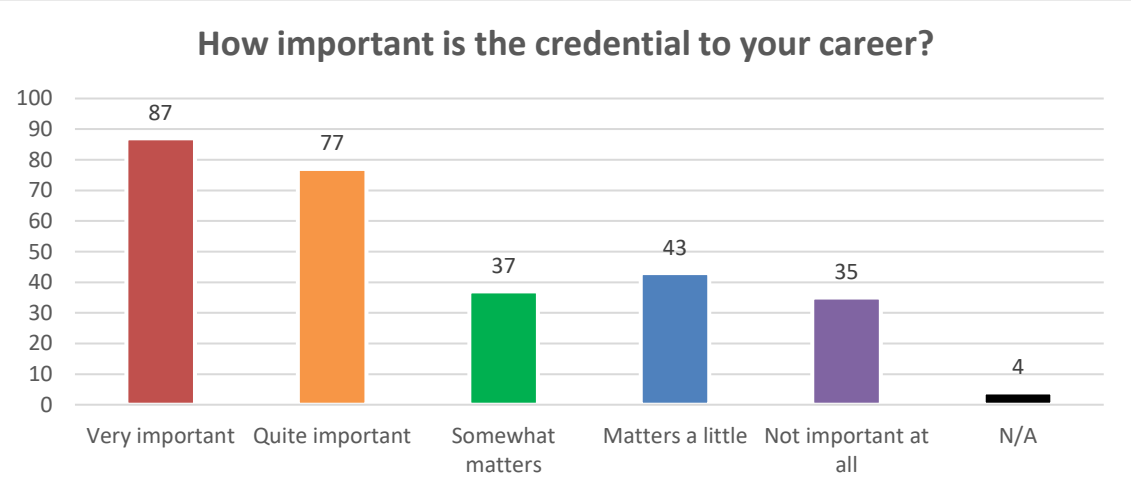
Figure 3: Age range, gender, ethnic group and regional location for responding REAs



How important has the credential been to you over your career?

REAs were surveyed on how much the credential had played a role in their career, with nearly 60 per cent describing it as either 'quite important' or 'very important' (Figure 4).

Figure 4: How important REAs viewed the credential to their career

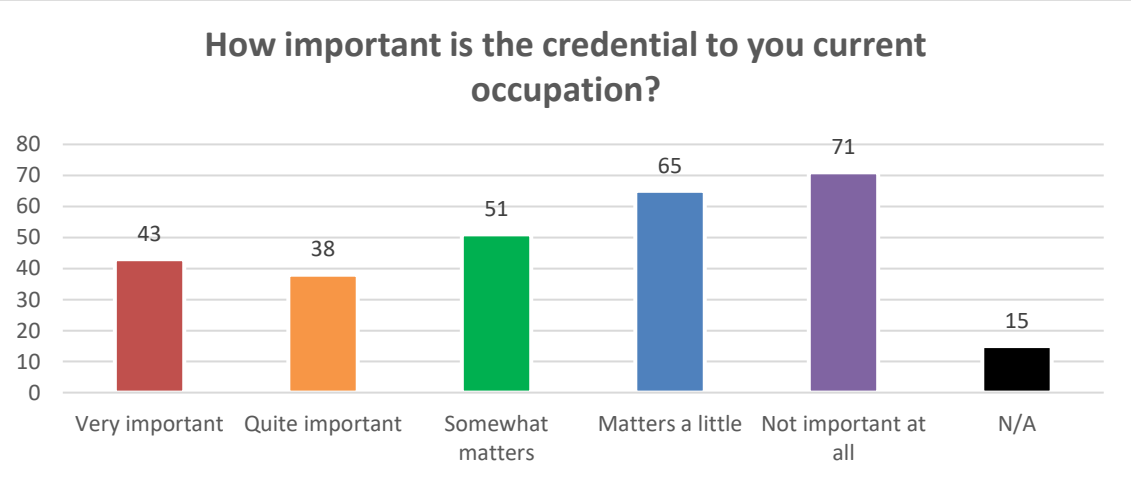


REAs who have maintained their credential said they heard about the credential through either work colleagues or their academic education.

REAs described the credential as giving employers confidence in their skills, particularly if they did not have a formal degree, in the early stages of their careers.

REAs also shared the view that the credential carried more weight earlier in their careers, during the 1980s and 1990s, compared to now. Some went as far as describing it as a requirement to advance their careers. This aligns with the information gathered on the age profiles of REAs – 85 per cent are over the age of 55.

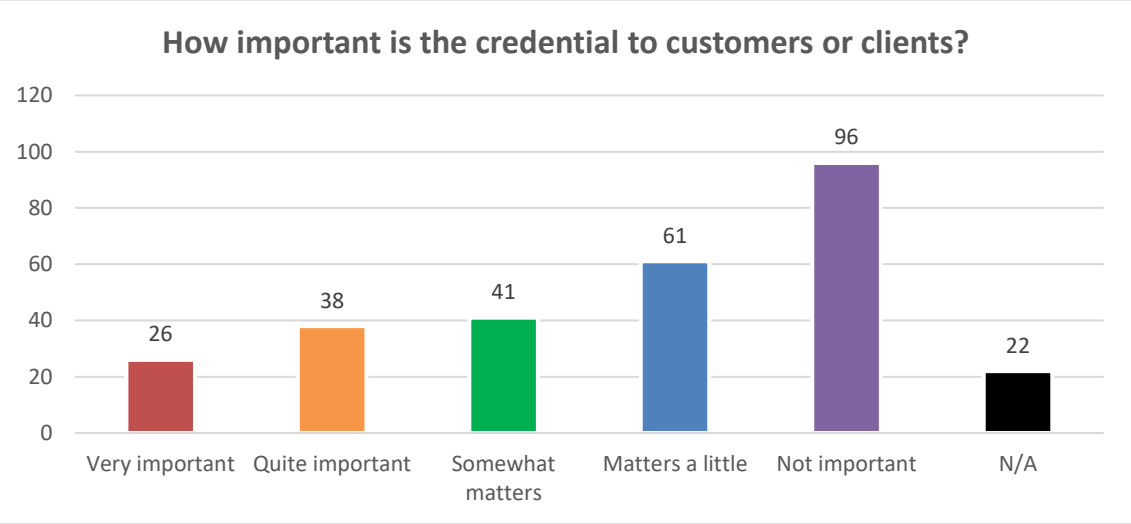
Figure 5: How important REAs view the credential in their current occupation



Where 60 per cent of REAs considered the credential played either a 'quite' or 'very important' role in their career, only 30 per cent responded that it was either 'quite' or 'very important' today.

Over 25 per cent rated the credential as not important at all, with other factors such as experience being more important. The credential is also viewed by REAs as less important to their customers or clients due to its declining profile (Figure 6).

Figure 6: According to REAs, how important is the credential to customers or clients?



Over half of REAs who responded viewed the credential to matter 'a little' to 'not at all' to their customers or clients. The reasons given are because the credential is viewed as dated, there is general public preference for proven experience over qualifications, and there is competition from better known schemes including Engineering New Zealand membership and the Chartered Professional Engineer credential.

What are your long term plans for your engineering career?

Most REAs who responded (85 per cent) are currently in an engineering-related occupation, with 72 per cent having no plans to change to a non-engineering role. Many shared that they intend to retire in the short or medium term.

One in three REAs had considered, or are considering, becoming a Chartered Professional Engineer. Common reasons for not pursuing this are being close to retirement, or shifting to business or corporate management roles.

A majority (62 per cent) of REAs do not believe that the credential will support their current career goals. Again, the most common reason is the REA nearing retirement.

Nonetheless, 81 per cent of REAs would recommend retaining the credential for employment in the engineering sector and related sectors. This indicates a widely favourable view of the content of the credential, even if it may not be usefully appreciated in the industry.

4. Views on the future of the REA credential

MBIE asked for ideas to improve the credential. MBIE will take account of these suggestions as part of longer-term policy work on the future of regulating engineering technologist and technician roles.

When thinking about the current regime, it is useful to bear in mind the potential costs to the Board, and the existing roles played by the industry associations. Any change to require REAs to do certain work (and exclude non-registered people) or allow them to do work of another regulated occupation, would need to be justified based on the level of risk involved and the demonstrated capability of REAs.

Table 1: REAs' ideas for improving the credential

Improve awareness of the credential (most common suggestion) • Comprehensive advertisement campaigns, to highlight the value of the credential in the building system.
The credential needs a stronger role in the building system and/or engineering sector • Require the credential for specific kinds of work, as with licensing schemes. • Provide a path toward becoming a Chartered Professional Engineer. • Allow continuing professional development to be cross-credited between REAcap (the EARB's programme) and Chartered Professional Engineers.
Require continuing professional development • Align with best practice for occupational regulation, give the Board the ability to manage under-performing practitioners.
The Board could play a greater role in competency • The Board could provide a central place where REAs can upskill, through running or sponsoring meetings, mentoring programmes, workshops, and training courses – currently the trade associations run these activities.
Discount registration for retired or semi-retired REAs • Provide a new category of registration where the REA is kept on the register but their retired/semi-retired status is acknowledged with a lower fee.

Approximately one third of REAs who responded did not consider the credential should be changed. Their views are summarised at Table 2.

Table 2: REAs' views on why the credential should not be changed

Any changes to the credential would make it more expensive than it is worth • Extra bureaucratic hoops to jump through could make the credential more difficult to attain. • Change might not improve how the credential is viewed in the sector. • Costs of stronger requirements could be passed onto REAs.
The credential is no longer fit for purpose in the modern building system • Effective alternatives exist: trade associations as a place to get good training, or Engineering New Zealand's comparable Chartered Technician and Chartered Technologist memberships. • The credential is not so relevant to the building regulatory system, when compared to licensing schemes like the Licensed Building Practitioner scheme for restricted building work.